



## Excluding Designs (and Shape Marks): Where Is the EU Court of Justice Going?

Uma Suthersanen

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Manufactured objects live in a nebulous area where multiple definitions of the object and its purpose exist. An object must be designed in such a way as to tell a story, using elements of functionalism or symbolism or aestheticism. It functions within any market-based environment within different product sectors due to a complex relationship between utility, market demands, public taste, merchandising, consumption habits, branding, visual appeal, and pricing. Indeed, business entities, creators and consumers understand that objects can be essential equipment, throwaways, vital spare parts, lifestyle signifiers, and even investments. Traditional economics understands this shifting sector paradigm, especially in determining what constitutes the relevant product sector, and whether there has been a substantial lessening of competition within this market: is there a lack of competing substitutes in that market; does the consumer perceive certain objects as being substitutive; what is the use and purpose of the object, especially in relation to its inherent features? Indeed, the classical law and economics justification for the grant and curtailment of IP rights for such objects employs such principles including *inter alia* the notions of market failure, substitutability and economic harm. And now, we have a recent EU Court of Justice (CJEU) decision in *Doceram*, which appears to indicate the growing importance of competition-based considerations when shaping an IP right.

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U. Suthersanen (✉)

Professor Dr.; Centre for Commercial Law Studies, Queen Mary University of London, London, UK  
e-mail: [u.suthersanen@qmul.ac.uk](mailto:u.suthersanen@qmul.ac.uk)

In *Doceram GmbH v. Ceramtec GmbH*,<sup>1</sup> the CJEU had the opportunity to clarify a central tenet within Community design law, namely the interpretation of the “technical function” exclusion within Design Regulation No. 6/2002. The provenance of the exclusion clause arises from historical debates as to the scope of the design right, and its relationship with both copyright and patent laws. In order to sidestep this perennial discourse, the Community regime adopted a realistic “market-based” ethos that would eschew artificial demarcations between aesthetic and functional designs and instead embrace the holistic notion of a “good design”. What of the risk of creating restrictive effects on legitimate competition within certain product sectors? This was dealt with by Art. 8(1) of the Regulation, which excludes “features of appearance of a product which are solely dictated by its technical function”. The interpretation of this particular exclusion has been controversial with two distinct approaches being advocated within different EU Member States, as well as a third pathway being adopted by the European Union Intellectual Property Office (EUIPO).<sup>2</sup>

Many have commented on the Court’s decision in *Doceram* to accept the British “Amp/causality” approach, whilst firmly rejecting the French “multiplicity of forms” test.<sup>3</sup> However, on closer reading of both the Advocate General’s opinion and the Court’s reasoning, one is persuaded that a more nuanced stance has been adopted. First, the underlying rationale of Art. 8(1) is emphasised, namely to act as a safeguard for “fair and profitable competition for all Community undertakings”. Secondly, a prominent role is given to the designer’s “freedom of choice”, as objectively considered. Thus, the Court firmly dismisses the notion that the functionality exclusion can be evaluated on the qualitative bases of artistic merit or aesthetic quality; nevertheless, it also notes that if functionality were the only consideration, and that “other considerations of another nature have not played a role in the *choice* of that feature”, then the design will be excluded. Do such “other” considerations include aesthetic choices? Thirdly, the CJEU has directed courts to take into account: (1) all objective circumstances indicative of the reasons which dictated the designer’s choice of features, or (2) any information on its use. Does the reference to “use” refer to instances where the inherent function of the object has been displaced by a consumer-generated new use? Moreover, in order to determine what the technical function of the product is, one must look at the nature of the product, its intended function, and its eventual use in the product market. If this is indeed the case, will product classification matter? The EUIPO has already begun to implement the *Doceram* decision in this manner.<sup>4</sup> Or will the Court look further afield at market realities in order to judge the competitive environment?

<sup>1</sup> *Doceram GmbH v. Ceramtec GmbH*, Case C-395/16, Opinion of the Advocate General, ECLI:EU:C:2017:779; CJEU ECLI:EU:C:2018:172. See IIC 49(8):982 at <https://doi.org/10.1007/s40319-018-0756-5>.

<sup>2</sup> For a background, *Legal Review on Industrial Design Protection in Europe*, European Commission, 6/6/2016 (available at [https://ec.europa.eu/growth/content/legal-review-industrial-design-protection-europe-0\\_de](https://ec.europa.eu/growth/content/legal-review-industrial-design-protection-europe-0_de)).

<sup>3</sup> L. Brancusi, “Designs determined by the product’s technical function – Arguments for an autonomous test”, (2016) 1 E.I.P.R. pp. 23–30.

<sup>4</sup> *Mystic Products Import & Export, SL v. Tinnus Enterprises, LLC*, Invalidity No. ICD 10 297.

Fourthly, it is true that one can find support within the judgment that the boundaries of design protection cannot be adjudged with sole reference to the availability of other forms fulfilling the same technical function of the product concerned (multiplicity of forms test); however, the CJEU is equally adamant in stating that, if clearly proven, the fact that alternative designs exist *can* be a factor. Finally, and importantly, in refusing to adopt the multiplicity of forms approach as the primary test, the CJEU has rejected the widely cited reasoning of Advocate General Colomer in *Philips v. Remington* – that the functionality exclusion within design law must be interpreted in a contrasting manner to that within Community trade mark law<sup>5</sup> because the underlying rationales of the two laws are distinct.<sup>6</sup> Instead, the Advocate General in the *Doceram* decision firmly argues that the new functionality approach within design law is correct as it is consistent with the current functionality rationale within trade mark law.<sup>7</sup> With such an intriguing *volte face* in legal reasoning, one must look at the current interpretations of the functionality exclusions within Community trade mark law that apply to shape marks.

The current CJEU jurisprudential rule is that the objective of the functionality provision in trade mark law “is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of goods which a user is likely to seek in the goods of competitors”.<sup>8</sup> However, if this author’s predictions are correct, the CJEU is not merely aligning the interpretations of the functionality clauses, but may be embarking on a far more ambitious policy programme in relation to all three-dimensional objects. In which case, the judicial pronouncements in *Hauck v. Stokke*<sup>9</sup> are important, irrespective of the fact that the Court was confined to interpreting the “other” shape exclusions. *Hauck* not only shows how bound design and trade mark laws are in respect of the determining factors: it particularly highlights the competition *leitmotiv* within these exclusionary devices. First, in relation to refusing registration to shape marks on the ground of the nature of the goods, the Court held that this applies to signs where the essential characteristics are “inherent to the generic function” of that product and which consumers may be looking for in the products of competitors.<sup>10</sup> The underlying rationale is that such inherently generic functions cannot be monopolised as “reserving such characteristics to a single economic operator would make it difficult for competing undertakings to give their goods a shape which would be suited to the use for which those goods are intended”. Secondly, in relation to refusing registration to shape marks on the ground of substantial value, the Court viewed this exclusionary provision as being wide enough to encompass several considerations

<sup>5</sup> Art. 3(3), Directive 89/104/EEC.

<sup>6</sup> *Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd.*, C-299/99; ECLI:EU:C:2001:52 (AGO – paras. A30–A34); ECLI:EU:C:2002:377 (CJEU – paras. 81–84).

<sup>7</sup> *Doceram*, *op.cit.* paras. 43–44.

<sup>8</sup> Art. 3(1)(e), Directive 2008/95 and Art.7(1)(e)(ii) Regulation No. 40/94; *Société des Produits Nestlé* (C-215/14, EU:C:2015:604, paras. 44–45, 55–56); *Simba Toys v. EUIPO* (C-30/15P, EU:C:2016:849, paras. 39 and 53); *Lego Juris v. OHIM* (C-48/09P, EU:C:2010:516, paras. 53–58).

<sup>9</sup> *Hauck GmbH and Co KG v. Stokke A/S (Tripp Trapp Chair)* (C-205/13) EU:C:2014:2233.

<sup>10</sup> *Ibid.*, paras. 22–23, 27.

including the artistic value of the shape in question, its dissimilarity from other shapes in common use on the market concerned, substantial price differences in relation to similar products, and relevant promotions accentuating the aesthetic characteristics of the product in question. This goes beyond what has been argued before – that the rationale of this proviso serves to demarcate between design, copyright and trade marks. Indeed, the widening of the exclusions in the *Hauck* decision appears to deprive the technical exclusion of its effect entirely.

In effect, has the *Doceram* decision (read together with the trade mark decisions) set out three new policy pathways? The first is that the Court has re-contextualised all the conflicting interpretations of the functionality exclusion (freedom of choice, availability of substitutive forms, nature and use of product, other considerations including aestheticism), and re-cast the exclusion as a primarily pro-competitive tool. The second policy is that in expressly interpreting the exclusion within design law *in pari materia* with that under trade mark law, the Court may be embarking on a journey towards a harmonised exclusion clause in relation to three-dimensional objects (which may even extend, in terms of “creative choices” or a lack of *Spielraum* to copyright law). And finally, I suggest that the Court has not abandoned the traditional purposes of design and trade mark laws; however, where three-dimensional objects are concerned, the Court is underpinning such rationales with an aligned supra-rationale, i.e. ensuring protection under these regimes does not restrict market freedom and competition. We should perhaps accept that the rationales for many of the exclusions (technical effect or nature of goods or substantial value) are being nudged off their traditional “we must demarcate between the different IP rights” trajectory onto a simpler pathway: an object can be protected under different rights without much ado, as long as it satisfies the criteria of protection. The only real consideration is whether an object is so affected with essential characteristics that its protection will threaten the competitive practices within an identified product market.

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