

## Current Intelligence

### ■ The registered layout: a new type of trade mark for Apple

*Apple, Inc v Deutsches Patent- und Markenamt*, C-421/13, ECLI:EU:C:2014:2070, Court of Justice of the European Union (Third Chamber), 10 July 2014

**The Court of Justice of the European Union (CJEU) has introduced the concept of a new type of registered trade mark—the layout of a retail store—and set out initial parameters and exceptions for its acceptance.**

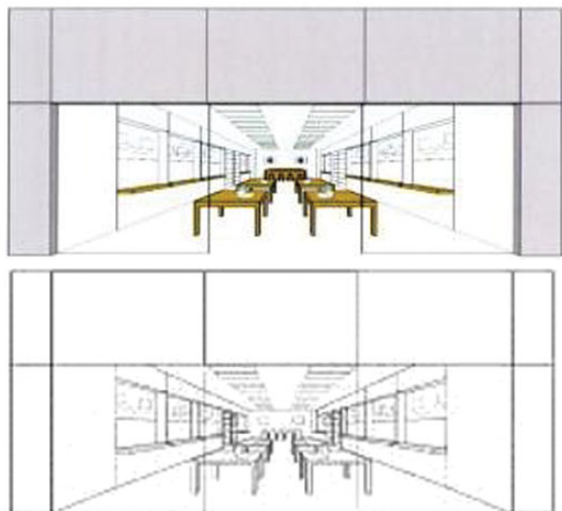
#### Legal context

The case concerns a new type of shape mark—a layout mark consisting of the layout of a retail store—which (while accepted in the United States) had not previously been considered registrable in most of the key markets in the European Union.

#### Facts

Apple is well known across the world for its serious approach to design, and equally well known in the legal world for its serious approach to protecting its IP rights. Part of its brand immersion experience is the layout of its flagship stores, which are set out in the same format throughout the world. It is that layout that Apple sought to, and did, protect in the USA by means of two trade mark registrations obtained in January 2013.

The 3D layout was depicted in two applications as follows:



The images had no inherent indication of scale but were provided with a detailed description beginning, ‘The mark consists of the design and layout of a retail store’, and

proceeding to describe the panelling, lighting units, cantilevered shelving, video screens and other details of its fit-out.

Having registered the mark in the USA (based on distinctiveness acquired through use), Apple filed an international application, under the Madrid Protocol, in some 18 national jurisdictions (including nine European Economic Area (EEA) jurisdictions, but not including the Office for Harmonisation in the Internal Market (OHIM)), for the same image with a simpler description: ‘The Mark consists of a distinctive design and layout of a retail store’.

Protection was granted in Spain, Italy and Poland, but refused by most other countries, including Germany in particular, on the basis that the application was devoid of distinctive character.

Apple appealed to Germany’s Bundespatentgericht, which indicated that it did consider the mark to be inherently distinctive, but could not decide on the fundamental issues of trade mark law. Accordingly, it referred the following four questions to the CJEU in July 2013:

1. Is Article 2 of Directive [2008/95] (the ‘Directive’) to be interpreted as meaning that the possibility of protection for the ‘packaging of goods’ also extends to the presentation of the establishment in which a service is provided?
2. Are Articles 2 and 3(1) of the Directive to be interpreted as meaning that a sign representing the presentation of the establishment in which a service is provided is capable of being registered as a trade mark?
3. Is Article 2 of the Directive to be interpreted as meaning that the requirement for graphic representability is satisfied by a representation by a design alone or with such additions as a description of the layout or indications of the absolute dimensions in metres or of relative dimensions with indications as to proportions?
4. Is Article 2 of the Directive to be interpreted as meaning that the scale of the protection afforded by a trade mark for retail services also extends to the goods produced by the retailer itself?

#### Analysis

##### Begging the question

The court unfortunately began by paraphrasing the three questions as follows: (at paragraph 16)

[T]he referring court asks, in essence, whether Articles 2 and 3 of the Directive 2008/95 must be interpreted as meaning that the representation, by a design alone, without indicating the size or the proportions, of the layout of a retail store

may be registered as a trade mark for services which comprise various services aimed at inducing the consumer to purchase the products of the applicant for registration and, if so, whether such a 'presentation of the establishment in which a service is provided' may be treated in the same way as 'packaging'.

In *SAS v World Programming* [2013] EWCA Civ 1482 (a software copyright case) Lewison LJ criticized the tendency of the CJEU to answer in paraphrase despite being referred specific and detailed questions, suggesting that 'it would, perhaps, be more helpful if in response to a national court asking for help the CJEU, in the performance of its duty of sincere co-operation, answered the questions it was asked unless there are cogent reasons not to' (paragraph 5).

The CJEU apparently disagrees with that approach. Here, questions had been asked with a view to the general application to any service, but the court saw fit to narrow the application specifically to a retail store. The questions (originally asked in sequence from the general to specific) were also turned on their head, allowing the court to dismiss the more general points.

#### Question (2): absolutely plain

The court considered it to be 'absolutely plain' that designs are signs capable of graphic representation, and that it follows directly that the layout of a retail store may constitute a trade mark (subject to the usual proviso as to distinctive character).

#### Questions (3): proportions and (1): packaging of services

The court dealt with these questions summarily by refusing to consider them. This is perhaps because after it narrowed question (2) and answered in respect of retail stores only, the generality of reference fell away. The court did, however, confirm that indications of size or proportions were not relevant (and therefore not required to be provided).

#### Question (2): assessment of distinctive character

The court then applied the Article 3(1) criteria to complete its analysis of question (2), because, although the law was absolutely plain, a registered trade mark cannot be. The standard principles were rehearsed, and it was confirmed that the assessment for distinctive character of other types of sign. The one exception to this was the court's confirmation that Article 3(1)(e) applied only to goods, and could not be applied to services (the court did not address services further, perhaps because it wished to avoid conflict with the soon-anticipated ruling in *Hauck* (C-205/13) in which the meaning of that section has been considered in some detail).

#### Question (4): scope of retail/retail of one's own products

The court found that question (4) was irrelevant, and refused to answer it. It had also refused (in identical terms) to answer

an almost identical question in *Netto* (C-420/13, Judgment, EU:C:2014:2069) earlier that same day. However, the court also inferred its own, perhaps more interesting, question: to what extent can services intended to induce a consumer to purchase the applicant's own products qualify as services for registration purposes?

The court held that the applicant's services can be legitimate where they *do not form an integral part of the offer for sale of those goods* (the qualifying example was in-store demonstrations)—but only if none of the grounds in Directive 2008/95 preclude it. This is a somewhat unsatisfactory caveat, as it qualifies the Directive by reference to its own provisions—which necessarily include the same provisions on which the CJEU was asked to rule in the first place.

#### Resulting ruling

The resulting ruling is that: (paragraph 31)

[T]he representation, by a design alone, without indicating the size or the proportions, of the layout of a retail store, may be registered as a trade mark for services consisting in services relating to those goods but which do not form an integral part of the offer for sale thereof, provided that the sign is capable of distinguishing the services of the applicant for registration from those of other undertakings; and, that registration is not precluded by any of the grounds for refusal set out in that directive.

#### Practical significance

##### Who has won?

On the face of it, this looks like an 'absolutely plain' win for Apple, but it may not be so. In *SAS v World Programming*, there was a dispute as to who had won as a result of the ruling. There is a dangerous possibility of the same thing happening here.

The CJEU has found that layout marks *cannot be registered for services that form an integral part of retail*. This is very close to a finding that a distinctive retail environment has a technical result (inducing consumers to purchase) and gives the service substantial value, despite Article 3(1)(e) being found irrelevant. The precise meaning of 'integral' is debatable here, so what is left to achieve registration is also debatable.

Unfortunately for Apple, its international trade mark application contains only two terms: 'Retail store services featuring [products]' and 'demonstration of products'. Only the second of those terms has been found acceptable, however; so Apple may find its enforcement options very limited where no demonstration is taking place.

##### A new type of mark

Despite the fact that Apple's success may be limited, this ruling definitely confirms that a 3D trade mark consisting of

the shape of a retail store is registrable as a trade mark under the Directive.

Although based on the now well-established concept of a shape mark, the layout mark is concerned more with the interrelation of different elements in an environment, rather than having a particular shape. It is also registrable devoid of indications not just of size, but also of proportion—so the physical shape itself does not matter. This is, therefore, most certainly a new type of trade mark. The adoption of this new layout

mark, (a full 25 years after the first Directive 89/104 was passed at the end of 1988) is a strong statement of the flexibility of trade mark law and one to be welcomed in today's sophisticated consumer market.

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doi:10.1093/jiplp/jpu169