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CHALLENGES OF REGISTRABILITY OF A COLOUR TRADE MARK IN THE EUROPEAN UNION AND THE UNITED STATES

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I declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously been presented for grading.

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ABSTRACT

This research aims at showing the greatest issues and differences in legislation on colour trade marks and the registration process of colour trade marks worldwide. I am using qualitative methods in my research to examine and present these issues on non-conventional trade marks, more precisely on colour trade marks, in European Union with a comparison to United States. There are some notable differences in the registration process comparing European Union to the United States and the legislation differs in some parts so the results of the judgements considering the same mark can be different comparing the United States to the European Union or even when comparing two European Union countries.

Keywords: colour trade marks, non-conventional trade marks, harmonization of trade marks legislation
INTRODUCTION

Trade marks are a powerful way of showing the value of your product or brand in the eyes of consumers and they can be seen everywhere in our everyday life. On top of traditional trade marks there are also many non-traditional trade marks such as sounds, scents and colours.

Recent case laws considering color trade marks point out the fact that legal professionals still disagree on the advantages and disadvantages of color trade marks. Recent case law and legislation on color trade marks can be said to be divergent and inconsistent especially when comparing different legislations. Harmonization of international legislation on color trade marks is still a very unfinished process and it can be said that many errors are found in the international legislative documents. Thus, in many cases it is very complicated to get a colour trade mark registered. Obtaining a colour trade mark highly increases the value of the brand which encourages people to create new brands and products. Research problem arises from the current situation where, as an example, a colour trade mark holder from the United States, can face issues when trying to register the same mark in the European Union and cannot except to hold the same rights in the European Union as he does in the United States.¹

This thesis seeks to demonstrate the importance of harmonization of legislation related to color trade marks and the importance of allowance of the registration of colour trade mark from the perspective of the brand. It is obvious that clarity of international legislation and stronger protection of color trade marks would create better base for brand owners and entrepreneurs to trust that their product will get at least the minimum protection and preferably above that. On the other hand, it can be argued that trade marks tend to be even too highly protected by CJEU and other legislative bodies which leads to objecting opinions of legal scholars and other legal professionals. The balance between protecting customers and protecting the trade mark holders should be found more clearly on the decisions of CJEU and trade mark granting bodies. To increase

imports and exports in this modern world of international business, it would be more safe for the business owners to bring their products to other countries if there existed international rules granting the same amount of protection also to non-conventional trade marks, such as colour trade marks.

The research questions are as follows: "What are the main differences between the legislation on colour trade marks in the European Union and the United States?" "How could those differences be solved to simplify the registration of a trade mark in another country after obtaining a trade mark in one country?"
1. TRADE MARK AS AN INTELLECTUAL PROPERTY RIGHT

In general there are several types of intellectual property rights, namely patent, copyright and trade mark. They can be practised everywhere in the world and they exist all around us. They are protected internationally by World Intellectual Property Organization (WIPO) and by TRIPS agreement, the first intellectual property law convention made by WTO. Intellectual property rights are also protected in European Union level with Directives and Regulations as well as in national level in many countries. Intellectual property rights give important value to brands and products which leads to the need to give them high level of protection. A trade mark is one of the intellectual property rights that tend to be open to interpretation since it can take several different forms which can lead to several complications around it.

1.1. Definition of a trade mark

A trade mark can be defined as a sign which consists of many different elements such as shapes, colours and packaging or it can be one of the above-mentioned alone. In the European Union Trade Mark Directive (2015/2436) Article 3 a trade mark is defined as follows; “A trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

a. distinguishing the goods or services of one undertaking from those of other undertakings; and
b. being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.”

The definition in the TRIPS agreement is very similar; “1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other

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undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible."

It can be concluded from those two definitions that a trade mark as a thought can be very abstract, but still it has many rules and laws defining it and setting guidelines. In some situations, trade marks can be considered as fundamental rights to freedom of expression and also the right of possession3 which can be found from the Universal Declaration of Human Rights as well.

1.2. Functions of a trade mark

Trade mark has three main functions; identifying the origin of the product function, quality function and the advertising function.4 The idea of a trade mark is generally to distinguish the goods and services from others. According to European Court of Justice, the essential requirement of a trade mark is distinctiveness and it has stated that the most important function of those mentioned above is the identifying function. The quality function shows the consumer that the owner of the mark has followed certain quality standards in the process of creating the mark. Also, the mark evokes certain feelings in a consumer which he has gained from the information around him. That is how the economic/advertising function of trade mark works. Advertising function is an important tool because often consumers tend to buy a certain product because of a well-designed and implemented advertising campaign.5

The origin function is made to protect the consumers from trade marks that are too similar to the intended product.6 The origin function exists to provide a link between the product and the undertaking behind it. The likelihood of confusion or identical product infringes that function. Identification function means the way to attract and maintain customers. Its importance also relies

4 Pak, I. (2013). The expansion of trademark rights in europe. IP Theory 3(2), p 159
5 ibid., p 160
6 ibid., p 159
on a fact that it prevents the mark to be used in a way that the term or sign becomes generic in public’s eye.

The quality function in factual sense provides customers the image on the expectation of the quality of the trade mark behind the product. It aims to guarantee that the actual quality of the product is as advertised and therefore it gives protection to the owner from others jeopardizing the positive image and experience of the product.

The advertising function is mainly a commercial tool for the trade mark holders since it considers the ability of the mark to attract customers. Therefore it includes creating a positive image about the product or brand in the eyes of consumers without misleading them. It can be concluded that the functions of trade mark are overlapping in multiple ways.

1.3. Legislation on trade marks

1.3.1 Development of the European Union legislation on trade marks

When creating the Treaty of Rome, one of the missions included in the Single Market without barriers was to create a Community Trade Mark that grants the trade mark holder exclusive rights in every European Union country together with national trade marks. From the beginning there were some clear issues with the process, e.g. the fact that there were differences, not only cultural and technical, but also major differences in national legislations and registration processes on trade marks. It was concluded that a Directive was needed for harmonization of Member States’s trade mark laws and a Regulation was created to protect and register the Community Trade Marks. The Trade Mark Directive was originally approved in December 1988 and the Regulation in 1993. In

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the European Union, the trade marks still enjoy the protection by the Trade Mark Directive and the Trade Mark Regulation, but they have been renewed since their first creation.

1.3.2. Development of the international legislation on trade marks

Paris Convention from 1883 on the protection of industrial property was one of the first international conventions including trade marks. Worldwide trade marks are provided the minimum protection by TRIPS agreement. It is the most influential and the most extensive agreement on intellectual property rights.\(^9\) It has been established to provide the minimum standards of protection on intellectual property rights and has therefore made some changes on the national legislation of the member countries. TRIPS agreement has been most difficult to adapt in developing countries since their legislations have required most changes.\(^10\) TRIPS was originally made to renew older convention on trade marks such as Paris Convention and Madrid Protocol.\(^11\) The main objectives considering trade marks when creating the TRIPS was to increase the level of protection for marks and to prevent international counterfeiting. Some products rely heavily on trade mark protection which was considered in the negotiations of TRIPS agreement. From one point of view the TRIPS provisions on trade marks can be seen as complicated and detailed.\(^12\)

1.4. Registrability of a trade mark in the European Union

The European Union trade mark application has to meet certain criteria in order to obtain a trade mark. In the result of harmonization of national legislation on trade marks in European Union countries, the EU wide European Union Trade Mark was established. Like mentioned above, according to the European Union Trade Mark Directive, trade mark can consists of any signs and in particular words that include personal names, designs, colours etc. providing that the sign is capable of distinguishing the goods or services from those of other undertakings and be able to be represented on the register in a manner which enables other authorities as well as public to

determine that the subject matter of the protection is clear and precise. The trade mark also has to overcome the absolute and relative grounds for refusal of the trade mark.

1.4.1. Distinctiveness

According to the Trade Mark Directive one of the absolute grounds for refusal or invalidity of a trade mark is distinctiveness. In order to be registered, a trade mark has to show a distinctive character. It can sometimes be thought to be open for interpretation and therefore cause issues in relation to the non-conventional trade marks such as colours. A colour alone may not have any distinctive character, but in European Union it is given a possibility to acquire distinctiveness through use in relation to the goods claimed. In many cases applicants have found it extremely difficult to prove the acquired distinctiveness in European Union level even if the distinctiveness could be found on national level. European Court of Justice also links anti-competitive factors to the requirement of distinctiveness. They point out that the general purpose of a colour trade mark cannot be to restrict the use of that significant colour from others on the market and by that way restrict competition.13 In the Libertel case a colour trade mark also faced difficulties regarding distinctiveness. The Court stated in the decision of Libertel case that the colour normally would not stand out as making consumers think about the origin of the goods since colour per se is not usually used as a means of identification.14 Distinctiveness of colour trade marks without prior use is extremely unlikely unless the relevant market is very specific and where the goods and services are very restricted. In the case of broader market, the lack of distinctiveness of a colour per se will most likely occur. Same issues have been faced with trade marks consisting of combination of colours. Thus, the distinctiveness should be measured by considering all relevant circumstances of the case, such as the prior use of the mark.15

14 Court decision, 6.5.2003. Libertel Groep BV v. Benelux Merkenbureau, C-104/01, ECLI:EU:C:2003:244
1.4.2. Graphic representation

Before the recent Trade Mark Directive 2015/2436 became effective removing the requirement of graphic representation, in order to get a trade mark registered it was necessary to be able to present a trade mark graphically. Regarding colour trade marks it meant that the colour had to be showed and described in words or optionally exist in a code. That was easier to show for colour combination as in Red Bull\textsuperscript{16} case where the application included an image of blue and silver in four diametrically opposite quadrants and a description of the colours being ”juxtaposed as shown” and stating the ratio.\textsuperscript{17} In many situations of single colour trade marks, the description and showing the colour was not enough.

1.4.2.1. Case Sieckmann C-273/00

The case Sieckmann was decided right before Libertel case and it was also a landmark case on the field of non-conventional trade marks. It is not about color trade marks directly, but it is important when examining the requirements of graphical representation of non-conventional trade marks in general prior the current Trade Mark Directive and showing the challenges that the trade mark applicants face during the process of application.

Sieckmann submitted a trade mark application with the Deutsches Patent- und Markenamt in the field of various services in three different classes, such as hygienic and beauty care and advertising. He attached a description on the graphical representation to his application which explained that the mark he sought to register was an olfactory mark of the pure chemical substance methyl cinnamate and also attached its structural formula in the application, as well as an odour sample.

The Deutsches Patent- und Markenamt refused the application on the ground that it was uncertain if the trade mark in question could be represented graphically as required and if the trade mark could satisfy as a mark being able to identify an undertaking. Mr Sieckmann appealed against the

\textsuperscript{17} Mallinson, R. (2016). Colour Combinations: Getting Back to WYSIWYG. Managing Intellectual Property 262, p 19
decision to the Bundespatentgericht which referred two questions to the Court. First, they asked if the Article 2 of the trade mark Directive 89/104/EEC is to be interpreted the way that sign capable of being represented graphically covers only the trade marks that can be represented that can be directly reproduced in visible form, or does it also include signs that cannot be perceived visually but can be reproduced indirectly such as sounds and odours. Secondly, they asked that if the answer of the first question is that the Article 2 should be interpreted broadly, are the requirements of graphic representability met if the odour is reproduced by a chemical formula, by a description by means of a deposit or by a combination of the aforesaid surrogate reproductions.

Mr. Sieckmann argued that olfactory mark falls under the same provision with other non-traditional marks such as colours, holograms and acoustic marks. According to him, the term “represented graphically” should be understood as represented in another way. However, the Commission submitted that a sign is capable of being registered as a trade mark only if the subject can be clearly and precisely defined since the purpose of the graphic representation is to give an objective, clear and precise image of the mark. The Court agreed with the view of the Commission and answered the question that the Article 2 must be interpreted in the way that the if a trade mark consists of a sign that itself is not capable of being recognized visually, it must be able to be represented graphically by means of images, lines or characters and the graphic representation must be clear, precise, self-contained, easily accessible, intelligible, durable and objective. The second question was answered that considering an olfactory sign, the requirements of graphic representability are not satisfied by the ways mentioned in the question.

Therefore, Mr. Sieckmann’s trade mark application was declined. However, the case became a landmark decision on the field of non-traditional marks and especially on the requirements of graphic representation of the trade mark. The problem with Sieckmann case was that even though the court set criteria for a scent to be able to be a trade mark, it did not give instruction on how to meet with the criteria. It was only held that the tools that Sieckmann had (namely chemical formula, the description, and a sample, or their combination did not form a representation in the way that Article 2 requires. It can be said that at that time, the Sieckmann case failed to provide the detailed instructions on how to meet with the criteria of graphic representation. The Court of Appeal held in its decision that they would risk jeopardising legal certainty by allowing the

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registration since the mark lacked sufficient precision. It can be argued that the case should have been referred to CJEU to make the decision to cover the European Union and make the requirements of position more certain.\textsuperscript{19}

2. COLOUR TRADE MARKS IN THE EUROPEAN UNION

2.1. Colour as a trade mark in the European Union

As decided in Libertel case\(^{20}\) discussed further, single colour can be registered as a trade mark according to the rules of the Trade Mark Directive, Trade Mark Regulation and the criteria set in Sieckmann\(^{21}\) case. For single colours meeting with the criteria means to be noticeable by public having evidence that the colour has acquired distinctiveness through use as a marketing tool\(^{22}\), but it can work as a badge of origin. Also, creation of the colour code may help with the registration of a colour mark and using it has become more popular. In many situations, it is very difficult for a colour trade mark to acquire distinctiveness or secondary meaning through use. To obtain required level of distinctiveness, there must be compelling evidence to support it.

The other issue single colour trade marks can face in their application is that they can be seen to restrain the accessibility of colours to competitors. Colour trade marks are very disputed especially in the fashion industry, where on one hand they are needed to protect expensive designer brands but on the other hand the registration of single colour can violate the rights of other traders to have all the colours available. The Louboutin case\(^{23}\) can be seen as a good example on that matter. If a

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\(^{20}\) Court decision 6.5.2003 Libertel Groep BV v Benelux-Merkenbureau. C-104/01. ECLI:EU:C:2003:244
\(^{22}\) Von Mühlendahl, A., 2011. Single color marks held to be invalid despite surrender. \textit{WTR Daily}.
colour is needed or common in the field, accepting it as a trade mark can easily lead to monopolization of that colour and distort competition.

Registration of trade marks consisting of combinations of colours is not seen to be as difficult as registration of single colour trade marks. The issue of conceivable monopolization does not apply to them to the same extent than in case of a single colour trade mark, since the prohibition of use of certain colour combination does not prevent the other traders from using the colours forming the combination. Colours as well as colour combinations are registrable as trade marks in European Union if they form a sign. They also have to meet with the above mentioned Sieckmann criteria, such as precision and durability. Colour mark is not precise enough if it aims to apply to all kinds of combination of colours without specifying the colours in question as the Cadbury case discussed further on, shows.

In order to meet with the requirement of distinctiveness, colour can be evidenced in several ways. As set out in the Windsurfing Chiemsee case, mark can become distinctive through use when it can be identified coming from a certain organization by an average consumer. The Court stated that it must be “an important part of the relevant public” that recognizes goods in relation to the specific company in order to be distinctive through use. To be able to register a single colour trade mark, the applicant should make sure to advertise their goods in relation to the colour while collecting evidence of the use of the colour and educating public with the colour in relation with their goods and brand. Even though there has been some harmonization with ability of registration of colour marks, every mark still has to be assessed case-by-case and there is uncertainty amongst traders whether the criteria will be met and application will be accepted in every case. However,

25 Court decision Case Cadbury UK Limited [2018] EWCA Civ 2715 5/12/2018
nowadays consumers are able to identify the origin of a product by its color in more cases which simplifies the registration process.\(^\text{27}\)

2.1.1 Case Libertel C-104/01

The Case C-104/01 Libertel Groep BV v Benelux-Merkenbureau was the first case in the European Union level where CJEU decided that a single colour can be a trade mark. It is a very remarkable and important case on the field of intellectual property law. The judgement came out in 2003 which can be seen as a recent case which can explain some of the differentiating opinions on the color trade marks and their legislation.

Libertel was a Dutch telecommunications service supplier who filed an application with BTMO for an orange colour as a trade mark for certain telecommunications equipment, goods and services. BTMO, the authority responsible examining the trade mark applications in the light of the absolute grounds for refusal, refused the registration of the exclusive colour orange on the grounds that it was not distinctive enough. Libertel appealed to Hoge Raad which referred following questions to the Court; is it possible that a single colour which is represented just as a colour have distinctive character for certain goods or services? If the answer to that question is yes, in which circumstances the single can be distinctive enough? Does it make any difference whether it is registered just for a specific product or goods and services in the specific field? They also asked about whether when assessing of the distinctive character, does that general interest in availability be considered, such as in signs which denote a geographical origin. Also, they asked whether the all facts of the case must be considered when assessing the distinctiveness.

According to the Article 2 of the Directive 89/104 which was the valid Trade Mark Directive in the time of the case, the colour must satisfy three conditions. It must be a sign, capable of

distinguishing the goods and services from the goods and services of other undertakings, and it must be capable of graphic representation. The decision that the Article 2 should be interpreted in the way that a single colour can be registered as a trade mark was made quickly. The graphic presentation must be clear, precise, self-contained, easily accessible, intelligible, durable and objective, as it was ruled in Sieckmann case. The answer to the other questions did not come as easy. The Court decided that the fact whether the trade mark is sought for a large number of goods and services or just to specific product or service, has signifigance together with other factors and circumstances of the case. In assessing whether the mark has distinctiveness within the meaning of the Article 3(1)(b) and Article 3(3) of the Directive, the examination has to be carried out by considering all the relevant factors and factual circumstances of the case in question by focusing on the actual situation rather than imaginary situation.  

At the time of the Libertel case, the colour trade marks were already accepted in many countries and also by the OHIM. However, the Libertel case was a landmark case in the European Union level by showing the possibility to register single colour as a trade mark and the conditions and circumstances around the registration. This case also caused discussion on the possible issues with competition law.

2.1.2. Case Louboutin C-163/16

One of the recent important decisions on color trade marks was made by CJEU considering the red sole of Louboutin shoes. In the judgement C-163/16 Christian Louboutin and Christian Louboutin Sas v van Haren Schoenen BV the question referred to CJEU was that can the red sole of Louboutin high heels trade mark be considered as a trade mark consisting solely of a shape under the Directive 2008/95 Article 3, which permits the registration of a trade mark or makes it liable to be declared invalid if signs which consist exclusively of:

(i) the shape which results from the nature of the goods themselves;

28 Court decision 6.5.2003. Libertel Groep BV v Benelux-Merkenbureau. C-104/01. ECLI:EU:C:2003:244
(ii) the shape of goods which is necessary to obtain a technical result;

(iii) the shape which gives substantial value to the goods;

Louboutin had registered a trade mark in the Netherlands in the class of "High-heeled shoes (other than orthopaedic shoes)". Christian Louboutin claimed that Van Haren, who was an operator of shoe retail outlets, had infringed his trade mark by selling women’s high-heeled shoes with red soles. Van Haren did not agree with the judgement and challenged it on the grounds that the mark was invalid according to the Article 2.1(2) of the Benelux Convention which states that:

"2. However, signs consisting solely of a shape which results from the nature of the goods, which gives a substantial value to the goods or which is necessary to obtain a technical result, cannot be considered as being trade marks."

First the referring court stated that the red colour was linked to the sole and could not be separated form it to be a merely a colour resulting it to be impossible to form a two-dimensional figurative mark. They also stated that as in the description of the trade mark in question says "the contour of the shoe does not form part of the mark". They concluded that the colour merely intents to show the positioning of the mark.

The referring court also considered the fact that Christian Louboutin was identified by many consumers regarding the red soles. It was concluded that Louboutin first used the red sole for aesthetic reasons until it became an identification of origin. District Court of Hague decided to refer a question to CJEU whether the notion of shape within the meaning of Article 3(1)(e)(iii) of Directive 2008/95 limited to three-dimensional properties of the goods or does it also include other properties of the goods such as the colour.

CJEU stated that the Directive does not give a definition of shape and it couldn’t be found on the case law either. Thus, lacking the clear definition they stated that the term shape should be understood as in the everyday language. CJEU concluded that the sign did not consist solely of the shape.30

30 Von Mühlendahl, A., 2011. supra nota 22
The decision was very fortunate from Louboutin’s point of view since it cannot be argued that he has done a lot to deserve his place as a remarkable fashion designer and his reputation as well as the value of the products should not be weakened with look-alike products being available on the market. However, the other point of view is that courts are interpreting the law in a way which gives too high protection to the trade marks in general, which restricts competition and weakens the protection of the customers. The important point to add is that allowing the mark to be registered will also protect the value of the goods that are already owned by the consumers if the copies can be prevented.

2.1.3. Cadbury case

The Cadbury case was also a landmark case in the field of colour trade marks. In 2004 Cadbury applied to register the shade of purple, namely "Pantone 2685C”, as a trade mark and its application was considered successful for certain goods, such as milk chocolate. The application included a definition which stated that the trade mark would be the colour "applied to the whole visible surface, or being predominant colour applied to the whole visible surface, of the packaging of the goods” and a picture of a purple colour block.

Nestlé opposed the registration on the grounds that the colour was not a sign and therefore it was not capable of being represented graphically as in the meaning of the Article 2 of the Trade Mark Directive. The judge in the High Court referred to the above mentioned Libertel landmark decision stating that single colours per se are registrable as trade marks. The High Court argued about the word "predominant” in the description Cadbury had submitted with the application but the judge said that the use of the word predominant in the description does not add any more vagueness or uncertainty to the application so the application was accepted.

Nestlé appealed against the decision and the Court of Appeal took the opposite point of view to the case. Nestlé argued that the trade mark in question was not a single colour trade mark that was unchanging as in the Libertel case since the description of the mark included several different visual forms and therefore the mark would be prone to changing. According to Nestlé, the mark would take different forms and therefore cannot be considered as a sign. Nestlé also relied on the consideration that the word predominant would cause vagueness and subjectivity having more than
one meaning. They argued that the word could refer to the relative part of the surface of the package covered or the relative distinctiveness of the colour of the package which did not meet with the requirements of precision, clarity and objectivity. The Court of Appeal concurred with the reasoning of Nestlé and decided to differentiate the case from Libertel case.

According to the judgement, the word "predominant" gives the mark multiple possible visual forms since the description included an implied reference to another colours and it did not mention any other color over which the colour purple would predominate. According to the judgement of the Court of Appeal, the application was about a shade of colour plus other material. Therefore, it cannot be considered as a single colour trade mark as in Libertel since the interpretation of the description does not constitute a sign as in the Article 2 of the Trade Mark Directive. According to the opinion of another judge, the registration could be possible in theory if the description would include that the colour purple covers at least 50% of the surface of the packaging.

The case gave some clarity to the UK as well as EU legislation considering colour trade marks but ended up making the registration more complicated and limited which is unfortunate for potential trade mark applicants. In my opinion, the application could have been interpreted the way that the word predominant would not have been considered to be in contrast with other colours but rather to be covering most of the surface of the package. On the other hand, the decision made clarity to the complicated legislation around colour trade marks in a way; the use of colour trade mark is precise and the applicants must be very careful with the wordings of the description and not leave any room for interpretation with the colour together with other factors.

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31 Court decision Case Cadbury UK Limited [2018] EWCA Civ 2715 5/12/2018. Supra nota 25
2.2. Future of non-conventional trade marks

With the constant development of technology and the aim to harmonize laws in European Union level, many interesting changes can be expected regarding non-conventional trade marks. For instance, the new technology allows the scents to be stored and transferred digitally which might require trade mark registration offices in all Member States to develop a system to storage digital marks. The future will show if it is possible in each Member State and how to prevent the inequality between more technically developed countries and countries without the possibility to get such equipment.

Harmonization of legislation on international level is still an issue with trade marks, especially non-conventional trade marks. The standard of protection of non-conventional trade marks among WIPO countries will still require some harmonization which can be realized when comparing for example the decisions and reasoning behind it on Louboutin trade mark in European Union and United States. The grounds for refusal of trade marks are still really different around the world and as it can be seen lacking clarity.

The new Trade Mark directive has added a mention “the other characteristics” giving substantial value to the goods on the list of marks that shall be liable to be declared invalid. However, Swedish Patents ad Market Court of Appeal has made a referral to CJEU on the interpretation on that provision. The answer to that question should clarify also whether the new provision also applies to marks that have already been registered which could also be unfortunate for Louboutin, depending on the guidelines on the interpretation given by CJEU.

2.2.1. Trade Mark Directive 2015/2436 and Trade Mark regulation

33 Eames, C. (2007) supra nota 19
In 2009, European Union decided to renew the Trade Mark Directive and the Community Trade Mark Regulation of that time to harmonize the national laws of Member States, simplify the procedures, clarify the cooperation between the Member States and support anti-counterfeit. Reform process lead to the creation and adoption of the Directive 2015/2436. The European Union made some changes to the different Articles to modernize the business environment. The new Trade Mark Regulation was also created to back up the new Trade Mark Directive.

The new trade Mark Regulation changed the rules of absolute and relative grounds for refusal. In the old Regulation it was stated that functional shape marks are prohibited if they are necessary to obtain technical result or add substantial value. The new Regulation extended that rule to also include other marks such as colour, smell or sounds.\textsuperscript{36} This change will allegedly affect on the recent decision on the Louboutin case as it was ruled that the red sole was not considered to be a functional shape mark, but a colour red as a part of the mark showing the position of the mark. According to the new Regulation, the colour is not allowed to add substantial value to the goods which could be a problematic situation in the Louboutin case.

One of the biggest changes to the European Union Trade Mark legislation was the removal of the requirement of the graphical representation. This could potentially give room to some of the non-conventional trade marks such as colour marks to be registered more easily. However, in order to be registered, the marks still have to meet with the criteria set out in Sieckmann case, such as the mark to be objective, clear and precise enough. That might remain difficult in practise. For colour marks the lack of the requirement for graphical representation can be harmful because of the highly subjective nature of the colours. The problem would be solved with keeping the requirement of an international colour code.\textsuperscript{37} The registration of single colour trade marks can remain difficult since it is not clear when a single colour can be distinctive and whether it must be the only colour or the dominant colour and how a colour combination must be described in the application to make it precise.


\textsuperscript{37} Eames, C. (2017). \textit{supra nota} 19
3. COLOUR TRADE MARK IN THE UNITED STATES

3.1. Development of trade marks in United States

Trade mark law in the United States goes far back to the 1860’s when they entered into several treaties on trade mark protection with countries like Russia and France. First bills on trade marks were introduced in 1869 and 1870 stating the first base on federal trade mark law in the United States. Soon after that followed a criminal statute on trade mark counterfeiting. Trade Mark Act of 1905 provided a basis for registration of trade marks which was already possible under common law rights. The Act, however, was declared to be faulty from the beginning. It did not provide strong enough provisions on mark enforcement to prevent the misuse of the marks and it also provided protection to the certain marks only and left marks with secondary meaning and service marks without protection.

The current Trade Mark act was finally introduced in 1946. It aimed to unite all the existing legislation on trade mark into one Act, to support international commitments, to modernize existing statutes in a way they could meet up with current business practices, remedy constructions of the prior trade mark acts and in general simplify the procedure for trade mark proprietors and applicants. However, it was already criticized back then that the trade mark legislation favoured big businesses instead of smaller ones and the consumers.

History of colour trade marks in United States goes back to the Qualitex case when it was first held that a colour can be registered as a trade mark. Qualitex was a dry-cleaning press pads manufacturer who had coloured them with a special green-gold shade for years. When their competitor Jacobson Products began to use similar colour in their similar products, Qualitex registered the colour as a trade mark and added a trademark infringement to the lawsuit it had against Jacobson. In District Court Qualitex won, but the Ninth Circuit court stated that the

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41 Levine S. (2010). supra nota 39
judgement was incorrect on the infringement claim since in their view, the Lanham Trademark Act of 1946 did not permit the registration of colour alone as a trade mark. Jacobson argued that colours alone should not be registered because of multiple reasons, such as shade confusion and colour depletion. They also argued that the colour as a trade mark was functional. However, the Supreme Court disagreed. It was held in the judgement that the Qualitex trade mark meets with the requirements of the language of the Lanham Act which describes things that can qualify as a trade mark as well as with the underlying principles of trade mark law, such as the ability to identify and distinguish the goods from the similar goods of others. It was also held that the Qualitex green-gold colour was not found to be functional under the functionality doctrine. The Supreme Court acknowledged that the colour had gained secondary meaning as being associated with the particular product in the eyes of consumers. The Supreme Court also noted that different kinds of non-conventional trade marks had also been registered before such as the shape of coca-cola bottle and sounds and fragrances so there was no reason to prohibit the registration of colour trade marks.42

3.2. Scope of protection of a Trade Mark in the United States

The trade mark law in the United States has namely two purposes; to protect consumers from confusion and in general and to allow producers to protect their product and trade mark. In order to be protected as a trade mark, it must be used in commerce. If a consumer can view certain mark as a trade mark, a basis for the possibility to be protected arises. There are certain symbols or devices that are too generic and therefore can never serve as a trade mark since they would lead consumer to believe the mark identifies to certain goods or services and also the competitors will need the mark to identify their goods and services correctly.

Trade marks cannot be deceptive in the eyes of consumers and they may not be protected if they are merely descriptive of goods or services and there exists no secondary meaning. Trade mark does generally not limit subject matter since it changes depending the use of the mark, unlike other

intellectual property rights like patent, which including subject matter like natural phenomena, should never be patentable. The one exception to this is functionality doctrine.

3.2.1. Functionality doctrine

According to the functionality doctrine, a product can not constitute a trade mark if a product feature is essential to the use or purpose of the article or if it affects the cost or quality of it. Even if a consumer would associate a product feature with a certain seller or product, it cannot serve as a trade mark if there would occur disadvantage not related to the reputation. If the feature is something that makes the product work, it can be copied under the Lanham Act. By preventing the registration of functional marks, the costs of the products can be maintained as low as possible since there is a room left for other competing products to be created and not letting the monopolization of that product feature to occur.

On the protection of competition, there is certain lack of clarity in the application of the tests in that field. It can be argued that the protection of competition norm is not well developed. However, there is a limited number of designs, especially with the word marks. In the case of other than purely technological features, aesthetic functionality can be applied. A feature is considered to be aesthetically functional if it gives more desirability to a product, again, not because of the reputation connection but because it is per se attractive.43

In Qualitex case the Supreme Court suggested that colour alone can be aesthetically functional and that the test for it should test that the feature does not put competitors to a non-reputation related disadvantage. The Court decided in this case that the colour was merely decorative and therefore did not implicate a function of the product itself.44 Problem with determining aesthetic functionality, especially in the case of trade dress, can sometimes be trying to figure out why consumer wants to buy the certain apparel. Is it because of the outlook of the design or other more

practical feature of the product? It must be determined whether a consumer wants to buy the product in a sense of trademark function when the feature of the product indicates the source of the good or because the feature or product looks good.\textsuperscript{45}

\section*{3.3. Colour trade marks in the U.S.}

As stated above, the color trade marks in the United States are regulated by the Lanham Act from 1946. It does not mention single color trade marks or does not directly provide protection to other non-traditional marks. Trade mark is defined in the Act as “a word, symbol, name or a combination of these” and it is required that it distinguishes a product or a service and identifies the source.\textsuperscript{46}

In the United States, the trade mark rights are acquired by use meaning that in order to register the mark in the United States Patent and Trademark Office (USPTO) there must a proof of use or intended use of interstate commerce of the mark. It can be agreed that the use is an important factor in the U.S trade mark law. Thus, trade mark rights can be acquired without registration of the mark, but it is still recommended to register the mark to get better protection. The U.S. Patent and Trademark Office requires that the application of colour trade mark includes a description of a mark in ordinary language even if the application already includes the color code and that the substantially similar depiction of the actual product is added.\textsuperscript{47}

United States became a part of the Madrid Protocol in 2002 and therefore trade marks registered in the U.S. enjoy international protection as well. The registration of an international trade mark has been simplified for trade mark holders by Madrid Protocol and they can now get an internationally protected mark with just one application.

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\textsuperscript{47} \textit{ibid.}
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3.3.1. Doctrine of secondary meaning

An interesting term in the United States legislation on color trade marks is doctrine of secondary meaning. The U.S. courts started recognizing secondary meaning in the process of deciding whether the mark should be registered or not meaning that if the mark is not distinctive in the eyes of consumers it should not be registrable but at the same time, the courts acknowledged the difficulty to demonstrate distinctiveness considering single colour trade marks.\(^{48}\) Also in the Qualitex\(^{49}\) case the green-gold colour had acquired secondary meaning. European Union legislation also uses the term acquired distinctiviness.

3.3.2. Louboutin case

One of the most important and interesting cases in considering colour trade marks in United States is also about the French high-fashion designer Christian Louboutin’s shoes with the red sole. Louboutin had registered the red lacquered outsole as a trade mark in 2008 and filed a complaint against YSL, a French high fashion brand who had, allegedly, infringed the mark in 2011 by designing a collection of “monochrome” shoes in different colours, such as purple and red. The shoes were made fully with the one colour in question, so the red shoes were fully red; they had red insole, heel, upper and outsole. Louboutin filed action for trademark infringement and counterfeiting, trademark dilution and false designation of origin and unfair competition under the Lanham Act and several state law claims. YSL, in turn, sought cancellation of the Red Sole Mark on the grounds of it not being distinctive and that it is functional.

The District Court noted that in the case Qualitex\(^{50}\) it was held that a colour can act as a trade mark. However, they stated that in the fashion industry, the single colour trade marks are functional by nature and that colour can only act as a trade mark if it does not serve any other significant function.


besides distinguishing the goods and identifying their source. The Red Sole Mark was declared invalid which led to Louboutin appeal against the decision.

The Court of Appeal reversed the decision and declared the Red Sole Mark valid. They stated that the decision of District Court is inconsistent with the Qualitex decision by Supreme Court. The Court decided to limit the use of the mark to uses where the red outsole is used in contrast with another colour of the rest of the shoe. Importantly, the Court of Appeal stated that the red outsole woman’s high fashion shoe had acquired distinctive secondary meaning and therefore identifies as Louboutin brand. The Court of Appeal also made a distinction between aesthetic and utilitarian functionality and tested whether or not the mark was aesthetically functional by asking if the red sole was essential to the use or purpose or if it affects the cost or quality of the product. After that they also stated that the mark also has to show that it does not have a significant effect on competition.51

The case discussed many currently arising issues regarding colour trade marks. The balance between excluding others from using the mark and granting monopoly to producer over a product is an issue discussed before which arises differentiating points of view. Certainly, the goal is finding the balance, but the issue is the question what exactly the balance is, and that question does not seem to have universally accepted answer.

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4. Comparison of registrability of a colour trade mark in the United States and the European Union

As seen above, colour trade marks are recognized in both jurisdictions and they enjoy certain protection in both European Union and United States as well as protection internationally. Both are part of Madrid Protocol which gives them both the same set of rules to follow in a process of registration of a trade mark and a same registration process leading to the same level of protection despite of the country of registration. Registering an international trade mark in EUIPO should give it worldwide protection but too often that is not the case.

However, as the Louboutin case shows, the results in the same colour trade mark cases can be very dissenting comparing the judgement and the reasoning behind it in certain European Union country and in the United States.

4.1. Comparison of legislation and registration of colour trade marks in the United States and European Union

The trade mark legislation in the United States goes back to 1946 Lanham Act whereas European Union Directives and Regulations are reformed frequently and updated according the current situation in the market and due to other remarkable factors. It can be stated that sometimes the interpretation of Lanham Act can be difficult due to its old age and therefore some can see it as a little bit outdated when it comes to current trade mark cases, especially the non-conventional marks.

The one difference between European Union trade mark and the United States is that a mark granted in European Union should in theory offer protection in all over European Union but the
problem arises from the differences of the markets inside European Union due to linguistic and other socio-economic diversities. Also the fact that the origin of the product can be recognizable in a certain EU country does not mean it is the case on the opposite side of the Europe. Naturally, the United States does not suffer from the same issue since they provide federal registration process along with the state registration.

When registering a trade mark, USPTO considers the colour trade marks to be inherently indistinctive and requires some facts to prove it has acquired secondary meaning in order to be registered at such. It can be found in Lanham Act that a mark has acquired secondary meaning if it has been in use for consecutive five years, but it is not always considered to be enough evidence since functionality and distinctiveness must be examined too. The secondary meaning and the use over five-year period must be proven by providing data sale success, continuous use in commerce and other factors which can be done by surveys as an example.

As mentioned earlier, a colour is registrable as a trade mark in the European Union with same rules as any other trade mark. The mark is registrable as a trade mark in EU if it is distinctive enough in comparison to other goods and services, regardless of the trade. The trade mark application used to require graphic representation in order to be registered in European Union, but the new Directive reversed that and it is not required in the United States either. At the time of registration, there is no need to provide data on sale or other factors. When the mark gets accepted, it will enjoy protection for five years and during that period it should be used or after that other traders can seek the removal of the mark if there is not enough use. To conclude, the biggest difference in the trade mark registration process is that in the European Union, the trade mark rights are acquired through registration where during certain period, other trade mark holders can oppose the registration if it is too similar to their marks or too generic. In the U.S. the rights are acquired through use of the mark, usually in the period of five years.

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56 ibid
It can be said that the process is better for trade marks owners or applicants in the European Union, since after registering the mark the owner already has rights over the products not to be copied or used wrongfully. United States system makes the mark vulnerable during the five-year period and it is riskier for the brand. However, by being a common law country, the United States the mark may acquire some rights just by being first to be used in commerce. The system is more motivating in European Union for the traders since it should guarantee that the investing to the brand is safer on that matter. The most desired system would be that the mark would enjoy similar protection in both European Union and the United States with one registration, but their systems still differ on the acquisition of the rights.

4.2. Comparison of the Louboutin mark in the EU and the U.S.

Both ECJ and the United States Court of Appeal Louboutin judgements were eventually decided in favor of Christian Louboutin and the marks were declared valid in both jurisdictions but with slightly different reasoning behind the judgements. Both of the marks struggled a bit during the registration process and only the third version of the mark was accepted.

In the process of registration of the Louboutin trade mark in USPTO, the acquired distinctiviness had to be proven by for example with sale success or continuous use in commerce but Louboutin decided to provide proof of facts that the red sole functioned as a mark whereas the registration process in EUIPO did not require proof that customers associated with the mark.

In the United States judgement, it was stated that the Louboutin red sole was a valid trade mark in contrast with another colour meaning that shoes painted fully in red would not be protected by Louboutin trademark. ECJ decided that the trademark was a position mark instead of single colour mark as a mark consisting of a shape which would have made it invalid. They stated that the colour does not consider the shape of the outsole of the shoe but instead the mark is the colour put to the specific spot. The reasoning was slightly different; ECJ considered the mark as a position mark with a colour as a main element and United States Court of Appeal declared the mark to be a colour mark not as itself, but only in contrast with a different colour.
Both jurisdictions highlight the importance of distinctiveness and Lanham Act provides the doctrine of secondary meaning to support it. In the judgement of United States, the Court stated that Louboutin red sole had gained distinctiveness by developing secondary meaning. In the United States, the Court must consider different factors such as advertising data, attempts by others to plagiarize and sale success of the product in order to determine whether the mark in question has gained distinctiviness through secondary meaning. Important factor to the court’s decision was that Louboutin had managed to create a brand that is widely recognized and that the Red Sole mark was strongly associated with Louboutin shoes.57

ECJ made a similar observation and concluded that in the Benelux States, a significant number of consumers were able to distinguish the Louboutin shoes from the shoes made by other undertakings which proved the validity of the mark in that sense. ECJ also found it very important that the consumers were able to originate Louboutin behind the red sole which it did not require in the registration process.58

CONCLUSION

The legislation on trade marks is very similar in both European Union and United States despite the fact that United States is a common law country with much older and more traditional legislation. Also non-conventional marks such as colour marks are mostly treated very similarly but some differences still exist even considering exactly the same way registered mark.

Terminology is slightly different with United States highlighting the importance of secondary meaning and forcing the applicant of non-conventional mark to prove the acquired secondary meaning at the time of application which can be seen as a difficult process in the eyes of applicants whereas the rights are acquired by registration in the EU providing the trade mark holder rights and protection from the beginning. In the eyes of some legal scholars that can also be seen as a factor restricting competition, especially in relation to fashion industry where the subject matter being e.g. a shoe, handbag or a dress can be even compared to a piece of art with the creativity used by the creator and therefore it is reasonable to leave room for creativity so that the new designs are born.

In order to offer the strongest possible worldwide protection to both traders and consumers, great deal of harmonization and updating of the legislation still needs to take place. Despite the fact that both the United States and the European Union as a whole are part of the TRIPS agreement, the same level of protection is not guaranteed in both places for the same mark. Adapting the TRIPS agreement to different legislations is a challenge that must be taken seriously and solutions must be found to equal worldwide adaption. Attention should be given to non-conventional marks and the harmonization of the international colour code system regarding colour trade marks.

Despite the differing opinions of legal scholars and other legal professionals, I personally think that with some restrictions, the non-conventional marks would deserve best possible protection worldwide, highlighting the importance of internationally accepted rules and the system that would provide the same level of protection despite the country where the trade mark is issued. In practise, that is definitely not easy. Many obstacles must be crossed in order to have a strong enough protection to non-conventional marks and the legislation up-to-date to answer the demand of the
current market with constantly changing environment, especially on the fashion market. Classic and traditional marks and brands such as the Louboutin red sole have earned their place on the industry with hard work in commerce and maintaining the product desirable, elegant and source-identifying in the eyes of consumers – both the actual customer as well as the people who will never even want to spend their money the brand in question.

To think about this from the perspective of a consumer who has just spend around 1000-3000 euros on Louboutin high-heeled shoes with that stand-out red sole with a motive to buy shoes with high quality of course, but most importantly, to buy shoes that stand out, look gorgeous and give other people a certain image. The consumer would not like to see cheap copies of the expensive shoes knowing they would in long term possibly lower the value of them. The idea behind the success of the high fashion brands lie behind the fact that not just everyone can wear the piece of clothing or accessory in question or the similar design and in that way the maintain the popularity amongst consumers. From the perspective of her, the protection over that trade mark would be wished to be exist to the highest extent possible.

Registration process under WIPO should be easy for applicants and once the trade mark is registred, it should provide the same level of protection in all of the countries part of the Madrid protocol but unfortunately as noted in this research, it is impossible in some cases because of the different legislations and general attitude towards for example colour trade marks and because of many other socio-economic factors.

To conclude this research, the key for the best possible protection on colour trade marks as well as other non-conventional trade marks is the harmonization of legislation. WIPO should take steps to provide better system and also EUIPO should take action to update its system to match with these changes in the market, such as the possible increase in the applications of non-conventional trade marks in the future. In that process, the balance between protecting traders and consumers and the creativity to produce new products should be maintained in balance.
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