The (in)explainable addition of the words “another characteristic” in the new EU trademark law

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**Résumés**

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**Article 4 (1) (e) of Directive (EU) 2015/2436 amended the absolute grounds for the refusal of a sign to include signs which consist exclusively - in addition to the shape of the goods – of “another characteristic” of the goods:

- which results from the nature of the goods themselves;
- which is necessary to obtain a technical result; or
- which gives substantial value to the goods.

The question that we address in this article is if the deliberate insertion by the legislature of the words “another characteristic” would indicate a purposeful change in the scope of what is per se excluded for registration as a trademark on absolute grounds. Was it necessary to add the words “or another characteristic” in Article 4(1) (e) considering that, even prior to the new Directive, marks per se consisted exclusively of “other characteristics” of goods were excluded from registration? We wonder how could the addition of the words “or another characteristic” in Article 4(1) (e) be explained and what are the practical implications?

**Policy considerations**

Since the decisions in *Windsurfing Chiemsee*, and *Philips*, it has been clear that statutory provisions relating to absolute grounds of refusal must be interpreted in the context of the public interest and, in the context of shape

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1 In terms of Article 4(1)(c) the following is unregisterable: “Trademarks 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.”


marks, bearing in mind specifically that the exclusive and permanent right that a trademark confers on the proprietor should not act as an enabler to effectively extend the life of, or protect subject matter that is normally intended by the legislature to be protected by other types of intellectual property rights, notably design protection.

Another often cited public policy consideration for limiting monopolies on shapes and other characteristics of goods is to avoid making it unjustifiably difficult for competitors to give their goods a shape (or another two dimensional characteristic?) which would be suited for the normal commercial use for which those goods are intended, or that has a primarily decorative function.

Considering the above, a good possible justification for the legislature to add the words “another characteristic” in Article 4(1) (e) is for it to emphasize that the abovementioned public policy consideration extends beyond signs consisting of shapes or only three dimensional marks, to all or any signs consisting exclusively of “another characteristic” including two dimensional signs which would, due to their specific nature, be typically protectable primarily as a design.

Extended scope
The word “characteristic” is a synonym for a “feature” and is a broad term that is often used in trademark legislation as an umbrella phrase to cover all features of a certain kind, pertaining to goods.

Characteristics that come to mind which may be covered by the amended wording would include a two dimensional pattern (which falls outside the ambit of the definition of a “shape”), the color of goods or features resulting from the kind, quantity, value, and maybe even the geographical origin or any other aesthetic or functional characteristic already mentioned in Article 4(1)(c), but that relate particularly to the nature of the goods themselves, their necessity to produce a technical result or features that add value to the goods.

Possible interpretation
In our opinion, the same conservative interpretation that the Courts have applied to restrict the registration capabilities of three dimensional shapes before the amendment would now apply more broadly to marks consisting of “another characteristic”.

The specific comments of the Courts made in the decisions of the European Court of Justice in Hauck GmbH & Co KG v Stokke A/S and others (“Hauck”) in relation to signs consisting of shapes resulting from the nature of the goods, and shapes that add substantial value to the goods and Société des Produits Nestlé SA v Cadbury UK Ltd (“Nestle”), in relation to signs consisting of shapes producing a technical result, are worth considering.

“The nature of the goods themselves”
In Hauck, it was held that a mark consisting of a three-dimensional shape must be regarded as exclusively resulting from the nature of the goods, not only if the shape is exclusively functional, but also if there are substantial functional characteristics in the shape, which consumers may possibly look for in the goods of competitors. This approach is in line with the public policy consideration, that registration should be only exceptionally granted if the interests of competitors...
who would have a legitimate interest in selling the same goods would be impinged by granting registration.

Extending the same precedent to "another characteristic" we would contend that signs would be unregistrable under the amended provision if the scope for which protection is sought has characteristics that are substantial enough that consumers would look for them in competing products.

Examples of subject matter that could now be covered by the provision would include:
- any two dimensional pattern that has a primarily aesthetic function, but where the type of goods concerned normally has a pattern on it, such as a design on a T-shirt, a pattern on a sofa, the stripes in toothpaste (toothpaste often comes with stripes, does it not?); or
- What about a sign consisting of a color which results from the nature of the goods, for example, a chocolate with a pattern of white and brown swirls that results from the manufacturing process?

Of course, most of the examples would, in any case, fall short of other requirements including Article 4(1)(c) which extends to "other characteristics", as has always been the case. However, all of the examples we mention and can think of would include subject matter which, if absolutely novel, would probably be protectable by design right or which, if original, would possibly qualify for copyright protection.

**"Necessary to produce a technical result"**

In relation to shapes producing a technical result, it has been held in *Phillips* and *Nestle* that the registration of a sign consisting of a shape attributable solely to the technical result must be refused, even if that technical result can be achieved by another shape. As a consequence, the technical result must relate to the function of the goods and not the method of manufacture.

Applying the applicable case law that so far has applied to three-dimensional shapes, marks consisting of "another characteristic" that is attributable to a technical result and that relates to the function of the goods, ought to be refused under Article 4(1)(e), with the same restricting legal test.

An example of a possible mark that would now be excluded could be, again, a two dimensional pattern that produces a technical result, such as the pattern on a motherboard, or the stitching of a product such as on clothing.

As with the previous examples, the subject matter that appears to have been contemplated is matter that would normally be regulated and protected by other types of intellectual property rights, typically a design.

**"Adds substantial value"**

In *Haupt*, it was held that a sign would be regarded as consisting exclusively of a shape that adds substantial value to the goods not only if the shape adds a significant aesthetic value to the goods, but also if, in the perception of the public, there are functional features that add value to the goods.

In the case at hand, the shape of the "Tripp Trapp" chair in question was primarily aesthetic, but added value to the goods in the functional areas of safety, comfort and reliability. The Court confirmed the public policy considerations and based on those policies applied its discretion, guided again by the public perception of the utility of the goods.

If applied to "another characteristic", signs consisting exclusively of any characteristic which adds substantial aesthetic or functional value to the goods, would be unregistrable on public policy grounds and taking into account the consumer’s perception of the utility of the goods.

To us, as in the other two criteria, the amendment would mainly apply to signs which would normally be protected by design right. We ponder the question: would a two dimensional pattern applied to a T-shirt, or decorative curtains, or a decorative pattern on a teacup, or on the side of a pair of shoes be excluded from protection under this provision?

**Practical considerations**

Other than to extend the formal categories in which signs are *per se* unregistrable, we see today very little practical effect of the amendment, other than to provide legal certainty and to amplify the legislature’s adherence to public policy. As mentioned already, most, but not all, of the examples we can think of would relate to signs which, in any case, would be very difficult to meet the distinctiveness requirements or that would be excluded by other absolute grounds, notably Article 4(1)(c).

On the other hand, we wonder if a slight effect of the amendment, from a filing and prosecution perspective, would be that applicants would feel discouraged from seeking registration of marks that have features that are primality functional features of the goods themselves or decorative features which do not ordinarily serve as a badge of origin.

From an enforcement perspective, perhaps the amendment is aimed at discouraging groundless actions of infringement being brought where dubious marks have proceeded to registration despite being vulnerable to an invalidation action and where there is no other form of right available to the plaintiff, for example, where design or copyright protection has either expired or is not available.

The above effects perhaps echo the intention of the legislature when introducing the provision.

In the light of the above changes, we would encourage IP owners to assess diligently if subject matter is capable of being protected under design law or other types of IP at an early stage of the product development process. In other words, don’t fret that the trademark law has become more restrictive, just be sure to adequately cover the question as to whether or not the subject matter could, or rather should, be protected under another category such as a design before the window period to file for protection expires.