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European Union: Apple Able To Register EU Trademark In Store Layout

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Apple Inc. v. Deutsches Patent- und Markenamt (Case C-421/13, July 10, 2014)

On July 10, 2014, the Court of Justice of the European Union (ECJ) ruled that Apple Inc.'s design for its flagship store is capable of protection as a three-dimensional trademark, under Articles 2 and 3 of the Community Trade Mark Directive (No. 2008/95/EC) ("Directive"). The case was taken up for preliminary ruling by the ECJ following rejection by the *Deutsches Patent- und Markenamt* (German Patent and Trade Mark Office or "DPMA") of Apple's request for extension, to Germany, of its international trademark registration of a color representation of its store layout for "retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories, and demonstration of products relating thereto" in Class 35. The mark was registered in the U.S. on January 22, 2013, and has also been extended to Israel, Spain and Italy, though it has faced rejections in multiple other jurisdictions in addition to Germany. The mark is reproduced below.



The DPMA based its rejection in Germany on the ground that the store layout is not an indication of origin but rather a representation of an integral part of Apple's business. It also held that the mark is not sufficiently different from the store layout of other electronics retailers to serve as an indication of source for Apple, alone. Following rejection by the DPMA, the case was transferred to the *Bundespatent-gericht*, Germany's patent court with jurisdiction over industrial property rights, which held that the store layout is indeed distinctive and capable of protection, but which stayed the proceedings to seek a preliminary ruling from the ECJ on four separate questions, namely:

1. Under Article 2 of the Directive, which provides that a trademark may consist of "the shape of goods or of their packaging," can protection for the "packaging of goods" also include "presentation of the establishment in which a service is provided?"
2. Under Articles 2 and 3(1) of the Directive, is a sign consisting of the presentation of the establishment in which a service is provided capable of being registered as a trademark?
3. Is the requirement that a sign be capable of graphical representation, under Article 2 of the Directive, met by a representation of a design alone, or are additional elements required, such as a description of the layout or statements of the absolute or proportionate dimensions of the space?

4. Under Article 2 of the Directive, does the scale of protection afforded a trademark for retail services also extend to the products produced by the retailer?

The ECJ combined its analysis of the first three questions, closely scrutinizing Article 2 of the Directive and holding that, as is "absolutely plain" from that Article's language, designs are capable of graphic representation, and a representation that depicts a store layout as an "integral collection of lines, curves and shapes" may function as a trademark, if it is capable of distinguishing the goods and services of one undertaking from those of others. The ECJ declined to attribute significance to the absence of a description of the layout or of an indication of its size and relative proportion. Likewise, the ECJ held that it was not necessary to examine whether a retail store layout might be considered "packaging," as it had already decided that it is a protectable "design" under Article 2.

Regarding the trademark requirement of distinctiveness under Article 3(1)(b), the court held that it "cannot be ruled out" that a retail store layout may allow the products or services for which the registration is sought to be identified with a single source, particularly where the layout varies significantly from the norm or custom in the applicable sector. Whether a given store layout is indeed descriptive or distinctive for particular goods or services and with reference to the perception of the relevant public, is to be determined on a case-by-case basis, as with any other sign submitted for registration. Accordingly, the factors used to assess the registrability of particular designs for the layout of a retail store are no different from those factors used to examine other types of signs.

The ECJ also considered the question of whether services that are "intended to induce" customers to purchase applicant's goods can be services for registration purposes, within the meaning of Article 2 of the Directive. The court answered in the affirmative, with the limitation that the services cannot "form an integral part of the offer for sale of those goods." The court specifically referred to Apple's in-store demonstrations and seminars, which feature the products displayed for sale in its stores, as services that do not form an "integral" part of the sale of the products and thus are capable of registration.

The court held as inadmissible the fourth question posed by the *Bundespatent-gericht*, namely, whether the scale of protection for retail services also extends to protection for the goods produced by the retailer. The ECJ held that this question had no bearing on the subject matter at hand, namely, the refusal by the DPMA to register the three-dimensional sign for the services specified.

This landmark decision allows for registration, as a trademark or "trade dress," of distinctive store layouts in the European Union. The decision is particularly significant for all brick-and-mortar retailers with distinctive store designs and a presence in Europe, as well as for other businesses with a distinctive presentation of their physical space, such as restaurants and bars. However, retailers seeking to register their store layouts for retail services in Class 35 should ensure that they provide services that are one step removed from the actual offer for sale of their goods, such as the seminars and demonstrations offered by Apple. Additionally, mark owners should be prepared to counter possible objections by registries that do not consider their store layouts to be inherently distinctive, by collecting and maintaining evidence of acquired distinctiveness.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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