

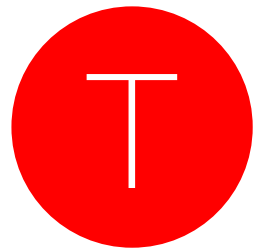


# FLAGSHIP STORES: STORE DESIGN AND TRADEMARKS



Article 4 of Regulation 2017/1001 on the European Union trademark provides: ‘An EU trade mark may consist of any signs in particular .... designs...., provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.’ Under Article 7(b) of the Regulation: ‘The following shall not be registered: (b) trade marks which are devoid of any distinctive character, (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services, (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade, (e) signs which consist exclusively of: the shape which results from the nature of the goods themselves; the shape of goods which is necessary to obtain a technical result, the shape which gives substantial value to the goods.

In case C-421/13, (Apple Inc. / German Patent and Trade Mark Office (Representation, by design, of the layout of a flagship store), EU:C:2014:2070), the applicant’s (Apple inc.) trade mark consisted of the representation, by a design in colour (in particular, metallic grey and light brown), of its flagship stores for services in Class 35 for ‘retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories and demonstrations of products relating thereto’.



That representation, was as follows:






On the first instance, the Competent Authority refused the application since it found that it was nothing other than the representation of an essential aspect of that undertaking's business. The Competent Authority considered that while it is true that consumers may perceive the layout of such a retail space as an indication of the quality and price bracket of the products, they would not see it as an indication of their commercial origin. Besides, it considered that the retail store depicted in the case before it was not sufficiently distinguishable from the stores of other providers of electronic products.

On appeal, the Competent Court considered that the layout depicted by the three-dimensional trademark, had features that distinguished it from the usual layout of retail stores in that electronic sector. It further referred the following questions to the Court of Justice, namely, 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 maybe 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.'


The Court of Justice emphasized that three conditions must be met in any case, first, it must be a sign, secondly, that sign must be capable of graphic representation (as per article 4 (b)) and thirdly, the sign must be capable of distinguishing the 'goods' or 'services' of one undertaking from those of other undertakings.





It pinpointed that from the wording of Article 2 of Directive 2008/95, designs are among the categories of signs capable of graphic representation and that the layout of a retail store, by means of an integral collection of lines, curves and shapes, may constitute a trade mark, provided that it is capable of distinguishing the products or services of one undertaking from those of other undertakings.

In the case at hand, it concluded that the representation, by a design, of the layout of a retail store was, in principle, capable of distinguishing the products or services of one undertaking from those of other undertakings and that it could not be ruled out that the layout of a retail outlet depicted by such a sign may allow the products or the services for which registration is sought to be identified as originating from a particular undertaking.



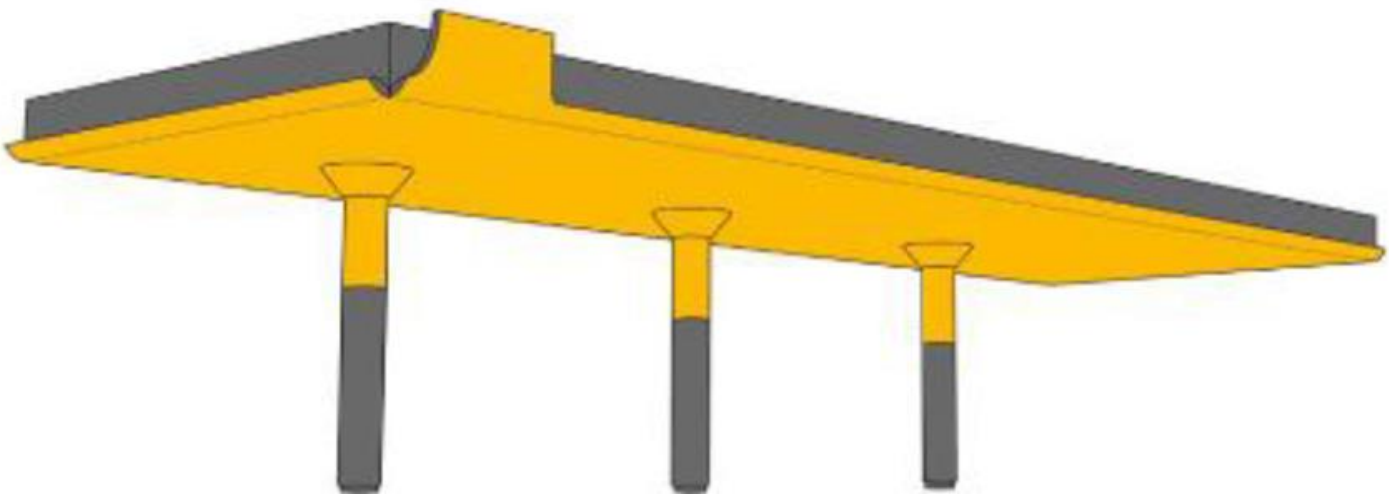
It highlighted that this is in particular the case when the depicted layout departs significantly from the norm or customs of the economic sector concerned (see, by analogy, as to signs consisting of the appearance of the product itself, *Storck v OHIM*, C-25/05 P, EU:C:2006:422, paragraph 28, and *Vuitton Malletier v OHIM*, C-97/12 P, EU:C:2014:324, paragraph 52).

However, the distinctive character of the mark must also be assessed for the purposes of Article 7(1)(b) of the Regulation in relation to the products or services for which registration is sought. Such assessment is made by reference to, first, the goods or services in question and, second, the perception of the relevant public, namely the average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect (see, in particular, *Linde and Others*, C-53/01 to C-55/01, EU:C:2003:206, paragraph 41; *Koninklijke KPN Nederland*, C-363/99, EU:C:2004:86, paragraph 34; and *OHIM v BORCO-Marken-Import Matthiesen*, EU:C:2010:508, paragraphs 32 and 35).

It concluded, that a sign depicting the layout of the flagship stores of a goods manufacturer may legitimately be registered not only for the goods themselves but also for services falling within one of the classes under the Nice Agreement concerning services, where those services do not form an integral part of the offer for sale of those goods.

In case R 865/2021-5, (SHAPE OF A FORECOURT OF A PETROL STATION (3D)), the Board of Appeals held that the more closely the shape or graphic representation has been applied for in respect of the shape or most likely appearance of the product in question, or with regard to representations commonly used in the sector in question, the more true it is that the sign is devoid of distinctive character for the purposes of Article 7(1)(b) EUTMR in the case of the goods or services concerned (08/10/2015, T-547/13, Shape of a game, EU:T:2015:769, § 40).

The mark applied for in that case was the following:



The Court also noted that a colour is usually perceived as decorative and hence not as distinctive (09/12/2010, T-282/09, Carré convexe vert, EU:T:2010:508, § 26). It further emphasized that a trade mark which diverges significantly from the standard or customs of the commercial sector, and therefore may fulfil its essential function of identifying origin, may not be devoid of any distinctive character for the purposes of Article 7(1)(b) EUTMR (15/12/2016, T-678/15, Répresentation d'une suite, EU:T:2016:749, § 23; 01/06/2016, T-240/15, Forma of a bar with four circles, EU:T:2016:327, § 23).

In its decision, R 2404/2020-2, (PETROL STATION (REF. 3D)), the EUIPO noted that the layout of a shop or other place where the goods are sold are not, prima facie, perceived as trade marks, unless that arrangement is significantly at odds with the norm or customs of the economic sector concerned. Average consumers do not normally distinguish between goods and services on the basis of the place where they are offered or on the basis of the circumstances of the sale. This is because the recipients do not focus on the colours, graphics and other parts of the exhibition in which the goods and services are offered, but rather on the goods and services they purchase (26/02/2016, R 2224/2015-1, SHAPE OF A conventional SALES Outlet (3D), § 14; 04/05/2016, R. 2160/2015-1, SHAPE OF A LAYOUT OF A RETAIL STORE (3D), § 17; 29/03/2016, R 1135/2015-1, SHAPE OF A ROOM/SHOP/SHOW ROOM (3D), § 30.

The mark applied for in that case was the following:



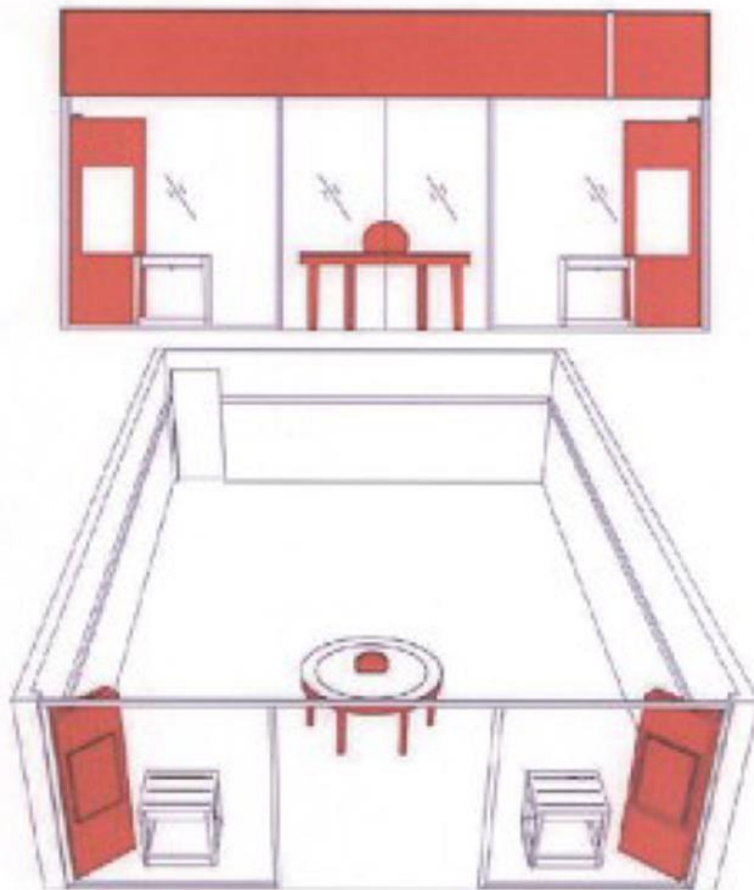
The examiner found that the mark applied for represented a typical petrol station and would not be noticed or remembered as an indication of commercial origin unless it was accompanied by other distinctive features, such as, for example, graphic symbols or logos. It was therefore regarded as devoid of any distinctive character within the meaning of Article 7. Article 1(b) of the CTM Regulation. The mark applied for, taken as a whole, consisted only of a combination of elements typical of the shape of a service station from which the contested goods and services were normally acquired. The mark did not clearly differ in form or colour from the various typical petrol stations and their associated buildings (washers, shops, restaurants) within the European Union, but was merely a variant of them.



As regards spatial marks and colour combinations, the General Court has repeatedly emphasised that the average public is not accustomed to the perception of such signs as trade marks. Those signs can therefore fulfil the function of a trade mark only if they depart from the norm or customs of the sector or as a result of the acquisition of secondary distinctiveness.

The same conclusions were reached by the First Board of Appeal in case R 2160/2015-1. The Office insisted that the representation of the layout in respect of which registration was applied for did not depart significantly from the norms or customs of the sector and that the applicant had not demonstrated that the features depart significantly from the norms or customs of the sector concerned.

The mark applied for in that case was the following:



The Office took the view that the particular application was not capable of functioning as a badge of origin per se in the absence of a graphic or word elements, nor did it enable the relevant consumer to identify the services in question and distinguish them from those of other service providers on the same market. Therefore, it was devoid of distinctive character for those services. Although its features may contribute to the retail service experience, but they could not be said to be capable of performing an origin function per se, in the sense of constituting a significant departure from the kinds of store layouts that consumers are exposed to in the sector.

The Board considered it a well-known fact that the layout, use of colour and decoration in retail stores is subject to a very high level of creativity and therefore consumers are accustomed to experiencing a very wide variety of impressions stemming from these factors in the context of various retail services as embellishments or mere decorative features.

In the particular case, the consumers will generally direct their attention to the goods and services which are on offer or display and they are unlikely to perceive the furniture, arrangements, use of colour and decoration composing the contested mark, as an identifier of commercial origin as these were neither noticeable nor memorable.

In case R 1135/2015-1 the First Board of Appeals, considered a trademark application for cosmetics.

The mark applied for in that case was the following:

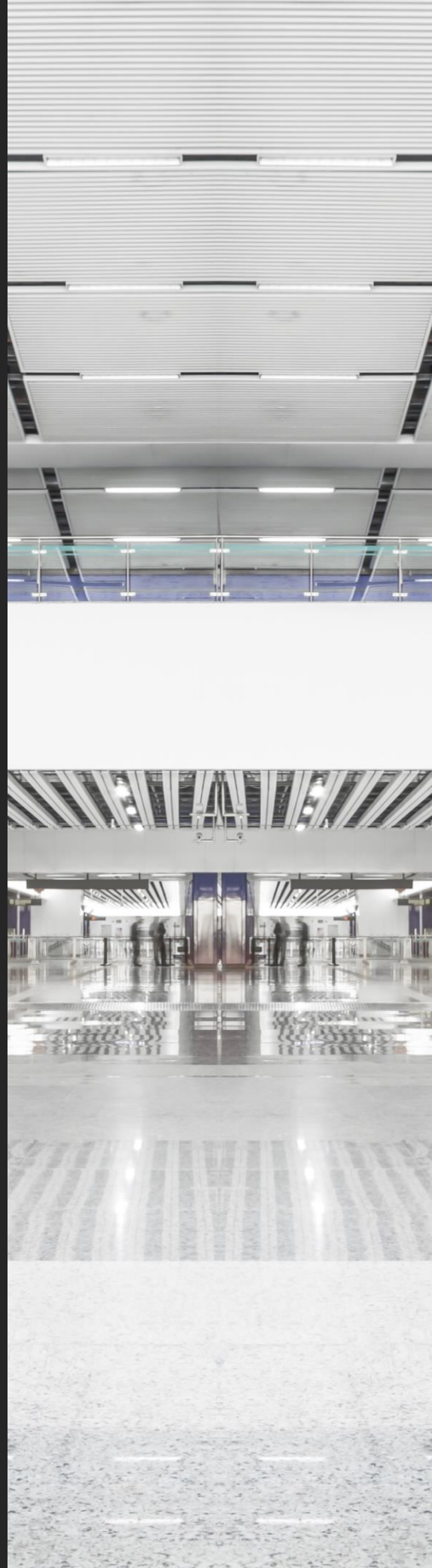




On a first note, the Court held that it is well known, in actual fact, that the public has long been exposed to the practice, carried out by large retailers operating in the cosmetics, clothing, general consumer goods, etc. sectors, and especially in shopping malls, of creating open commercial spaces that have no formal entrances (through a door or display window), which beckon consumers to come inside the retail store.

It found though that the elements making up the trade mark, namely the side display cases, the ceiling lights, the central display cases, the counter at the back and the entranceway with side panels, are all of simple geometrical shape and have functional characteristics (lighting up the retail store, making the goods on display as visible as possible, making it possible to carry out cosmetics demonstrations, or displaying advertisements). In the Board's opinion, none of the shape, line and colour characteristics highlighted, either individually or in combination with each other, departed significantly from the norm or customs of the cosmetics retail sector.

The same line of reasoning was followed at Case R 2224/2015-1. The reproduction of the trade mark applied for was merely a simple stylized representation of a customary sales outlet with sales counters, display monitors and other furnishings which were normally used in shops, in a particular perspective view. A particular stylised representation of a sales outlet can only perform an identification function if it includes elements that are capable of distinguishing that representation from other corresponding representations and of attracting consumers' attention.





However, the trade mark applied for included no such elements. It consisted of a customary representation of a sales outlet with objects and accessories which are required, as they are recognised in this form or a similar form (for example from advertising, as a decoration or ornamentation). The illustration or a photograph of such a sales outlet is not unusual or striking overall. It does not have an arbitrary design that sets it apart from customary designs of other sales outlets in a manner that creates identity. It did not have any characteristics that might indicate the commercial origin of the services to the consumer.

The mark applied for in that case was the following:



## CONCLUSIONS

The Court of Justice in the Apple flagship case, had not affirmed the distinctive character of the sign in question, since this was irrelevant in the context of the issues put forward. Consequently, the Court of Justice gave its response that the representation of the layout of a sales outlet can in principle be registered as a trade mark in respect of services, expressly on the condition that this representation is capable of distinguishing the services of the applicant from those of other undertakings.

As the case law of the EUIPO demonstrates, it could prove more difficult to establish distinctive character in relation to such a three-dimensional mark than in relation to a word or figurative mark (07/05/2015, C-445/13 P, Bottle).




Things to consider before applying:

- 1 Identify the stores and characteristics of other providers in the same sector.
- 2 Define the features that distinguishes your store (distinctive features) from the usual layout of other stores in the applicable sector, such as, for example, graphic symbols or logos, arbitrary designs.
- 3 Define which are its typical elements, simple geometrical shapes and functional characteristics.

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