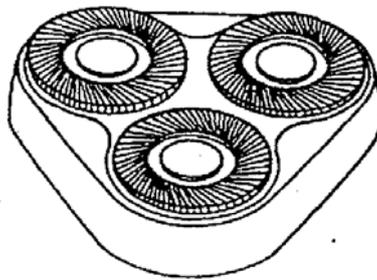


The Electric Shaver Battle

- A case study and analysis of the global dispute between Philips and Izumi concerning the legal protection of the shape of Philips' electric shavers and an assessment of Philips' legal strategy and its effects on the market



Master Thesis
by
Charlotte Lells

Field: Intellectual Property Law
University Supervisor: Associate Professor Ulf Petrusson
Professional Supervisor: Advocate Håkan Sjöström

Abstract

As the title “The Electric Shaver Battle” reveals, this thesis is about a global legal dispute between two electric shaver manufacturers. The Dutch company Philips was the sole supplier in the world of triple-headed rotary shavers, and had obtained trademark and design protection for the shape of the top part of the shaver in several jurisdictions. Izumi, a Japanese company, decided to enter the triple-headed rotary shaver market with its own triple-headed shaver models. Philips reacted strongly against this threat to its virtual monopoly position, and the “shaver battle” was a fact. The dispute came to spread to eleven countries over three continents, and is still ongoing. Mainly Philips has sued Izumi for trademark and competition law infringement, while Izumi and its related companies has sought the cancellation of Philips’ trademarks. The main ground for invalidation and cancellation of the trademarks has been that the shape of the trademarks is necessary to obtain the technical result. In almost all jurisdictions the contested trademarks have been cancelled on this ground. Nonetheless, Philips has continued to sue companies selling Izumi-manufactured shavers even after the repetitious losses in courts of numerous countries.

In this thesis I have analyzed and described twenty-five judgments and decisions of the dispute, which is very close to an exhaustive presentation of all the judgments rendered. In each judgment, I have described the parties’ claims, the grounds and argumentation and the court’s reasoning and decision, and also compared the different judgments with each other. The thesis thus comprises a thorough empirical gathering and presentation of nearly all the judgments of the dispute.

I have also tried to determine and analyze Philips’ international legal IPR enforcement and competition strategy and how successful or unsuccessful the strategy has been for Philips. I have tried to assess what consequences the strategy has had for Philips’ competitors and the competition on electric shaver markets all over the world. I find it interesting that Philips despite repetitious expensive losses has continued to initiate litigations and take other legal actions, which is why I have also tried to determine what Philips has gained on the strategy, and what its competitors have lost. Furthermore, I have tried to see what effects Philips’ legal actions has had on the triple-headed shaver market, and how the market has changed after Philips lost its monopoly position in the various countries.

Table of Contents

Table of Contents	3
List of Abbreviations.....	9
1 INTRODUCTION	10
1.1 General Introduction	10
1.1 Background of Problem	10
1.1.1 History of the Dispute	11
1.1.2 Company Information	12
1.1.2.1 Royal Philips Electronics	12
1.1.2.2 Izumi Products Company	12
1.1.3 Why this Subject?	12
1.2 Purpose and Presentation of Questions	13
1.2.1 Legal Analysis	13
1.2.2 Assessment of Philips' Strategy	14
1.3 Method and Material.....	14
1.4 Delimitations	15
1.5 Outline and Reading Suggestions	16
1.5.1 Outline	16
1.5.2 Reading Suggestions	17
2 LEGAL PROTECTION OF A PRODUCT SHAPE	18
2.1 Possibilities to Protect a Three-Dimensional Shape.....	18
2.2 Trademark Protection.....	18
2.2.1 The Increasing Importance of Trademarks	18
2.2.2 The Paris Convention.....	18
2.2.3 European Community Trademark Legislation	19
2.2.4 Madrid System for the International Registration of Marks	21
2.2.5 Trade Dress and the Functionality Doctrine in the USA.....	21
2.2.6 Trademarks and Distinguishing Guises in Canada.....	22
2.3 Design Right Protection.....	23
2.3.1 European Community Design Legislation	24
2.3.2 Technical Functions of Designs and Trademarks in Comparison.....	25
2.3.3 Design Right and Passing Off in Australia	26
2.4 Philips' Protection of Shape.....	27
3 THE JUDGMENTS.....	28
3.1 The Chronological Order	28
3.1.1 Jurisdiction / Country Date	28
3.2 CANADA: Federal Court of Appeal, Ottawa, Ontario	29
3.2.1 Dispute Background.....	29

3.2.2	The Main Question	29
3.2.3	The Registered Trademarks	30
3.2.4	The Design Mark	30
3.2.4.1	Case Law	30
3.2.4.2	The Court's Reasoning and Judgment.....	31
3.2.5	The Distinguishing Guise Mark	31
3.2.5.1	The Court's Reasoning and Judgment.....	31
3.3	THE UNITED STATES OF AMERICA: United States District Court, Northern District of Illinois	32
3.3.1	Dispute Background.....	32
3.3.1.1	The Motions	33
3.3.2	The Court's Reasoning and Judgments.....	33
3.3.2.1	Philips' Motions	33
3.3.2.2	Sears and Izumi's Motions	34
3.3.3	Comments	34
3.4	SWEDEN (1): Stockholm District Court.....	35
3.4.1	Dispute Background.....	35
3.4.2	The Registered Trademark.....	35
3.4.3	Claims and Legal Grounds.....	36
3.4.4	Ide Line's Further Grounds.....	36
3.4.5	Philips' Further Grounds.....	37
3.4.6	The Court's Reasoning.....	38
3.4.7	The Judgment.....	39
3.5	SWEDEN (2): Svea Court of Appeal, Stockholm	40
3.5.1	Dispute Background.....	40
3.5.2	The Parties' Claims and Additional Grounds	40
3.5.3	The Court's Reasoning.....	41
3.5.3.1	Assessment of the Shape Elements.....	41
3.5.4	The Court's Conclusion	42
3.5.5	Comments	42
3.6	UNITED KINGDOM (1): (Patents Court, Chancery Division, England & Wales).....	43
3.6.1	Dispute Background.....	43
3.6.2	The Registered Trademark.....	44
3.6.3	The Paris Convention Case	44
3.6.4	The Registered Design Case	44
3.6.5	The Trademark Case	45
3.6.5.1	The Parties' Claims and Legal Grounds.....	45
3.6.5.2	Distinctiveness and Capability of Distinguishing.....	46
3.6.5.3	Denote the Kind of Goods or Intended Purpose.....	47
3.6.5.4	Shape of Goods Exclusions in Article 3(1)(e).....	47
3.6.5.5	Contrary to Public Policy	48
3.6.5.6	Infringement	49
3.6.5.7	Final Judgment and Summery	49
3.7	UNITED KINGDOM (2): Court of Appeal (England and Wales), London.....	50
3.7.1	Dispute Background.....	50
3.7.2	The Court's Reasoning.....	50
3.7.2.1	Capability of Distinguishing.....	50
3.7.2.2	Distinctiveness.....	51
3.7.2.3	Shapes which Result from the Nature of the Goods Themselves	52
3.7.2.4	Shapes Necessary to Obtain a Technical Result	52
3.7.2.5	Shapes which give Substantial Value to the Goods.....	53
3.7.3	Infringement.....	53
3.7.4	Preliminary Ruling by the European Court of Justice.....	54
3.8	AUSTRALIA: Federal Court of Australia –New South Wales District Registry (Sydney)	54

3.8.1	Dispute Background.....	54
3.8.2	The Parties' Claims.....	55
3.8.3	The Court's View on the Judgments in other Jurisdictions.....	55
3.8.4	Trademark Infringement	56
3.8.4.1	The Registered Trademarks.....	56
3.8.4.2	The Parties' Grounds.....	56
3.8.4.3	Infringement by Trademark Use.....	57
3.8.4.4	The Court's Findings regarding the Infringement	58
3.8.4.5	The Disclaimer	58
3.8.4.6	The Cross-claim regarding the Trademark Application	59
3.8.5	The Registered Design.....	59
3.8.5.1	The Court's Reasoning and Conclusion	59
3.8.6	Trade Practices Act and Passing Off.....	60
3.8.6.1	Philips' Claims	60
3.8.6.2	The Court's Reasoning	60
3.8.6.3	The Court's Conclusion.....	61
3.8.7	Comments	62
3.9	GERMANY (1): German Patent and Trademark Office, Trademark Division	62
3.9.1	Dispute Background.....	62
3.9.2	The Parties' Requests and Submissions.....	63
3.9.3	The PTO's Reasoning and Decision	63
3.10	GERMANY (2): Cologne District Court	64
3.10.1	Dispute Background.....	64
3.10.2	Philips' Claims and Legal Grounds.....	65
3.10.3	Remington's Claims and Legal Grounds	66
3.10.4	Competition Law.....	66
3.10.4.1	The Assumption of Urgency.....	66
3.10.4.2	Non-Applicability of Trademark Law	67
3.10.4.3	Deception of Origin and Exploitation of Reputation.....	67
3.10.4.4	Technical Reasons	67
3.10.4.5	Likelihood of Confusion.....	67
3.11	GERMANY (3): Superior District Court of Cologne	68
3.11.1	Dispute Background.....	68
3.11.2	Trademark Law	68
3.11.2.1	The Assumption of Urgency.....	69
3.11.2.2	Trademark Use and Likelihood of Confusion	69
3.11.2.3	Features Determined by Technical Considerations	69
3.11.2.4	The Separation of Powers in German Trademark Law	70
3.11.3	The Judgment.....	71
3.11.4	Comments	71
3.12	GERMANY (4): Federal Patent Court, Trademark Appeal Division	72
3.12.1	Dispute Background and Parties' Requests.....	72
3.12.2	The Court's Findings.....	72
3.13	GERMANY (5): Federal Patent Court, Trademark Appeal Division	73
3.13.1	Dispute Background.....	73
3.13.2	The Parties' Submissions and the Court's Findings.....	74
3.14	GERMANY (6 and 7): Federal Patent Court, Trademark Appeal Division	75
3.14.1	Dispute Background.....	75
3.14.2	The Parties' Submissions	75
3.14.3	The Court's Findings.....	76
3.15	GERMANY (8): German Patent and Trademark Office, Trademark Division	78
3.15.1	Dispute Background and the Parties' Submissions	78
3.15.2	The PTO's Findings	78

3.16	OPINION of Advocate-General of the ECJ	80
3.16.1	Dispute Background.....	80
3.16.2	The Questions Referred for a Preliminary Ruling.....	80
3.16.3	Analysis of the Questions.....	81
3.17	PRELIMINARY RULING (European Court of Justice of the European Communities).....	82
3.17.1	Background	82
3.17.2	The ECJ's Answers to Questions 1, 2, and 3	82
3.17.3	The ECJ's Answer to Question 4	83
3.17.4	Comments	84
3.18	FRANCE (1): Paris First Instance Court	86
3.18.1	Background and Claims	86
3.18.2	The Court's Reasoning.....	87
3.18.2.1	The Legal Framework	87
3.18.2.2	The Assessment Criteria Defined in the ECJ Decision	87
3.18.2.3	Non-Functional Features	88
3.18.3	The Judgment.....	89
3.18.3.1	The Infringement of the French Trademark	89
3.19	FRANCE (2): Paris Court of Appeals.....	90
3.19.1	Background and Claims	90
3.19.2	The Parties' Submissions	91
3.19.3	The Court's Findings.....	92
3.19.3.1	The ECJ Preliminary Ruling.....	92
3.19.3.2	Assessment of the Shape Elements.....	93
3.19.4	The Court's Conclusion	94
3.20	SPAIN (1): Barcelona First Instance Court No. 48.....	95
3.20.1	Dispute Background.....	95
3.20.2	Trademark Infringement	96
3.20.3	Competition Law Infringement.....	96
3.20.4	Final Decision	97
3.21	SPAIN (2): Barcelona First Instance Court No. 13.....	97
3.21.1	Dispute Background.....	97
3.21.2	Remington's Submissions	97
3.21.3	Philips' Submissions	98
3.21.4	The Court's Findings.....	99
3.21.5	The Final Verdict	101
3.21.6	Comments	101
3.22	NEW ZEALAND: Intellectual Property Office of New Zealand.....	102
3.22.1	Background	102
3.22.2	Trademark Registration of a Shape	102
3.22.3	Inherent Distinctiveness	103
3.22.4	Acquired Distinctiveness.....	103
3.22.4.1	Use with other Trademarks.....	104
3.22.4.2	Are Other Traders Entitled to Use the Mark?.....	104
3.22.5	The Court's Final Conclusion	104
3.23	ITALY: The Court of Milan	104
3.23.1	Dispute Background.....	104
3.23.2	The Parties' Claims	105
3.23.3	The Court's Findings.....	105
3.23.4	Final decision	107
3.23.5	Comments	107
3.24	UNITED KINGDOM (3): High Court of Justice, Chancery Division, London	108
3.24.1	Dispute Background.....	108

3.24.2	The Registered Trademarks.....	108
3.24.3	The Parties' Claims	109
3.24.4	The Court's Reasoning concerning the '452' Mark	109
3.24.4.1	The Legislation.....	109
3.24.4.2	The Precedent of the ECJ Preliminary Ruling	109
3.24.4.3	The Function of the 'Clover-Leaf'	110
3.24.5	Final Conclusion regarding the '452' Mark	112
3.24.5.1	Infringement	112
3.24.6	The Court's Reasoning and Decision regarding the Other Marks.....	112
3.25	PORTUGAL: Commercial Court of Vila Nova da Gaia, 2nd Division.....	113
3.25.1	Dispute Background and Claims	113
3.25.2	The Court's Findings of Fact.....	113
3.25.2.1	Trademark Law	113
3.25.2.2	Unfair Competition Law.....	114
3.25.3	Comments	115
3.26	Other Countries	115
4	LEGAL ANALYSIS: TRADEMARK LAW MATTERS.....	118
4.1	Capability of Trademark Protection.....	118
4.2	Capability of Distinguishing	118
4.3	Distinctiveness	119
4.4	Refusal of Trademark Protection of certain Three-Dimensional Signs.....	122
4.4.1	Overview.....	122
4.4.2	Shapes Resulting from the Nature of the Goods Themselves	122
4.4.3	Shapes Necessary to Obtain a Technical Result	123
4.4.3.1	Judgments and Decisions before the ECJ Preliminary Ruling	123
4.4.3.2	The ECJ Preliminary Ruling.....	126
4.4.3.3	Judgments and Decisions after the ECJ Preliminary Ruling	126
4.4.4	Shapes which Give Substantial Value to the Goods	131
4.4.5	Comments	132
4.5	Trademark Infringement	134
5	LEGAL ANALYSIS: DESIGN AND COMPETITION LAW MATTERS	137
5.1	Design Law	137
5.2	Competition Law	138
6	PHILIPS' STRATEGY AND THE MARKET EFFECTS.....	142
6.1	The Strategy	142
6.2	Market Effects.....	144
6.3	Final Words.....	145
	APPENDIX A –ILLUSTRATIONS OF THE TRADEMARKS.....	147
	IR 638.663	147

IR 587.254	147
IR 430.836	147
IR 430.837	147
IR 430.839	148
IR 439.559	148
Germany: 1034262	148
United Kingdom: 1243208.....	148
France: 95/563.306	149
United Kingdom:.....	149
REFERENCE LIST	150
Treaties and Conventions	150
EC Secondary Legislation	150
National Legislation	150
European Court of Justice.....	151
Opinion of Advocate-General of the ECJ	151
National Case Law –the Judgments Analyzed.....	151
National Case Law –Other	153
Text Books	153
Articles	154
Interviews.....	154
Internet.....	154

List of Abbreviations

CTM	Community Trade Mark
CTMR	Community Trade Mark Regulation
EEA	European Economic Area
EC	European Community (the “first pillar” of the European Union)
ECJ	European Court of Justice of the European Communities
e.g.	as an example
EU	European Union
FPC	Federal Patent Court of Germany
i.e.	that is to say, in other words
inter alia	among other things
IP	intellectual property
IPONZ	Intellectual Property Office of New Zealand
IPR	intellectual property right
IR	International Registration (trademark registration under the Madrid Protocol)
OHIM	Office for Harmonization in the Internal Market (Trademarks and Designs)
para.	paragraph
PTO	Patent and Trademark Office
s.	section
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
USA	United States of America
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

1 Introduction

1.1 General Introduction

The internationalization of the market has affected and changed the trademark area of law in many ways. Globally there has been a serious increase of trademarks during the past decades, and the development does not seem to cease but rather speed up. Trademark rights have become a very important tool for market actors to obtain competitive advantages and create and control goodwill. The globalization of the market, which can be seen as a result of economical and technical progress, has also brought about an increased risk for conflicts between trademarks. Trademarks that earlier have been used only on separate national markets are now given an increased geographical scope and are protected through registration in not only national but also regional and international trademark registration systems. This has created a crowding of trademarks on the global market, which naturally causes an increased number of conflicts between trademarks.¹ The fact that several unconventional forms of trademark protection has been introduced, such as shape, sound and scent trademarks, has also contributed to the increased complexity and expansion of trademark law.

Intellectual property rights imply to the commercial area that the companies owning them are granted exclusivity as a means of competition. As monopolies often have effects on the competition, there is an apparent conflict between the legal protection of intellectual property and the wish to encourage the competition on the market. The conflict is solved in different ways depending on the characteristics of the particular intellectual property to be protected. The conflict between patents and competition has been solved in such a way that while fulfilling the legislators' demand that the technical progress is made public, the legal system provides a protected exclusivity that is limited in time. When it comes to trademarks, it is important to keep in mind that the purpose of trademark law is both to prevent the public's risk for confusion and to protect the economical value of the trademark. Thus, trademark law is at the same time a restriction and a prerequisite of a free and fair competition on the market. Unlike patents, trademark protection is unlimited in time, which makes it even more important that the negative effects on competition are minimized. Accordingly, trademark law provides strict criteria for granting a sign trademark protection, and absolute grounds for refusal of protection excludes for example trademark shapes comprising technical features from protection. Hence, the purpose of these legal provisions² is a try to balance the protection of a shape on the one hand with the wish to avoid unfair competition advantages by an eternal exclusivity to technical solutions on the other hand. The exclusion from protection of trademark shapes that are necessary to obtain a technical result thus constitutes a demarcation between trademark protection and patent protection. It is the technical characteristics of trademark shapes that is the main question of this thesis.

1.1 Background of Problem

The subject matter of this thesis is the worldwide legal battle between two electric shaver manufacturers. In one corner of the ring we have the giant Dutch company Royal Philips Electronics, which is one of the worlds' biggest electronics companies and which for decades

¹ Wessman, Rickard: *Varumärkeskonflikter*, page 323-324.

² See for instance Article 3(1)(e) of the First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks.

was the sole supplier in the world of triple-headed shavers. In the other ring corner we have the challenger, a Japanese electronics manufacturing company called Izumi Products Company, which together with its related companies has contested Philips' long-lasting monopoly position by trying to enter the triple-headed shaver market.³ The dispute, which is still ongoing at the time of writing this, has become one of the biggest legal battles of its kind, so far comprising more than 30 judgments and decisions from courts in 11 countries of 3 different continents. The litigations have mainly concerned trademark law, but also competition law and design law have been at issue.

1.1.1 History of the Dispute

There are mainly two kinds of electric shavers. The 'foil' or 'vibra' kind has two or more cutting blades arranged on top of or next to each other, which move back and forth in a vibrating mode under a foil with small holes that catch the hairs. The other kind is the rotary shaver, which on its faceplate has one or more round cutting heads with blades rotating under a grid with holes where the hairs are collected and cut off by the rotating cutting blades underneath it. The main manufacturers of the 'vibra' or 'foil' type of shaver have historically been Braun and Remington, and lately also Panasonic. The rotary shaver had, until Izumi started its manufacturing in the early 1980s only been manufactured by Philips, which had developed a design comprising three rotary cutting heads arranged in each corner of an equilateral triangle. Philips had in numerous countries successfully obtained trademark protection for several different kinds of representations of the top part of the shaver, picture trademarks as well as three-dimensional shape trademarks as illustrated in Appendix A. When Izumi started to market its triple-headed shavers in the United States, Philips reacted strongly and sued Izumi and its associated company Windmere for patent and trademark infringement in October 1984⁴. With this action, the shaver battle had begun and the legal dispute between the parties came to spread to countries all over the world and even now, after more than 20 years, the legal battle is still going on. Numerous courts all over the world have had to decide on the trademark, design and competition issues that the parties have brought before them. Hence, the judgments resulting from the dispute constitute a unique opportunity for comparison of different courts' legal assessments based on essentially the same circumstances. The judgments also provide an opportunity to compare the parties' claims and argumentation in different jurisdictions and how the argumentation has changed over time.

As you will find out when reading this thesis, Philips has ultimately been unsuccessful in practically all jurisdictions⁵, and the trademarks have been invalidated and expunged mainly because of their technical nature. Even if Philips has lost in most of the litigations, the company has still continued to strongly defend its market position or commence new legal actions against Izumi and its related companies. I find the unwillingness to give up and accept the defeat, which characterizes Philips in this dispute, interesting to analyze. Certainly, there must be commercial reasons for continuing an expensive legal battle when the chances of winning are deemed small.

³ There is general company information about Royal Philips Electronics and Izumi Products Company in Chapter 1.2.2 below.

⁴ See Chapter 3.3.

⁵ The only country in the world where Philips has been partly successful is Germany, where Philips' competitor Remington is still restricted by an interlocutory injunction from selling Izumi-manufactured triple-headed shavers in Germany. However, three out of five of Philips' German trademark registrations have been invalidated after being contested by Remington.

1.1.2 Company Information

1.1.2.1 Royal Philips Electronics

Philips was founded in the Netherlands in 1891 and initially manufactured light bulbs. Philips' first electric shaver was introduced on the market in 1939. During the 1940s and 1950s Philips invented rotary heads that led to the development of the "PHILISHAVE" electric shaver.⁶ At first the shaver had only one or two rotary cutting heads, but in 1966 the triple-headed shaver was introduced. Today Royal Philips Electronics is one of the world's biggest electronics companies and the largest in Europe, with 160,900 employees in over 60 countries and sales in 2004 of €30.3 billion.⁷ For the moment Philips owns 115,000 patents, 22,000 trademark registrations, 11,000 registered designs and over 2,000 domain name registrations.⁸

1.1.2.2 Izumi Products Company

Izumi Products Company was founded in Japan in 1939 as a precision tool manufacturer of hydraulic equipment and high-tech tools for utility companies throughout Japan. Seventeen years later, in 1956, Izumi established its Electric Appliances Division and entered the shaver business by manufacturing shaver cutter blades for domestic manufacturers of electric shavers in Japan.⁹ Izumi had a big success with blade manufacturing for others, so three years later, in 1959, the company decided to enter the electric shaver business with its own brand. Today Izumi is one of the world's largest manufacturers of electric shavers, and markets its own line of foil and rotary shavers as well manufacturing shavers for various other companies and private brand retailers, such as Remington, Sears, Sunbeam and Seiko. Izumi is the only company in the world that manufactures a full and complete line of both men's and women's foil-type and rotary-type electric and battery shavers.¹⁰ In March 2004 Izumi Products Company had 643 employees and sales in 2003¹¹ amounting to 19,300 million Yen, which is approximately €150.2 million.¹²

1.1.3 Why this Subject?

In order to find an interesting subject for my thesis, one of my professors, Ulf Petrusson, advised me to contact intellectual property lawyer Håkan Sjöström at Advokatfirman Glimstedt in Gothenburg to see if he had any ideas of thesis topics. Håkan Sjöström presented

⁶ Philips: "History". Published in 2004-2005, available at <http://www.philips.com/about/company/history/index.html> (2005-06-14)

⁷ Philips: "Global Profile". Published in 2004-2005, available at <http://www.philips.com/about/company/article-14054.html> (2005-06-14)

⁸ Philips: "Company Profile, Other activities". Published in 2004-2005, available at <http://www.philips.com/about/company/businesses/section-14159/> (2005-06-14)

⁹ Izumi: "Izumi Products Company Electric Appliances Only Chronological Order". Published in 2004, available at <http://www.izumishavers.com/about/history.asp> (2005-06-14)

¹⁰ Izumi: "About Izumi". Published in 2004, available at <http://www.izumishavers.com/about/> (2005-06-14)

¹¹ The sales number was measured in March 2004, but I assume it represents the total sales for 2003.

¹² Izumi: "Izumi Products Company, Company Profile". Published in 2004, available at <http://www.izumi-products.co.jp/english/profile-e/profCompany Profilei-e.htm> (2005-05-14)

me to the shaver dispute,¹³ which I had only heard about briefly before, and I instantly found it to be an interesting subject from many points of view. The litigations of the various jurisdictions have concerned trademark, design and competition law, which are areas of law that I find particularly interesting. Being one of the biggest international trademark disputes concerning the shape of goods, it is fascinating to follow the development of the dispute and analyze the legal discussions. It is also interesting to determine how well the IP legislation has fulfilled its purpose and how it has been used as a tool to compete on the market.

1.2 Purpose and Presentation of Questions

1.2.1 Legal Analysis

There are two main purposes of this thesis. The first purpose is to give a complete overview of the legal contents of the judgments and the legal development of the dispute. Thus, my ambition is to provide a close-to exhaustive¹⁴ presentation of the existing judgments concerning the electric shaver dispute between Philips and its various counterparties. I will particularly discuss the parties' claims and arguments and the courts' findings and judgments concerning:

- capability of trademark protection (registrability/invalidation issues):
 - capability to distinguish;
 - distinctiveness;
 - absolute grounds for refusal of registration (or reasons for invalidation) of certain three-dimensional shapes, with the main focus on exclusion from protection of trademark shape features that are necessary for obtaining the technical result.
- trademark infringement
- design law (infringement etc.)
- competition law (unfair competition etc.)

Since the judgments are from numerous different countries worldwide, I have sought to provide an international perspective. As most of the judgments are European, it is inevitably so, that EC law is the dominating source of law in the judgments.

Different jurisdictions offer various kinds of protection for a product's shape, and in order for readers from all parts of the world to fully understand the legal discussions in the judgments, it has also been my ambition to give introductions or explanations to all the kinds of protection that are mentioned in the judgments or decisions.

¹³ Håkan Sjöström was representing Philips' counterparty Ide Line AB/Rotary Shaver AB in the two Swedish litigations, which might explain why he had the shaver dispute in mind.

¹⁴ As you will see below under "delimitations", only very few judgments are excluded from having an own chapter in this thesis, but all the judgments are described or mentioned in other judgments I have referred. I would, however, like to make a reservation against the possibility that there might be other judgments that I have missed.

1.2.2 Assessment of Philips' Strategy

The other purpose of the thesis is a try to determine and analyze Philips' international legal IPR enforcement and competition strategy and how successful or unsuccessful the strategy has been for Philips. I will also try to assess what consequences the strategy has had for Philips' competitors and the competition on electric shaver markets all over the world. As I expressed above, it is interesting that Philips despite repetitious expensive losses has continued to initiate litigations and take other legal actions. What has Philips gained on this, and what has its competitors lost? What effects has Philips' legal actions had on the triple-headed shaver market, and how has the market changed since Philips lost its monopoly in certain countries? How well has the intellectual property legislation fulfilled its purpose in this case, and in what way has the competition been affected?

1.3 Method and Material

The method for this thesis is both descriptive and analytical. I have used an extensive case study to determine how courts of different jurisdictions view functionality aspects of trademarks, other related trademark matters and design and competition issues. The various legal assessments and the parties' arguments have then been analyzed and compared with each other. Practically, the method used has been to read the original or translated judgments from the different countries, whereupon I have determined the most relevant or interesting parts of them and described and commented those. Obviously, I have had an extensive material to work with, which is also reflected by the number of pages of this thesis. I did not want to exclude any judgment since I wanted my comparison and analysis to be as comprehensive as possible and encompass the relevant parts of all the judgments between the parties concerning the electric shaver dispute, from a global perspective. The main purpose of having an exhaustive presentation of the judgments of the dispute is that in order to make an accurate assessment of Philips' litigation strategy, it was of interest to include and discuss all the judgments, not just a few. Another purpose of not excluding any judgment was to provide information to readers only interested in the judgments of a particular jurisdiction.

It is often difficult to get a hold of court decisions and judgments from other countries, and fortunately I have had a lot of help from Håkan Sjöström here in Sweden and the American lawyer William Androlia in the United States to collect those. William Androlia is the outside general legal council for Izumi and the international coordinator of Izumi's worldwide litigations against Philips. Most of the judgments and decisions I have used are translations from the national language into English made by certified professional translators. During my work with this thesis, I have also had a sometimes-frequent email correspondence with Håkan Sjöström, who has kindly shared his legal knowledge and own experience of the matter.¹⁵

For the chapter comprising information about various ways of legally protecting a product's shape, but also other parts of the thesis, the knowledge sources used have been books, journal articles and the invaluable information sources of the Internet.

Håkan Sjöström helped me to arrange two telephone interviews. The first interview was with Bengt Bohman, who was the owner of the company that was Philips' opponent in the two Swedish litigations, Ide Line AB which later changed its name to Rotary Shaver Sweden AB.

¹⁵ As explained above, Håkan Sjöström represented Philips' opponent Ide Line AB/Rotary Shaver AB in the two Swedish litigations.

Ide Line lost against Philips in 1997, but appealed and won the case in October 2004, when Philips' trademark was invalidated and cancelled. The purpose of the interview was to hear what view one of Philips' counterparties had on the dispute and what consequences the litigation had had for the business. I also wanted to find out how the situation on the Swedish shaver market had changed since the appeal judgment in Rotary Shaver's favor was announced in 2004.¹⁶

The second telephone interview was with the American lawyer William Androlia, who, as mentioned above, is the outside general legal council for Izumi and the international coordinator of Izumi's worldwide litigations against Philips. As William Androlia is certainly one of the persons in the world with the best knowledge of the shaver dispute, the interview was of great interest for many reasons. A main purpose of the interview was to determine the current situation of the shaver dispute in the various jurisdictions; where there are still pending cases and where the Izumi-manufactured shavers have actually been introduced to the market and are currently sold. I also intended to get further information on how the electric shaver markets has changed since the legal support of Philips' monopoly position has been taken away. I also sought to determine how Philips from a business point of view had prepared for the coming competition from Izumi-made shavers and how the companies are competing now.¹⁷

I have tried to get in contact with Philips for comments and interviews, but as there are still litigations going on, Philips did not want to comment any of the litigations.¹⁸

1.4 Delimitations

First of all, the reader is assumed to be familiar with intellectual property law, as basic knowledge has been excluded. Since I have made a nearly exhaustive presentation of all the cases of the dispute, there is naturally little delimitation when it comes to the case study. I have in this thesis referred all the judgments regarding the shaver dispute between the parties that I know of from the last ten years, being between 1995 and early 2005. Thus, I have not given the early US judgments from 1984 to 1995 any own chapters, but the cases are described in the last US judgment, which is referred in Chapter 3.3. Furthermore, there are a few German PTO decisions regarding cancellation cases that I miss, but as I have the appeals of those cases from the Federal Patent Court, the PTO decisions are not too important. Moreover, I have excluded any Japanese legal decisions that might have been the result of when Philips sued Izumi in Japan 1978. This Japanese lawsuit is mentioned in the American judgment, but I have found no further information about it.

I have in the referred judgments excluded irrelevant details and tried to bring up only what is relevant and interesting in the context of the thesis. Of course, what is interesting is a subjective assessment and there might be parts of the thesis that some readers do not find interesting. However, I have in the beginning of nearly all of the judgment chapters pointed out what matters of the judgment I find particularly interesting, so that the reader gets an

¹⁶ The telephone interview with Bengt Bohman was held on April 29, 2005.

¹⁷ The telephone interview with William Androlia was held on May 11, 2005.

¹⁸ Philips' representative in the two Swedish litigations, lawyer Ulf Dahlgren, was not able to give any comments to the litigations due to his secrecy obligation towards Philips, but he helpfully contacted Philips' lawyers at the head office in the Netherlands and asked if they had any possibility to answer some of my questions. As explained above, that was impossible as there were still litigations going on.

implication of what to observe specifically when reading about the case. The main focus has been put on the technical aspects of trademark shapes, since that has been the main question discussed by the various courts. Naturally, less emphasis is put on other trademark matters.

As I seek to provide a global perspective, I have not excluded any particular geographic area. The dispute has taken place in North America, Australia, New Zealand and Europe. Since most of the cases are concentrated to Europe, and the European Court of Justice has given a preliminary ruling on the matter, it has inevitably been a lot of focus on the European cases and the applicable EC law. This has, however, not been any intended delimitation.

1.5 Outline and Reading Suggestions

1.5.1 Outline

In Chapter 2 I have chosen to describe the intellectual property rights and the competition law matters that have been discussed in the various litigations. There are many different ways of protecting a product's shape and to ensure fair competition, and the possibilities vary in different jurisdictions and depend on the existing legislation, the current case law and the legal culture. Since I want readers mainly familiar with the law of a particular jurisdiction to understand the current law of other jurisdictions, I found reason to give an introduction to the various jurisdictions' legal framework on the matter of shape protection and the relevant competition law.

Chapter 3 comprises a complete overview of all the judgments of the dispute, presented in individual sub-chapters. The judgments are put in chronological order, with the exception of the appeal judgments, which are described in connection to the first instance decisions. In the cases where I have disregarded the chronological order, I have commented that in the text. My personal comments to the referred judgment are mainly put in the beginning of each chapter, in the end of it or in the footnotes.

In Chapter 4 and 5 there are comparative legal discussions of the referred judgments, in which the various matters of the dispute are approached from each particular legal point of view; trademark distinctiveness, technical function, unfair competition etc. Under each sub-chapter is described what country's court has dealt with the particular legal matter, the parties' claims and arguments and the court's findings. My ambition has been to describe both the courts' and the parties' views of the matter, as well as the development of the dispute in terms of a party's changed argumentation over time or one court's influence over the decision of another court. As the technical function of a trademark has been the major subject matter of the whole dispute, I have commented it particularly. In Chapter 4 the trademark-related matters are brought up, and in Chapter 5 the design right and competition law issues are discussed.

Chapter 6 contains my findings regarding Philips' strategy and what effects it has had on the competition on the triple-headed rotary shaver market. I also discuss the changes of the electric shaver market since Philips' legal protection of its virtual monopoly position had been contested and taken away. Furthermore, the development and effects of the dispute is compared with the purpose of intellectual property law, and a few findings on the matter are presented.

In the end of the thesis there is an appendix with illustrations of Philips' trademarks, based on their International IR Registrations.

1.5.2 Reading Suggestions

Being a quite extensive thesis, I find it appropriate to provide a suggestion on how to read it. Obviously, the reading manner depends on the reader's interest, time or purpose with the reading. Since almost 90 pages of the thesis consist of referred cases, some readers might not have the possibility to read all the cases. For that reason, there is a "short-cut" way of comprehending the contents of this thesis; it is possible to pass over Chapter 3 with all the cases and read the legal analysis in Chapters 4 and 5 straight away.

For readers already possessing good knowledge of various jurisdictions' different ways of protecting a product's shape, it is possible to skip Chapter 2 or read only some parts of it. Readers only interested in the assessment of Philips' strategy and the market and competition effects of it can go straight to Chapter 6. If only wanting to read about one of the judgments, I suggest reading the ECJ preliminary ruling in Chapter 3.17, as it is certainly one of the most influential judgments of the dispute. Also Chapter 3.26 regarding the situation in other countries is informative.

To avoid any misunderstandings I also want to clarify the intended meaning of some frequently used words, even though their meaning is usually obvious. First of all, when I refer to "the Directive", it is always the EC Trademark Directive that I mean (First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks.) With the "ECJ ruling" or "ECJ decision" I mean no other ECJ case but the C-299/99 Philips v Remington preliminary ruling from June 18, 2002. Moreover, when referring to "Philips' trademarks", it is only the Philips trademarks concerning the triple-headed shaver that I mean, no other Philips trademarks. When discussing "Philips' actions" or my conclusions regarding Philips' conduct, it is only Philips' actions in this particular dispute that I refer to, not Philips generally.

2 Legal Protection of a Product Shape

2.1 Possibilities to Protect a Three-Dimensional Shape

There are many different ways of protecting a product's shape, and the possibilities vary in different jurisdictions and depend on the legal tradition expressed in the existing legislation or the current case law. All the jurisdictions that I have come across during the course of this thesis offer trademark protection for the shape of a product, as long as certain criteria are fulfilled. In the USA there is also "trade dress" protection, which is further described below. Often there are also possibilities to obtain design protection, as well as protection of the shape of product from confusingly similar imitations under competition law.

2.2 Trademark Protection

2.2.1 The Increasing Importance of Trademarks

The importance and complexity of trademarks has undoubtedly increased during the past decades because of the internationalization of the market and the introduction of new types of trademarks, such as shape, scent and sound marks. There has been a dramatic increase of trademarks, and the development does not seem to cease but rather speed up. The escalating number of trademarks and the internationalization of markets have created a crowding of trademarks on the global market, which significantly has increased the risk for trademark conflicts.¹⁹ The special character of trademark protection in relation to other intellectual property rights is mainly due to the time scope of protection. Theoretically, a trademark can last forever as long as it is actively used, which is also a factor that adds to the crowding of trademark registrations.

The increasing importance of trademarks on the market can be explained by the companies becoming more and more aware of the possibility to extract value from trademarks by building strong brands and protecting these in every possible ways; in some cases the brand is considered even more important and valuable than the product itself. The economical potential of trademarks is enormous, and the value of a trademark has in some cases reached astronomical figures, as in the case of the COCA-COLA brand name. According to *BusinessWeek online's* "2004 Global Brands Scoreboard", the COCA-COLA brand is currently valued at \$ 67.3 billion!

Regarding the terminology, 'brand' is a very common term used in the context of trademarks. Brand and trademark does not, however, have the same meaning, even if the two words cover partly the same area. While 'trademark' mainly is used to describe the legal construction, 'brand' covers a wider scope and is usually defined as a trademark's image; the experience connected and associated with the trademark.

2.2.2 The Paris Convention

The Paris Convention for the Protection of Industrial Property was established in 1883, and was the first major international treaty designed to help the people of one member country to

¹⁹ Wessman, Rickard: *Varumärkeskonflikter*, pages 323-324.

obtain protection in other countries for their intellectual property. The Directive as well as many national trademark legislations are originally based on the Article 6 bis and 6 quinquies of the Paris Convention. The articles of the Convention mentioned in the judgments of this thesis are Article 3, Article 6 bis and Article 6 quinquies B. Article 3 provides:

Nationals of countries outside the Union [i.e. the Paris Convention member countries] who are domiciled or who have real and effective industrial or commercial establishments in the territory of one of the countries of the Union shall be treated in the same manner as nationals of the countries of the Union.

Article 6 bis concerns protection of well-known marks, and provides:

- (1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to cause confusion therewith.
- (2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.
- (3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

Article 6 quinquies regulates the protection of marks registered in one country of the Union in other countries of the Union and provides:

Trademarks covered by this Article may be neither denied registration nor invalidated except in the following cases:

- (i) when they are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed;
- (ii) when they are devoid of any distinctive character, or consists exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed;
- (iii) when they are contrary to morality or public order and, in particular, of such nature as to deceive the public. It is understood that a mark may not be considered contrary to public order for the sole reason that it does not conform to a provision of the legislation on marks, except if such provision itself relates to public order.

2.2.3 European Community Trademark Legislation

The European Community members are all obliged to comply with the current EC legislation on the areas of law which are harmonized, trademark law being one of them. In 1989 a Directive came into force, which had the purpose of approximating the laws of the Member States relating to trademarks²⁰. The objective was to remove existing disparities which might impede the free movement of goods and freedom to provide services and might distort competition within the common market.²¹ As a result, the EC member states have very similar

²⁰ First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks.

²¹ ECJ preliminary ruling (C-299/99) of June 18, 2002, paragraph 3.

trademark legislations and are all obliged to interpret the legislation in the light of the current community law and to comply with ECJ case law.

Thus, trademark protection can be granted according to the national legislation in the EC member states, which is mainly based on the Directive. National trademark law often offers protection by registration as well as protection for unregistered trademarks which have acquired distinctiveness. Protection of a trademark can also be obtained by registration of the mark as a Community Trademark in accordance with Council Regulation (EC) 40/94 of 20 December 1993 on Community Trademark (Community Trade Mark Regulation, “CTMR”). Hence, the Community Trademark can only be obtained through registration, which makes it easier to know who owns what trademarks in respect of what kind of goods. The registered information is of interest both for competitors and in the case of infringement, as the exclusivity and the scope of the trademark right is then easier to prove.

Hence, the Directive and the Regulation does not regulate the same matters but represents two parallel existing trademark systems. The Directive co-ordinates the national trademark legislations in order to eliminate any obstacles to free trade within the union that any disparities may cause. The Regulation, on the other hand, has introduced a new trademark system with a direct applicability in the EC member states, administered by the Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM). Neither the Directive nor the Regulation is comprehensive, and for example sanctions for infringement of a trademark right are always regulated nationally.²² As a consequence of the similarity of the sanctions, i.e. the legal consequence, the national registration offices and courts are undoubtedly affected by the legal development by both the ECJ and the OHIM.²³

The most common definition of a trademark is that it may consist of any sign which is capable of being presented graphically, provided that such sign is capable of distinguishing the goods of one undertaking from those of others.²⁴ Hence, the exclusivity granted by trademark protection gives the proprietor of the mark the right to impede the use or registration of identical or similar marks if there is a risk for confusion regarding the corporate origin of the products.

The provisions of the Directive and the Regulation which exclude from trademark registration shapes with technical functions are substantially identical, and I will therefore refer only to the Directive hereinafter. Article 3(1)(b) to (d) of the Directive lists grounds for refusal of registration or invalidity of a registration, which according to Article 3(3) can be overcome only if the mark has acquired a distinctive character through use. Subsection (e) provides three absolute grounds for refusal of some shape of goods, which cannot be overcome by any evidence of acquired distinctiveness. Article 3(1)(e) of the Directive provides:

The following shall not be registered or if registered shall be liable to be declared invalid:

(e) signs which consists exclusively of:

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

²² Tufegdžic, Goran: EG-varumärke –en sammanställning av praxis avseende tolkningen av artikel 7(1) CTMR, page 9.

²³ Tufegdžic, Goran: EG-varumärke –en sammanställning av praxis avseende tolkningen av artikel 7(1) CTMR, page 80.

²⁴ This definition in more detail can be found in Article 4 of the CTMR Regulation and Article 2 of the Directive.

How this provision, in particular the second indent, was applied and interpreted by the ECJ in a preliminary ruling is described in Chapter 3.27 below. You will also in the descriptions of the various judgments find several European courts' interpretations of these provisions of the Directive.

2.2.4 Madrid System for the International Registration of Marks

The Madrid system for the international registration of marks established in 1891 functions under the Madrid Agreement (1891) and the Madrid Protocol (1989) and is administered by the WIPO, which is a UN organ. The Madrid system offers a trademark owner the possibility to have his trademark registered in several member countries by simply filing one application to his national or regional trademark office and designating which countries he wishes to obtain protection in. An international mark applied for through the Madrid system is equivalent to an application of the same mark filed directly to the trademark office each of the countries designated, which obviously saves both time and effort for the applicant. If the trademark office of a designated country does not refuse protection, the national protection of the mark is the same as for the marks registered directly at the national trademark office. The Madrid system also simplifies the management of the mark, as it is possible to renew the registration through one single procedural step and thus avoid having to renew the mark in each of the designated countries.²⁵ In this thesis I refer to all the registrations by the Madrid system as international IR registrations.

2.2.5 Trade Dress and the Functionality Doctrine in the USA

In the US judgment described in Chapter 3.3 the matter of trade dress is mentioned, and therefore I will give a brief introduction to the matter. The United States Lanham Act provides protection both for registered trademarks and for unregistered marks, including trade dress. Trade dress applies to the total image and overall appearance that distinguishes a product or service. Hence, trade dress is the totality of elements in which a product or service is packaged or presented. These elements combine to create the whole visual image presented to customers, and are capable of acquiring exclusive legal rights as a type of trademark or identifying symbol of origin. For Lanham Act purposes, trade dress is broader in scope than trademark protection and may consist of a symbol, design, device, texture, color, shape, graphics, or combinations of those, provided that the trade dress identifies the product's or service's origin.

Trade dress protection is time-limited and can be obtained by registration. Also un-registered trade dress can enjoy protection through usage as long as it, in case of infringement, fulfills the requirements under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)²⁶. In order to register a trade dress, it needs to be distinctive and non-functional, and in an infringement case it also needs to be shown that the trade dress of the two competing products are confusingly similar. Regarding the requirement of distinctiveness, trade dress can be either shown to be inherently distinctive or that it has acquired secondary meaning by established use on the market. A

²⁵ WIPO: "Madrid System for the International Registration of Marks", available on <http://www.wipo.int/madrid/en/> (2005-06-14)

²⁶ § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) provides that "a plaintiff must prove by a preponderance of the evidence: (1) that its trade dress has obtained 'secondary meaning' in the marketplace; (2) that the trade dress of the two competing products is confusingly similar; and (3) that the appropriated features of the trade dress are primarily nonfunctional."

trade dress is inherently distinctive if it is arbitrary, fanciful or suggestive. Distinctiveness through secondary meaning has been obtained when the public recognizes that the primary significance of the trade dress is identification of the product's source, not the product itself²⁷.

Most interesting in the context of this work is the requirement for non-functionality. A feature is functional as a matter of law if it is "essential to the use or purpose of the product or if it affects the cost or quality of the product" as the Supreme Court explained it in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*²⁸. The American functionality doctrine, which prohibits registration of functional product features, is intended to encourage legitimate competition by maintaining the proper balance between trademark law and patent law. In *Qualitex Co. v. Jacobson Products Co. Inc.*, the US Supreme Court explained that:

The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).²⁹

In *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, the Supreme Court decided that the functionality doctrine is not affected by evidence of acquired distinctiveness:

The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity. The Lanham Act, furthermore, does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller.³⁰

This means that even when evidence establishes that consumers have come to associate a functional product feature with a single source, trade dress protection will not be granted.

2.2.6 Trademarks and Distinguishing Guises in Canada

In Canada there are three categories of trademarks: *ordinary marks*, which are words or symbols (including two-dimensional "design marks"), *category marks* which identify goods or services which meet a defined standard, and *distinguishing guise marks*. Distinguishing guise marks identify the shaping of goods³¹ or their containers, and can also be a mode of wrapping or packaging goods. A decisive requirement for registration is that the purpose of the shaping or packaging has to be to distinguish the goods or services from those of others.³² However, if a three-dimensional mark does not fall within the definition of a distinguishing guise, it can be registered as an ordinary, but three-dimensional, trademark as long as it is capable of distinguishing the goods. Trademarks that contain color as an element are

²⁷ Daley, Annamarie: "Supreme Court Defines Scope of Trade Dress Protection for Product Design" (Robins, Kaplan, Miller & Ciresi L.L.P.) Published in 2000, available at <http://www.rkmc.com/article.asp?articleId=108> (2005-06-14)

²⁸ *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 58 USPQ2d 1001, 1006 (2001).

²⁹ *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 164 (1995).

³⁰ *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 34-35 (2001).

³¹ In the Canadian Trademarks Act the word "wares" is used instead of "goods".

³² Canadian Intellectual Property Office: "A Guide to Trade-marks: The Basics." Published on 2005-04-11, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/tm/tm_gd_basic-e.html#section01 (2005-06-14)

considered to be distinguishing guises if the color forms part of a mode of wrapping or packaging goods which is used to distinguish the goods or services from others’.

It appears to be an important objective of the distinguishing guise provisions of the Canadian Trademarks Act to prevent the registration of marks that would interfere with the use of any utilitarian feature or would unreasonably interfere with the development of any art or industry. A distinguishing guise is only registrable if it has been so used in Canada by the applicant (or his predecessor in title) as to have become distinctive, i.e. has acquired distinctiveness. To be distinctive, the guise must have come to mean to purchasers that the goods or services sold in association with the guise come from one source; it must function in the marketplace to distinguish the goods or services of the undertaking from those of others’. Hence, the onus on the applicant to establish that a distinguishing guise has become distinctive in respect of particular goods or services is quite heavy. It is particularly severe in cases where the guise is inherently weak such as where the guise has a significant utilitarian function. Sufficient evidence has to be provided to establish the acquired distinctiveness, such as survey evidence or affidavits from actual purchasers, evidence of very significant sales and advertising, evidence that no-one else is using a similar mark etc. A mark or guise that is primarily functional from either an ornamental or a utilitarian point of view cannot be registered if the functionality relates primarily or essentially to the goods or services covered by the application. Furthermore, a distinguishing guise is registrable only if the exclusive use by the applicant of the distinguishing guise is not likely to limit the development of any art or industry.³³

Another interesting way of protecting shape in Canada is offered by the Industrial Design Act, which may protect a design from unlawful imitation.³⁴ An industrial design is the features of shape, configuration, pattern or ornament (or any combination of those) applied to a finished article made by hand, tool or machine. The design must be original and have features that appeal to the eye in order to be registered.³⁵ It is important to notice that an industrial design is an own intellectual property right and has nothing to do with trademark protection. An industrial design needs to be registered, and is valid for ten years from the date of registration subject to payment of a maintenance fee.³⁶

2.3 Design Right Protection

A design right protects the visual look of a design, giving the proprietor of the design protection from competitors starting to market products with an identical or similar shape. Design protection is a fast growing intellectual property right, especially in Europe. It differs from trademark protection in many ways, but there are also some similarities such as the European exclusion from protection of functional features of the shape. Also design law is a harmonized area of law within the EU, which means that all the member states are obliged to interpret the harmonized national legislation in the light of the current community law and to

³³ Canadian Intellectual Property Office: “Practice Notice: Three-dimensional Marks”. Published on 2004-06-14, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/tm/tm_notice/tmn2000-12-06-e.html (2005-06-14)

³⁴ Canadian Intellectual Property Office: “A Guide to Industrial Designs: Introduction”. Published on 2004-06-14, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/id/id_gd_intro-e.html#section01 (2005-06-14)

³⁵ Canadian Intellectual Property Office: “A Guide to Industrial Designs: the Basics”. Published on 2004-06-14, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/id/id_gd_basic-e.html#section01 (2005-06-14)

³⁶ Canadian Intellectual Property Office: “A Guide to Industrial Designs: the Process”. Published on 2004-06-14, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/id/id_gd_process-e.html#section08 (2005-06-14)

comply with ECJ case law. Design rights were only claimed in two of the judgments, namely the first UK judgment and the Australian decision.

In this context I also find it interesting to add that in the USA, there is yet another way of protecting design and ornamental aspects, namely by obtaining a design patent³⁷, which is actually a part of the US patent legislation.³⁸ A design patent requires that the design is novel, original, ornamental, non-functional and unobvious to a person of ordinary skill in the art. Design patents are valid for 14 years from the date of issue, and are relatively expensive to obtain. Under US law, the rights pertaining to design patent and trademark or trade dress protection exist independently. The existence or termination of either right has no legal effect on the availability or continuance of the other.³⁹

2.3.1 European Community Design Legislation

The harmonization within the European Community of design protection has been carried out mainly by the adoption of Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs (“the Design Directive”). There is also a EC Regulation concerning the Community Design, Council Regulation (EC) No 6/2002 of 12 December, 2001 on Community Designs (“the Community Designs Regulation”). In both the Design Directive and the Community Designs Regulation, a design is defined as “the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colors, shape, texture and/or materials of the product itself and/or its ornamentation”. Hence, design protection is given to the outward appearance of the product, not to its function, which can only be protected through a patent registration.

It is thus possible to get a national design protection under the national legislation harmonized by the Design Directive. The national legal protection of designs provides for a term of protection that may be renewed up to a total term of 25 years⁴⁰. Since January 2003 design protection can also be applied for at the OHIM⁴¹ in order to obtain protection in all member states as a registered Community Design under the Community Designs Regulation. The Community Design right is valid throughout the EU market, and the protection allows the proprietor to forbid unauthorized production of the protected design in all the EU countries and to stop violating imports into the EU at all possible entry points.⁴² The term of protection of a registered Community Design is a period of five years as from the filing of the application, with a possibility to have the term of protection renewed with five years at the time up to a total of 25 years.⁴³ With the adoption of the Community Designs Regulation, also protection of *unregistered* Community Designs has been available as from 6 March 2002⁴⁴. A

³⁷ The terminology “industrial design” is used in some other jurisdictions.

³⁸ Koktvedgaard, Mogens and Levin, Marianne: *Lärobok i immaterialrätt*, page 288.

³⁹ International Association for the Protection of Intellectual Property (AIPPI): “Three-dimensional Marks: the borderline between trademarks and industrial designs”. AIPPI Reports Q 148 (no publishing date), available on <http://www.aippi.org/reports/q148/gr-q148-e-usa.htm> (2005-06-14)

⁴⁰ See Article 10 of the Design Directive.

⁴¹ Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM): “Community design” (no publishing date), available at <http://www.ohim.eu.int/en/design/default.htm> (2005-06-14)

⁴² Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM): “The registered Community design –leaflet” (no publishing date), available at <http://www.ohim.eu.int/en/design/pdf/leaflet1.pdf> (2005-06-14)

⁴³ See Article 12 of the Design Directive.

⁴⁴ Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM): “Community design” (no publishing date), available at <http://www.ohim.eu.int/en/design/default.htm> (2005-06-14)

design has an unregistered protection for a period of three years as from the date on which the design was first made available to the public within the Community, provided that the design fulfills certain requirements set out in Section 1 of the Designs Regulation⁴⁵.

In order to register a design, the design needs to be new and have an individual character.⁴⁶ There is an interesting exception to the criterion on novelty. A twelve months grace period allows design owners to market or otherwise exhibit their product a full year before applying for protection, without destroying the novelty. Because of the unregistered protection described above, the design is protected also during the grace period.⁴⁷

Three-dimensional marks:

the borderline between trademarks and industrial designs

2.3.2 Technical Functions of Designs and Trademarks in Comparison

Most interesting in the context of this work is, however, the functionality aspects, which are somewhat similar to those of trademark protection. Common for the both the Design Directive and the Design Regulation is the exception from registration of features of appearance solely dictated by its technical function.⁴⁸ In the preamble to the Designs Regulation, which serves as a ground for interpretation explaining the purpose behind the provisions, the Council held that:

Technological innovation should not be hampered by granting design protection to features dictated solely by a technical function. It is understood that this does not entail that a design must have an aesthetic quality.⁴⁹

When the Philips shaver case was referred to the ECJ by the UK Court of Appeal, the Advocate-General brought up the matter of design protection in his Opinion⁵⁰, when trying to clarify and grasp the scope of the trademark exclusion paragraphs. He compared trademark protection with design protection, and held that the Designs Directive refuses to recognize external features “which are solely *dictated* by its technical function”, while the Trademarks Directive excludes from protection “signs which consists exclusively of the shape of goods which is *necessary* to obtain a technical result”. The Advocate-General concluded that the level of “functionality” must be greater in order to be able to assess the ground for refusal in the context of designs. He further held that a functional design might nonetheless be eligible for protection if it can be shown that the same technical function could be achieved by a different form. He concluded that the bar for assessing whether a ground for excluding a functional form applies is set higher for designs than for trademarks, since the nature and scope of their protection is so different. While trademarks protect the goods’ identity, origin and goodwill, designs protect the substantial value of the goods, which makes it easier to give protection to designs that combine functional and aesthetic features than to trademarks. The ECJ later decided in its judgment that evidence of other shapes that could obtain the same technical result was irrelevant when it comes to excluding from or invalidating trademark protection. This constitutes a clear difference in comparison to design protection, since the exclusions from design registration of the Design Directive and Design Regulation almost

⁴⁵ See Section 2 Article 11(1) of the Designs Regulation.

⁴⁶ See Section 1 Articles 4-6 of the Designs Regulation.

⁴⁷ Regarding the grace period, see Section 1 Article 7 of the Designs Regulation.

⁴⁸ Article 7 of the Design Directive and Section 1 Article 8 of the Designs Regulation.

⁴⁹ Paragraph 10 of the Preamble of the Designs Regulation.

⁵⁰ Opinion of General-Advocate Ruiz-Jarabo Colomer, delivered on January 23, 2001, Case No C-299/99.

certainly are to be interpreted to be used only when there are no possible alternative variations of the shape. If that is a correct interpretation, it could in design cases be of decisive importance if the owner of the design can show alternative shapes for obtaining the same technical result⁵¹.

2.3.3 Design Right and Passing Off in Australia

In Australia a design can be registered under the new *Designs Act* 2003, which came into force as recently as on June 17, 2004. The Australian judgment described in Chapter 3.8 concerns, *inter alia*, a design registration registered under the previous act, *Designs Act* 1906. According to IP Australia, which is the Australian Government IP organization, a design relates to the features of shape, configuration, pattern or ornamentation which, when applied to a product, gives the product a unique appearance.⁵² In order to be registered a design must be new, meaning that it the design, or a very similar design, has not been publicly used in Australia or published in a document within or outside Australia. To be registered, the design also needs to be distinctive, which is a criterion that is fulfilled if the design is substantially different in the overall appearance compared to other designs already in the public domain.⁵³ A registered design gives the proprietor protection for the visual appearance of the product, but not how the product works.⁵⁴ The maximum term of registration is ten years from the filing date, if the registration is renewed after the fifth year.⁵⁵

In this work, the technical aspect of shapes is in focus, and in the Australian *Designs Act* there are no explicit provisions excluding technical features from registration. However, indirectly, a technical function of a product is not protected, since the protection covers only the visual features of the design. The overall appearance of a design can consist of one or more visual features of the product.⁵⁶ In the definition of a visual feature is stated that a visual feature may, but need not, serve a functional purpose.⁵⁷ Hence, even though a certain design or part of it may have a functional purpose, it is not the function but the way it looks that is protected, if it is new and distinctive.

Passing off, being a tort, is not directly governed by legislation since the area of law arises out of the common law rather than statute. Australia's law of passing off is based on UK law, so UK case law is likely to be persuasive in Australia. The tort of passing off is an action used to prevent one trader from misusing and damaging another trader's goodwill or reputation by misrepresenting that the first trader's goods or services are those of or related to the other trader, and thus deceive the consumers. Most passing off actions are brought in conjunction with an action under Section 52 of Part V of the Australian *Trade Practices Act* 1974, which prohibits corporations from engaging in misleading and deceptive conduct⁵⁸ that would result

⁵¹ Kylhammar, Anders: "Teknisk funktion som utesluter varumärkes- och mönsterskydd", *Festskrift till Kaj Sandart*, page 74.

⁵² Australian Government -IP Australia: "Designs". Published in 2005, available at <http://www.ipaustralia.gov.au/designs/index.shtml> (2005-06-14)

⁵³ Australian Government -IP Australia: "What is a design?" Published in 2005, available at http://www.ipaustralia.gov.au/designs/what_index.shtml (2005-06-14)

⁵⁴ Australian Government -IP Australia: "Designs". Published in 2005, available at <http://www.ipaustralia.gov.au/designs/index.shtml> (2005-06-14)

⁵⁵ See Division 3 Section 46-50 of the Australian *Designs Act* 2003.

⁵⁶ Part 2 Section 5 of the Australian *Designs Act* 2003.

⁵⁷ Part 2 Section 7 of the Australian *Designs Act* 2003.

⁵⁸ Australian Intellectual Property Locus: "Passing Off". Published in 1995/6, available at http://members.ozemail.com.au/~pxc/iplocus/passing_off.html#materials (2005-06-14)

in unfair competition. The two actions are similar, but for a certain conduct to amount to passing off it is necessary to prove that customers have actually been misled, which is not a requirement under the trade practices provision.⁵⁹ Passing off has to be distinguished from infringement of registered trademarks, which is another tort. However, passing off is often used as a form of intellectual property enforcement, particularly for unregistered trademarks or against trademarks that are only marginally different from registered trademarks.⁶⁰

2.4 Philips' Protection of Shape

Philips has a considerable portfolio of intellectual property rights comprising 115,000 patents, 22,000 trademark registrations, 11,000 registered designs and over 2,000 domain name registrations.⁶¹ Obviously, Philips has realized the value of protecting and exploiting its intellectual property, and seems to have a very active IP organization. The working parts of Philips' triple-headed shaver was originally protected by patents in both the US and Europe. After the patents expired, Philips has focused on obtaining various kinds of trademark protection for the shape of the top part of its triple-headed shaver, both figurative picture marks and three-dimensional marks. Philips managed to get the shaver shape registered as a trademark in numerous countries, and as a registered design in some other jurisdictions. In the USA it was registered as a trade dress and in Canada as a distinguishing guise mark. Many of the registrations have now been invalidated and expunged, which you will read about in the next chapter.

⁵⁹ Oz Netlaw: "Fact sheets: Trademarks, Domain Names and Passing Off". Published on 2003-04-15, available at <http://www.oznetlaw.net/facts.asp?action=content&categoryid=239> (2005-06-14)

⁶⁰ Wikipedia –The Free Encyclopedia: "passing off". Published on 2005-04-01, available at http://en.wikipedia.org/wiki/Passing_off (2005-06-14)

⁶¹ Philips: "Company Profile, Other activities". Published in 2004-2005, available at <http://www.philips.com/about/company/businesses/section-14159/> (2005-06-14)

3 The Judgments

3.1 The Chronological Order

The judgments or decisions are presented in chronological order, except the appeal judgments, which are put directly after the first instance decisions. This is the correct chronological order of the judgments described in this chapter:

3.1.1 Jurisdiction / Country	Date
1. Canada	December 12, 1995
2. USA	May 21, 1996
3. Sweden (1)	June 25, 1997
4. UK (1)	December 22, 1997
5. UK (2 –appeal)	May 5, 1999
6. Australia	June 18, 1999
7. Opinion of Advocate-General	January 23, 2001
8. Germany (1 -PTO)	October 18, 2001
9. ECJ preliminary ruling	June 18, 2002
10. Germany (2)	November 5, 2002
11. Germany (3 – appeal)	May 9, 2003
12. France (1)	June 13, 2003
13. Spain (1 –prel. resolution)	July 31, 2003
14. New Zealand	August 4, 2003
15. Sweden (2 –appeal)	January 28, 2004
16. Italy	February 26, 2004
17. Germany (4 -FPC appeal)	April 14, 2004
18. Germany (5 -FPC appeal)	April 14, 2004
19. Germany (6 -FPC appeal)	May 4, 2004
20. Germany (7- FPC appeal)	May 4, 2004
21. Spain (2 –judgment)	May 6, 2004
22. UK (3)	June 21, 2004
23. Portugal	June 23, 2004
24. Germany (8 -PTO)	November 12, 2004
25. France (2 –appeal)	February 16, 2005

Many of the judgments are very extensive, and I have therefore brought up only matters that I have found relevant in the context of this work or otherwise interesting. In most judgments I have described the dispute background, the parties' claims and arguments, the relevant legislation and the court's legal reasoning and final decision. There is also either a description of the registered trademark or a referral to one of the illustrations of Philips' trademarks in Appendix A.

In cases where there is an appeal judgment, the focus is put on the final decision, but relevant parts of the first instance decision are also discussed. As mentioned above, the judgments are presented in chronological order with the exception of the appeal judgments, which usually are put in connection with the first instance decisions. In some cases there has been other interesting judgments in between two national judgments, which might have affected the appeal judgment. I am mainly thinking of the ECJ preliminary judgment, which affected the

adjudication of many national EC member courts which are all obliged to follow the ECJ's precedent interpretation of harmonized EC legislation. In most cases where I have disregarded the chronological order, I have commented it in a note.

3.2 CANADA: Federal Court of Appeal, Ottawa, Ontario

Date of judgment⁶²: December 12, 1995

3.2.1 Dispute Background

Canada was the second country, after the United States, where the shaver dispute between Philips and Remington was brought up to justice⁶³. Remington⁶⁴ intended to import and market in Canada Izumi-manufactured triple-headed rotary electric shaver similar to the Philips shavers already existing on the market. In the first instance, Remington had claimed four Philips'⁶⁵ trademark registrations to be invalid as functional features of the electric shaver. Remington's claim for invalidation of the trademarks had been refused by the court, and Remington appealed the judgment.

3.2.2 The Main Question

The court clarified that the descriptions of the two trademarks under appeal were pictorial, and both cases concerned the effect of functionality of the registered marks. The main question was thus whether a pictorial description of a manufactured article, in particular of some of its working parts, could be the subject of a trademark registration. I find the judgment interesting as it shows in what way the Canadian court has reasoned about functionality aspects, supported by case law since there was no express statutory legislation basis. Some of the referred case law is worthy of note from a functional point of view, since it gives good examples of different kinds of functional features. In Europe it seems like most of the focus has been put on technical functions, while the Canadian functionality doctrine expressly invalidates trademarks which are primarily functional from either an aesthetical/decorative or utilitarian point of view⁶⁶. An example of the Canadian view on functionality is the case that concerned the functional element of a telephone number used to distinguish a certain pizza take-out business, which you will read about below.

⁶² Case No. A-633-93.

⁶³ In October 1984 Philips had commenced proceedings in the United States alleging patent and trademark infringement against Izumi and its associated company Windmere. I have chosen not to describe those early US decisions in own chapters, which is why this Canadian judgment is presented first.

⁶⁴ Remington Rand Corporation and Remington Product (Canada) Inc.

⁶⁵ Philips Electronics N.V.

⁶⁶ The Canadian aesthetical functionality can be seen to correspond to the third indent of Article 3(1)(e) of the Directive, which excludes from protection shapes that give the product "substantial value", a provision intended to exclude exclusively ornamental shapes. The utilitarian functionality discussed in Canadian law most likely corresponds to the second indent of Article 3(1)(e), which excludes technically determined shapes from registration.

3.2.3 The Registered Trademarks

The appeal related to two of the four trademark registrations that Remington initially had claimed to be invalid.⁶⁷ One of the registrations in issue was registered as a distinguishing guise⁶⁸ and was a representation of an actual three-dimensional, triple-headed rotary shaver head assembly. The other registration was registered as a design trademark⁶⁹ and consisted of a two-dimensional mark of almost the same triple-headed rotary shaver head assembly. The only difference in appearance between the marks was the “clover-leaf” shaped rim surrounding the rotary heads on the distinguishing guise mark. This difference was, however, not given any relevance in the judgment.

The court handled the two trademarks separately, so I will first go through the judgment on the design mark and then the court’s decision on the distinguishing guise.

3.2.4 The Design Mark

3.2.4.1 Case Law

The Court of Appeal, as well as the first instance Trial Judge, found it to be common ground that the invalidity of a trademark registration on the basis of functionality had no express statutory basis and thus had to be found in the case law. I will therefore bring up some of the relevant cases that led to the court’s decision, starting with *Imperial Tobacco Company of Canada Limited v. The Registrar of Trade Marks*⁷⁰. A design mark registration had been sought for a cellophane outer wrapper for tobacco products with a narrow colored band extended around the package. Registration was refused on the grounds that the colored band performed the function of indicating where the tear strip was located, thus facilitating the opening of the wrapper, and since such wrapper was used also by other manufacturers, it would not identify the wares wrapped as those of the applicant. The judge concluded that any combination of elements which was primarily designed to perform a function was not fit subject matter for a trademark and if permitted would lead to serious abuses.

A similar issue was considered by the Supreme Court of Canada in *Parke, Davis & Company v. Empire Laboratories Limited*⁷¹. The case concerned colored gelatin bands encircling capsules containing pharmaceuticals. The bands were placed where the two halves of the capsules were joined, and the Supreme Court found the bands to have a functional use or characteristic and hence could not be subject of a trademark.

In *Pizza Pizza Limited v. the Registrar of Trade Marks*⁷² the issue was whether a telephone number, which was used for all Toronto-area outlets, was registrable as a trademark for a pizza take-out business. The registrar and the trial judge both held that such a numerical combination was not registrable. In the higher instance the court had another opinion and concluded that the functional element of a telephone number was to relate to its identification of the source and quality of the wares. The number was not a part of the ware, and it was

⁶⁷ Canadian Trademark registrations no. 283,451, which is quite similar to international trademark registrations IR 587.254 and IR 638.663, and no. 286,487, which corresponds to international registration IR 430.837. See Appendix A for illustrations of the international “IR” registrations.

⁶⁸ A distinguishing guise identifies the shaping of goods or its container or wrapping. See Chapter 2.2.6.

⁶⁹ A Canadian design mark is just a variety of a regular trademark. See Chapter 2.2.6.

⁷⁰ (1939) Ex. C.R. 141.

⁷¹ (1964) S.C.R. 351. 27 Fox Pat. C. 67.

⁷² (1989) 3 F.C. 379.

therefore not functional in the same sense as in previous case law. Consequently, the telephone number could be registered as a trademark.

3.2.4.2 *The Court's Reasoning and Judgment*

The Court of Appeal established that if functionality goes either to the trademark itself (as in *Imperial Tobacco* and *Parke, Davis*) or to the goods, then it is essentially or primarily inconsistent with registration. The court further held that if the functionality is merely secondary or peripheral, like a telephone number with no essential connection to the wares, it is not a bar to registration.

The court agreed with the *Pizza Pizza* judgment that if a mark is primarily functional by being a part of the goods, registering such trademark would give the applicant a monopoly on functional elements or characteristics of the goods. That would mean that the applicant would actually get a kind of patent granted, under the guise of a trademark. According to the Court of Appeal, that would be the case if Philips were to keep the trademark registration of the electric rotary head assembly. The court further held that the design trademark has an intrinsic reference to the principal functional feature of the Philips shaver, namely its cutting heads, which the mark depicts. The court continued:

Shaver heads in general are utilitarian by nature, and the Trial Judge found that the 'equilateral triangular configuration is one of the better designs for a triple headed shaver'. Here, the shaver heads are functional and the three-headed equilateral triangular configuration is functional. The design mark, by depicting those functional elements, is primarily functional.⁷³

The court also established that it was irrelevant that Remington's inhibition to compete would be only as to the triple-headed shaver market, which was a smaller part of the total Canadian shaver market. The Court of Appeal concluded that whatever the portion of the sales market in question, registration of a primarily functional mark is a restraint on manufacturing and trade, since it effectively amounts to a patent or industrial design in the guise of a trademark. Accordingly, the appellant Remington succeeded in the appeal and the registration of the design mark was declared invalid and expunged.

3.2.5 The Distinguishing Guise Mark

3.2.5.1 *The Court's Reasoning and Judgment*

As to the distinguishing guise mark, the court declared that there was no case law on the matter to refer to. The court also established that neither British nor American law was of any help, since such a statutory concept as a distinguishing guise was, so far, unknown in their law. The court concluded, however, that the matter could be resolved on the basis of the *Pizza Pizza* decision referred above.

The essence of a trademark is to distinguish goods or services of a registered owner from those sold by others, which is defined in Section 2 of the Canadian Trademarks Act. A distinguishing guise is a distinct kind of trademark, and is in the same Section 2 defined as "a shaping of wares or their containers or a mode of wrapping or packaging wares the appearance of which is used by a person for the purpose of distinguishing or so as to

⁷³ Page 11 of the judgment.

distinguish wares or services manufactured, sold, leased, hired or performed by him from those [...] by others”⁷⁴.

The court established that every form of trademark, including a distinguishing guise, is characterized by its distinctiveness, and therefore a distinguishing guise should be governed by the same considerations of functionality as, for instance, a design mark. Hence, the public policy basis is the same, i.e. to distinguish goods from those of competitors by monopolizing not the goods but the mark used in relation to them. If the functionality of a distinguishing guise relates primarily or essentially to the goods themselves, it will invalidate the mark.

The Court of Appeal decided that Philips’ registered distinguishing guise was invalid as extending to the functional aspects of the Philips shaver. The court concluded, “a mark which goes beyond distinguishing the wares of its owner to the functional structure of the wares themselves is transgressing the legitimate bounds of a trademark”⁷⁵. Hence, the appeal was allowed and Philips’ distinguishing guise mark was declared invalid and expunged.

3.3 THE UNITED STATES OF AMERICA: *United States District Court, Northern District of Illinois*

Date of judgment⁷⁶: May 21, 1996.

3.3.1 Dispute Background

In the USA the shaver dispute between Philips and Izumi⁷⁷ went on for decades, and common for all the litigations is that Philips has not been successful in any of the litigations it has initiated. In the most recent judgment, which is the one I will describe below, the court made a retrospect of the history of the dispute, and analyzed Philips’ actions and intentions. I have chosen to tell the dispute background in the way that the court interpreted it, as I find the court’s view interesting from a litigation strategy point of view. I am completely aware of the fact that it is not an objective account of the dispute background, but I believe that all readers will be able to separate the very facts from the court’s opinion.

The Illinois court showed no mercy when concluding that Philips essentially had been out to kill its competition on the shaver market during the previous 18 years and that the current law suit as well as others were designed to serve as a means to that end. The court found it apparent that Philips was actually attempting to stop competition in the market and harass those who posed a threat to its strong position on the electric shaver market. Philips’ attempt to retain its market share began as early as in 1977, when Philips first found out that Izumi was going to enter the US market by selling rotary shavers to an American company. Philips’ executives were worried about the competition this would bring and, according to the court, “began its crusade to maintain its monopoly”⁷⁸.

⁷⁴ Page 13 of the judgment.

⁷⁵ Page 14 of the judgment.

⁷⁶ Case No. 85 C S366.

⁷⁷ In the USA Izumi’s products were marketed and sold by Sears Roebuck & Company.

⁷⁸ Page 5 of the judgment.

The court further held that it was decided within the company that Philips would file lawsuits to intimidate others into not entering the market. In 1978 Philips filed a lawsuit against Izumi in Japan.⁷⁹ Later on, in 1984, Philips found out that Izumi was going to sell triple-headed electric shavers to Windmere, a company active on the US market. Philips then worked out a litigation strategy that would make it difficult for Windmere to compete on the market. The aggressive litigation strategy resulted in two unfair competition suits brought by Philips: one against Windmere and one against Sears, which you will read more about below. The first suit Philips filed in the United States was in Florida in October 1984, charging Windmere, in material part, with unfair competition regarding the Philips design impression. Philips lost the case as the jury found that Philips did not possess any cognizable trade dress⁸⁰ right. However, Philips won a motion for a new trial, but also the second jury's decision resulted in a defeat for Philips.

While the Florida litigation was pending, Philips filed a suit in Illinois, charging Sears for unfair competition on the same grounds as in the Florida litigation. Since Philips had been unsuccessful in its earlier litigations concerning the same matter, the Illinois court advised Philips to settle. Philips refused, the court dealt with the case and Philips lost its case once again. It had taken the court only two hours to conclude that Philips did not prove any cognizable trade dress claims that could rebut Sears' strong evidence on functionality⁸¹. In the most recent Illinois judgment, described below, the Illinois court explained that the first trial was allowed to proceed only because a technicality in the law. The Florida judgment was vacated due to a settlement between Philips and Windmere, which negated the estoppel effect a Florida judgment would have had on the law suit in Illinois.

3.3.1.1 *The Motions*

The first Illinois judgment in favor for Sears and Izumi was followed by four new motions:

1. (Plaintiff) Philips'⁸² motion for a new trial.
2. Philips' motion for entry of judgment on the functionality defense against the defendant.
3. (Defendants) Sears and Izumi's⁸³ motion for attorney's fees pursuant to 35 U.S.C. § 285.
4. Sears and Izumi's motion for attorney's fees pursuant to 15 U.S.C. § 1117(a).

3.3.2 The Court's Reasoning and Judgments

3.3.2.1 *Philips' Motions*

Regarding the motion for a new trial, Philips claimed that the court in the first Illinois judgment had committed several errors, which motivated a new trial. The court did not agree and saw no reason to revisit any of the issues that Philips challenged. Hence, the court was confident that it had ruled correctly on each of the issues and that no fundamental errors of law had been made. Accordingly, Philips' motion for a new trial was denied.

Concerning its motion for entry of judgment on the functionality defense, Philips claimed that it was entitled to judgment as a matter of law on the functionality defense. The court did not

⁷⁹ Unfortunately, I do not have any further information about the Japanese lawsuit.

⁸⁰ An introduction to the matter of trade dress is given in Chapter 2.2.5.

⁸¹ The essence of the American functionality doctrine is described in Chapter 2.2.5.

⁸² U.S. Philips Corporation and North American Philips Corporation.

⁸³ Sears Roebuck & Company and Izumi Seimitsu Kogyo Kabushiki Kaisha.

agree, as it had found the evidence on functionality overwhelming due to a “plethora of convincing evidence which supports Sears’ position”⁸⁴. Consequently, Philips’ motion for an entry of judgment on the functionality defense was denied.

3.3.2.2 *Sears and Izumi’s Motions*

With the motion for attorneys’ fees and expenses pursuant to 35 U.S.C. § 285, Sears sought to recover attorneys’ fees for costs spent on defending itself on a patent infringement claim that was eventually voluntarily dismissed by Philips right before the trial. The referred provision gives the court discretion to award attorneys’ fees to a prevailing party in patent cases with exceptional circumstances where it would be grossly unjust for the prevailing party to bear the cost. Sears argued that the 10-year pursuit of the patent infringement claim, which was ultimately dismissed, was clear evidence of Philips’ vexatious litigation strategy. Philips opposed the allegations and held that the patent claims were not frivolous. Even though the court was dubious of one of Philips’ contentions, it finally concluded that the patent claims were not frivolous and that the pursuit of the patent infringement claim did not constitute such “exceptional circumstances” that would justify the granting of attorney’s fees under the referred provision. Hence, the defendants’ motion was denied.

Sears’ second motion was for attorneys’ fees pursuant to the Lanham Act. Through this motion, Sears sought to retrieve attorneys’ fees that were spent on the long defense of Philips’ trade dress claims. According to the last sentence of 15 U.S.C. § 1117(a) the court may award attorneys’ fees to the prevailing party in exceptional cases, which are within the court’s discretion to decide. The court established that when addressing such attorneys’ fees, there are two different standards to apply: according to the Noxell⁸⁵ doctrine the prevailing party need only to show “something less than bad faith”, while the Seventh Circuit had repeatedly held that an “exceptional case” is one in which the conduct is “malicious, fraudulent, deliberate and willful”⁸⁶. The court concluded, however, that attorneys’ fees should be awarded to Sears under either of the two standards. The court held that Philips’ intention during the whole dispute had been to kill its competition in order to maintain its virtual monopoly on the electric shaver market. Philips had lost its case before three juries in a row, and had vexatiously pursued those claims in an effort to harass and intimidate other companies into staying out of the market. The court concluded that Philips’ motives and actions clearly constituted a malicious, fraudulent, deliberate and willful behavior. Philips had forced other companies, like Sears, into spending large sums of money to defend themselves against the unsupported claims. Accordingly, the court decided that Philips should be required to pay for the consequences of its actions and recover Sears’ attorneys’ fees. The motion for attorneys’ fees pursuant to the Lanham Act was thus granted.

3.3.3 Comments

First of all, it should be noted that the litigation in the USA has exclusively involved claims of unfair competition and trade dress protection but no trademark matters. There is no other country than the USA where the dispute between Philips and its counterparty has not

⁸⁴ Page 8 of the judgment.

⁸⁵ Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest., 771 F.2d 521 (D.C.Circuit 1985).

⁸⁶ NuPulse. Inc. v. Schlueter Co., 853 F.2d 545, 547 (7th Circuit 1988).

concerned trademark law but has been focused on competition law.⁸⁷ However, the discussion about protection of trade dress is sometimes similar to the assessments made in trademark law, as trade dress also excludes protection of functional features.⁸⁸ However, compared to trademark protection, trade dress protection differs significantly as it is time-limited, applies to the overall appearance of the product or service and is broader in scope by allowing for example a texture or device to be protected.

The judgment described in this chapter is unique as it came to be more about Philips' strategy than anything else. The court had a strong conviction that Philips deliberately and maliciously has used a very aggressive litigation strategy in order to kill any competition that posed a threat to its monopoly on the triple-headed shaver market. This judgment was pronounced almost a decade ago, and since then it has obviously been so, that Philips has continued its quite active litigation strategy. In Chapter 6 I will discuss my findings regarding Philips' tactics, and try to assess how successful the strategy has been in keeping the competitors out of the triple-headed electric shaver market.

3.4 SWEDEN (1): Stockholm District Court

Date of judgment⁸⁹: June 25, 1997

3.4.1 Dispute Background

The Swedish company Ide Line Aktiebolag⁹⁰ wished to start importing to Sweden electric triple-headed shavers from Japanese Izumi Products Company. The appearance of the top part of the Izumi shaver was, mainly because of the arrangement of the three rotary heads in an equilateral triangle, similar to Philips' trademark depicting its PHILISHAVE electric shaver. In December 1994 Ide Line filed a suit against Philips Electronics N.V., for the reasons given in Chapter 3.4.3 below.

This was the first European judgment regarding the electric shaver dispute between Philips and Izumi. I will refer it quite thoroughly as I find the parties' arguments interesting. The court's reasoning and decision is given less space, and it is important to keep in mind that the judgment was appealed, and the Court of Appeal came to another conclusion than the first instance court, as you will see in the following chapter.

3.4.2 The Registered Trademark

Philips' registered trademark⁹¹ covering the three-dimensional top part of the electric shaver was originally registered in 1993 as a shape trademark⁹². The mark consisted of a drawn depiction of a unit comprising three round rotary heads placed in each corner of an equilateral

⁸⁷ There is a German decision from Cologne District Court where an interlocutory injunction was upheld on the grounds of unfair competition, but those grounds were changed by the appeal court, which instead upheld the injunction on the basis of trademark law (see Chapters 3.10 and 3.11).

⁸⁸ Trade dress is further described in Chapter 2.2.5.

⁸⁹ Case No. T 7-1316-94 and T 7-249-97.

⁹⁰ The company has since changed its name to Rotary Shaver Sweden AB.

⁹¹ Registration number 253 139, corresponding to the three-dimensional international registration IR 587.254, which is illustrated in Appendix A.

⁹² In Swedish: "varumärke avseende utstyrsel".

triangular faceplate. The three rotary heads were closely surrounded by a rim, which raised the three rotary cutting heads a couple of millimeters above the underlying triangular faceplate (see note below and Appendix A for illustration). The linear rim design around the rotary heads has often been referred to as the “cloverleaf” design.

3.4.3 Claims and Legal Grounds

Ide Line sought a declaratory judgment declaring that Ide Line would not infringe Philips’ registered trademark right by importing and selling the Izumi shavers in Sweden. The legal ground referred to was § 44 of the Swedish Trademarks Act⁹³ which provides that a declaratory judgment can be decided by the court in order to clarify whether a certain conduct constitutes a trademark infringement or not. The reason why Ide Line found a declaratory judgment to be necessary was obviously the fact that Izumi and its related companies⁹⁴ since 1978⁹⁵ had been involved in several litigations against Philips concerning the companies’ three-headed rotary shavers, as described in the previous chapters. Hence, Ide Line was aware of the risk that Philips might sue it for trademark infringement when starting to import and sell the Izumi shavers in Sweden, which explains why Ide Line took the initiative.

Right before the trial in April 1997, Ide Line presented a new claim; that Philips’ trademark registration should be revoked in accordance with § 25 of the Swedish Trademarks Act. The provision states that if a trademark has been registered in contravention of the Trademarks Act and the reason for not registering the trademark still remains, the trademark should be revoked. The court decided to join the two claims and deal with them in one trial.

Ide Line thus claimed: *firstly*, that the court revokes Philips’ trademark registration, and *secondly*, in case the registration is considered still valid, that the court declares that Ide Line’s use of its three-headed rotary electric shaver in Sweden does not infringe Philips’ trademark right according to the registration. Philips opposed the claims.

3.4.4 Ide Line’s Further Grounds

The grounds for Ide Line’s claim for revocation were that the electric shaver unit according to the registration consisted exclusively of a shape that was necessary to obtain a technical (i.e. practical and appropriate) result, which related to the shaving and the use, construction and production of the shaving device. In each case, Ide Line held, the shape of the shaver was to such extent decided by those technical demands that the mark lacked distinctiveness. The trademark neither had any inherent nor acquired distinctiveness that is required for a trademark to be protected according the Swedish Trademarks Act.

As grounds for the claim for declaratory judgment, Ide Line held that its electric shaver unit was not confusingly similar to the registered trademark, as it differed from the trademark

⁹³ Swedish Trademarks Act (1960:644).

⁹⁴ Izumi often operates as a subcontractor, which is why its shavers are sold by many different companies and under various brands.

⁹⁵ As previously mentioned: In 1978 Philips filed a lawsuit against Izumi in Japan, and in 1984 in the USA.

regarding several features of the shape, which were carefully described⁹⁶. Since the registered trademark's shape elements regarding the stated differences were mainly functional and served to make the product more adapted to its purpose or otherwise fulfilled a different purpose than to be a sign, Ide Line held argued that those shape elements were not a part of the registered trademark. Ide Line further held that the overall design and all the separate shape elements its shaver consisted of was motivated by one or several technical functions. For instance the arrangement of three rotary cutting heads placed in an equilateral triangle was, in regards to the number of cutters and configuration, the optimal solution for obtaining a comfortable shave with a big and efficient shaving surface, as well as for production- and construction-technical demands. The legal ground Ide Line referred to was § 13 of the Swedish Trademarks Act, providing that a trademark which exclusively consists of a shape that is necessary to obtain a technical result can not be registered⁹⁷.

3.4.5 Philips' Further Grounds

Philips argued that its registered trademark consisted of a non-functional, arbitrarily chosen shape. Regarding the claim for revocation, Philips held that the trademark had an inherent distinctiveness and did not exclusively consist of a shape that was necessary to obtain a technical result. The only features of the trademark that were functional elements were the three rotary heads as such. The other elements of the mark were arbitrarily chosen, and Philips meant that the chosen design did not give the shaver any actual technical advantages. Philips argued that since the shape of the registered trademark was not technically optimal, that exact shape could not be freely used by others. Elements that could be arbitrarily varied without altering the technical performance were the number of rotary heads, their size and placement and the shape of the faceplate. The possibility of variation was according to Philips an indication of the freedom for any competitor to choose other shapes providing a high technical performance, a freedom that reflected the fact that the shape of the shaver was not dependant on the technical features.

Regarding the claim for declaratory judgment, Philips held that Ide Line's electric shaver unit was confusingly similar to Philip's registered trademark. As Ide Line had referred, its shaver differed from the trademark in regards to details on the faceplate and the rotary heads. Philips held that those deviations of the details had no relevance for the risk for confusion. The main visual impression of the trademark was the cloverleaf shape on the top part of the faceplate, which was enhanced by the cloverleaf shaped relief consisting of a difference in level between the inner and the outer part of the faceplate's top part. Philips argued that the cloverleaf impression of the Ide Line shaver made it even more confusingly similar to the registered trademark. The issue of the shape elements fulfilling a technical or functional purpose lacked according to Philips legal relevance since the trademark registration –given that it was still valid – protected against such an almost identical imitation of the protected shape of goods that Ide Line's electric shaver unit was.

⁹⁶ The features that differed was *partly* the side rim of the faceplate which on the trademark was somewhat bent outwards in contrast to Ide Line's faceplate rim which was straight, *partly* on the half-moon shaped indentations of Ide Line's faceplate's three side rims, *partly* the rotary heads which according to the trademark was angled upwards towards the middle in contrast to Ide Line's rotary heads which were flat and parallel with the top of the faceplate and *partly* the so called clover leaf which according to the trademark consisted of solely a line in contrast to Ide Line's which was raised above the faceplate. As to the rest, Ide Line held that the two designs corresponded.

⁹⁷ Corresponding to Article 3(1)(e), second indent of the Directive.

3.4.6 The Court's Reasoning

The Swedish Trademarks Act provides that when assessing whether a sign has distinctiveness, consideration shall be taken to all circumstances and particularly to which extent and time the sign has been used on the market.⁹⁸ The court found that a market survey presented by Philips showed that the electric shaver unit had been extensively used as a trademark by Philips and therefore had acquired distinctiveness.

The Swedish trademark legislation had in 1993 been harmonized with the EC legislation through the implementation of the Trademark Directive⁹⁹. However, no material changes of the Swedish Trademarks Act needed to be made, since there was already conformity between the two legislations as both were based on Article 6 *quinquies* (B)/ *6bis* of the Paris Convention¹⁰⁰. The court noted that, being a question of harmonized community law not yet commented by the ECJ, a preliminary ruling from the ECJ would be motivated. Since none of the parties had proposed such actions, the court decided not to request any preliminary ruling. The court held though, that in case its judgment would be appealed it might be appropriate for the court of appeal to apply for a preliminary ruling.¹⁰¹

The court clarified that the purpose of a trademark is to associate goods or services with a certain company. According to the Swedish Trademarks Act, as well as the Directive, a sign cannot be registered if it consists exclusively of a shape which is necessary to obtain a technical result¹⁰². The intentions with the provision is to try to achieve a balance between trademark protection for the shape of goods on the one side, and the need to avoid unfair competition advantages by an everlasting monopoly on a technical solution on the other side.

Furthermore, the court held that according to the above stated provision it was not enough that the shape serves a functional purpose; it also needs to be *necessary* for obtaining the technical result. The court therefore found it necessary to assess whether there were alternative ways to obtain the same technical result; if such alternatives existed, the 'Philips shape' was not *necessary* for obtaining the technical result. Hence, the assessment of alternative shapes was given a decisive importance. The court also declared that all the individual shape elements should be analyzed separately, not as a whole. If a certain part of the shape was necessary to obtain a technical result, that part should be disregarded and an assessment should then be made to see if the sign had distinctiveness.

Ide Line had presented evidence intending to show that the arrangement of three rotary heads on a triangular faceplate was undoubtedly the best and most efficient way to place them; fewer rotary heads would lower the efficiency and more than three heads would imply a larger surface of the faceplate which covers the skin but does not shave, which would make the shaver less precise and more difficult to operate. Ide Line had also contended that the faceplate surrounding the rotary heads needed to be raised and in line with the rotary heads in order to avoid that the skin got pinched between the heads. The clover-leaf shaped raised faceplate had according to Ide Line the function of stretching the skin and raising the hairs to be cut, at the same time as it allowed an easier control of which area was being shaved. On the

⁹⁸ See § 13 paragraph 1 of the Swedish Trademarks Act.

⁹⁹ First Directive 89/104/EEC of the Council, on 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks.

¹⁰⁰ The Paris Convention is further described in Chapter 2.2.2.

¹⁰¹ As you will read below, an English court later requested a preliminary ruling from the ECJ on the matter, and the ECJ ruling came to affect the appeal of this judgment.

¹⁰² See § 13 paragraph 2 of the Swedish Trademarks Act and Section 3(1)(e) second indent of the Directive.

contrary, Philips meant that the cloverleaf design was only a matter of an arbitrarily chosen decoration that served no technical purpose. Philips also presented evidence to show alternative shapes that could obtain the same technical result; Philips had even developed a prototype of a three-headed rotary shaver where the rotary cutters were placed in a slightly bent row, resembling of the shape of a boomerang.

3.4.7 The Judgment

The court was convinced by a limited test which showed that the Philips prototype with the three cutting heads placed in a different angle than the trademark gave the same technical result as the Philips shaver. The court thus decided that, without altering the cost or efficiency, the same technical result could be obtained by using another shape and a different amount of rotary heads or number of cutting blades. Accordingly, Philips' trademark registered shape of goods was not necessary to obtain the technical result. Ide Line's claim to revoke the registered trademark was hence not accepted, and the trademark was considered still valid and in force.

In case the trademark was declared still valid, Ide Line had requested a declaratory judgment stating that use of its three-headed shaver in Sweden did not constitute an infringement of Philips' registered trademark right. The court declared that it was inconsistent with a loyal interpretation of the Directive to accept a registration of a shape of goods without giving the registered trademark any exclusivity, i.e. protection against infringing imitations. Moreover, the court found the differences of the two shaver head units insignificant and concluded that Ide Line's shaver was confusingly similar to Philips' registered trademark. Consequently, the court accepted neither the second claim, which implied that any importing or selling of the Ide Line shavers in Sweden would be a trademark infringement.

However, one judge dissented to the judgment.¹⁰³ He argued that since there were no ECJ judgments concerning the interpretation of the relevant provisions of the Directive, the interpretation should be made in accordance with the Treaty on European Union as well as the legal principles common for all EC member states. He emphasized that a central objective of the European Union was to create an open and healthy common market by ensuring fair competition within the union. It was therefore obvious that the Directive did not aim to hinder the competition by accepting that trademark protection was used to create production monopolies for technical solutions, which could not be legally protected otherwise.

The dissenting judge further argued that a sign which consists exclusively of the shape of goods which is needed to obtain a technical result cannot enjoy trademark protection, *even if* there are alternative ways to reach the same result. Moreover, he argued that the shape of the trademark should be divided into the different shape elements it consisted of, and then an assessment should be made of each and one of those elements in order to decide if the individual shape element was functional in itself or arbitrary in relation to the technical result. Hence, he divided the shape into three elements; the placement of the rotary heads, the shape of the faceplate, and the cloverleaf shaped rim on the faceplate surrounding the rotary heads, and found that all the three shape elements were necessary to obtain the technical result. Accordingly, he concluded that Philips' trademark had been registered in contradiction to the

¹⁰³ Mr. Göran Nilsson.

Swedish Trademarks Act and the Directive,¹⁰⁴ and as the obstruction for registration still existed the registration should be revoked.¹⁰⁵

3.5 SWEDEN (2): Svea Court of Appeal, Stockholm

Date of judgment¹⁰⁶: January 28, 2004

3.5.1 Dispute Background

The decision by Stockholm District Court on April 25, 1997 described in the previous chapter was appealed by Ide Line, which since had changed its name to Rotary Shaver Sweden AB. As concluded in the previous chapter, Ide Line had been unsuccessful in both claims; neither was the Philips trademark revoked nor was any declaratory judgment of non-infringement given. Important to observe is that there was a long gap in time between the first instance decision and the appeal, almost seven years. The reason it took so long was that the case was kept pending before Court of Appeal in order to await the preliminary ruling of the ECJ,¹⁰⁷ which is described in Chapter 3.17 below. During those seven years there had been a lot of litigation between Philips and Izumi which had resulted in decisions from several countries; there had been two judgments from the UK, one from Australia, three from Germany, one from France and one from Spain.¹⁰⁸ The most important judgment was the preliminary ruling of the ECJ, the influence of which is obvious in this judgment.¹⁰⁹

3.5.2 The Parties' Claims and Additional Grounds

Rotary Shaver referred to the same claims as in the first instance, but added another ground for supporting the argument of lack of distinctiveness of the Philips mark. The new ground was Article 3(1)(c)¹¹⁰ of the Directive, and Philips counterclaimed that the court should not accept the new ground since it had not been presented during the first instance proceedings.

Rotary Shaver argued that there were still two obstacles for registration of the Philips mark: the shape was necessary to obtain a technical result and it lacked distinctiveness. Rotary Shaver held that Philips' trademark was not capable of distinguishing Philips' shavers from those of others, that it lacked both an inherent and an acquired distinctiveness¹¹¹ and that the mark served to designate the kind and intended purpose of the goods.

Philips still argued that the trademark registration concerned a mainly non-functional, arbitrarily chosen shape. The number of rotary cutting heads, their placement in a triangle and

¹⁰⁴ § 13 Paragraph 2 of the Swedish Trademarks Act and Section 3(1)(e) second indent of the Directive.

¹⁰⁵ In accordance with § 25 of the Swedish Trademarks Act and Section 3(1) of the Directive.

¹⁰⁶ Case No. T 7-1316-94 and T 7-249-97.

¹⁰⁷ Brand News 06/2002: "Svårare med design som varumärke", page 16.

¹⁰⁸ All these judgments are described in the coming chapters.

¹⁰⁹ Please observe that since I put this appeal judgment right after the first instance decision, this judgment is not presented in its correct chronological order. In Chapter 3.1 is a list of the correct chronological order.

¹¹⁰ Article 3(1)(c) of the Directive provides: The following shall not be registered or if registered shall be liable to be declared invalid: ... (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.

¹¹¹ Regarding its claim for non-distinctiveness, Rotary Shaver referred to Articles 2, 3(1)(a), (b) and (c) of the Directive.

the shape of the top part and the sides of the faceplate were all results of completely arbitrary choices. Philips held, however, that the shape did include two shape elements necessary for the technical function: the existence of grids on top of the round cutting heads under which the cutting knives rotate, and the linear reference surface right next to the cutting heads. Philips argued that all other shape elements were arbitrarily chosen and reflected an aesthetic thinking intending to distinguish the Philips shavers. Philips thus claimed that the mark did not consist of essentially functional shape elements, and the shape elements were in any case not *exclusively* determined by the technical result. Philips also claimed that that the mark had an inherent distinctiveness, or that it in any case had acquired distinctiveness as a result of the long-time and extensive exposure of it in marketing and sales.

3.5.3 The Court's Reasoning

The court established that Rotary Shaver's referred ground in terms of Article 3(1)(c) of the Directive was not a new circumstance; Rotary Shaver had only specified in what way the mark lacked distinctiveness, and the court rejected Philips' claim not to accept the ground.

The court established that a sign can not be registered as a trademark if it consists exclusively of a shape that is necessary to obtain a technical result, in accordance with § 13 second paragraph of the Swedish Trademarks Act and Article 3(1)(e) second indent of the Directive. The court called attention to the ECJ preliminary judgment from June 18, 2002¹¹², in which the ECJ provided guidance regarding the interpretation of Article 3(1)(e) of the Directive. The court noted that the ECJ had stressed the importance of the purpose of the exclusion in Article 3(1)(e), which is to avoid that trademark protection gives the proprietor exclusive rights to technical solutions or functional features of goods. The ECJ had held that the said article aimed to satisfy a common interest, being that if a shape's essential features fulfill a technical function, that shape should be possible to use for all actors on the market. The court also established that the ECJ had stated that it made no difference for the assessment if there were alternative shapes that could obtain the same technical result.

In the light of the ECJ judgment, the court declared that there was no reason to determine if there were any alternative shapes. What the court had to decide was instead whether the essential features of the registered shape were functional and chosen to fulfill the technical result. If arbitrary considerations could be shown in the design of the essential shape elements, there was no reason for revocation of the trademark.

3.5.3.1 Assessment of the Shape Elements

The registered shape trademark consisted of mainly three shape elements; three rotary cutting heads placed in an equilateral triangle, a triangular faceplate with rounded angles and a raised, linear cloverleaf shaped rim surrounding the cutting heads. The court found the three cutting heads arranged in a triangle to be the most obvious essential feature of the shaver. Regarding the cloverleaf shaped rim, the court held that the mere arrangement of the three cutting heads associated with a cloverleaf and that the rim around them, even though it enhanced the cloverleaf impression slightly, was obviously insignificant and devoid of any individual importance for the visual impression of the shaver. The cloverleaf shaped rim could therefore not be considered as an essential shape element of the shaver unit.

¹¹² See Chapter 3.17 below.

Hence, the court had to assess whether the two remaining essential features, the cutting heads in an equilateral triangle and the faceplate with rounded angles, were solely attributable to the technical result. The relevant technical result depends on the particular purpose the individual shape element is supposed to fulfill, and the court found that the technical result to be obtained by both essential features was an efficient and comfortable shave of hair on a human's face.

The court established that the rotary cutting heads constituted the shaver unit's cutting function, with grids that caught and held the hair until the underlying rotary cutting blade cut it off. The grids' purpose were obviously also to avoid direct skin contact with the knives. The court found that the arrangement of the cutting heads in an equilateral triangle had been chosen to create a compact shaver unit and at the same time obtain the best shaving result. The court found no evidence of any arbitrary considerations of the shape element, and the three cutting heads arranged in an equilateral triangle was therefore found to be attributable solely to the technical result.

Regarding the triangular faceplate with rounded angles, the court found its function to be to hold the cutting heads on place and to constitute a reference surface for the cutting heads so that the skin did not get pinched. The shape of the faceplate followed the shape of the rotary cutting heads. The court found that the rounded angles and the slightly bent sides were obviously chosen to give a comfortable, close, and efficient shave also of parts of the face that could be difficult to reach. Hence, the court found no arbitrary elements of the faceplate, and the shape element was to be seen as attributable only to the technical result.

3.5.4 The Court's Conclusion

The court concluded that the all the essential shape elements of the shaver unit were solely attributable to the achievement of the technical result. Accordingly, the court's conclusion was that Philips' trademark had been registered in contradiction to § 13, second paragraph of the Swedish Trademarks Act, and that the obstacle for registration still existed. The court thus accepted Rotary Shaver's claim for revocation and Philips' three-dimensional trademark registration was declared invalid and revoked. Since the trademark was cancelled, there was no reason for the court to consider Rotary Shaver's second claim regarding a declaratory judgment of non-infringement.

Philips appealed the judgment, but did not get any review permit by the Supreme Court of Sweden.

3.5.5 Comments

This judgment clearly shows how important community law and ECJ guidance can be for a national court's decision. If the court had not kept the case pending until the ECJ judgment was given, it is very likely that the court would have come to another decision, particularly in terms of the importance of alternative shapes. In Sweden the doctrine on alternative shapes had been a useful help in the assessment of a trademark's technical features. In the first instance decision it was a decisive factor for the court that other shapes existed which could

obtain the same technical result, which made the exclusionary provision inapplicable.¹¹³ But since then the ECJ had clearly stated that the provisions of the Directive supported no such interpretation, which obviously had effects on the decision of the Swedish appeal court.

The guidance on the interpretation of the Directive given by the ECJ also instructed the court to distinguish the essential shape elements and make an assessment for each of those shape elements. This made it easier for the court to make the right considerations and focus on the essential shape features. Compared to other courts, I think the Swedish appeal court made a very logical interpretation of the ECJ decision when first determining which the essential shape features were, and then one by one assessing whether those were necessary for the technical result. Many other courts did not as clear as the Swedish appeal court distinguish the being of several different essential shape elements, and treated the whole design as one shape or just mentioned the different shape elements briefly.

3.6 UNITED KINGDOM (1): (Patents Court, Chancery Division, England & Wales)

Date of judgment¹¹⁴: December 22, 1997

3.6.1 Dispute Background

The court¹¹⁵ began its judgment with elucidating the being of a worldwide battle between Philips and Remington/Izumi. It concluded that the principal issue of the global dispute was whether Philips by trademark registration could obtain a permanent monopoly of a desirable form of manufacture, namely triple-headed rotary shavers with the three heads arranged in an equilateral triangle.

The court established that Philips¹¹⁶ had been selling triple-headed rotary shavers in the UK since 1966, with the three heads placed in each corner of a triangle. There had been minor variants of it; some models had for instance had the “cloverleaf” design described in the Swedish judgment above, with a raised linear rim around the rotary cutting heads. There had also been models with three thin indented radii in between the rotary heads, reminding of the central part of the Mercedes star, and many different color variations had been used, mostly in black and metal.

Remington¹¹⁷ had for many years sold electric shavers of the “vibration” kind, with a row of cutters that moves from side to side underneath a thin perforated foil. The court established that Remington had just started making a three-headed rotary shaver, which in at least one aspect was even more advanced than the Philips shavers since it could be used both wet and

¹¹³ The doctrine on alternative shapes is originally a German practice, and during the proceedings that practice was recommended by the Swedish Professor of Law Marianne Levin, who was engaged by Philips to submit an expert opinion on the matter.

¹¹⁴ Case No: Ch. 1995-P-No.7585.

¹¹⁵ Common law judgments are often written in a more personal way, and my private opinion is that they are usually quite amusing to read, mainly because of that personal touch. In the UK, the first instance judgments are decided by one sole judge, who also writes the judgment. This case was held before Mr. Justice Jacob, and for reasons of consistency, I will refer to him as “the court”.

¹¹⁶ Philips Electronics N.V.

¹¹⁷ Remington Consumer Products.

dry. It was this shaver, Remington's model "DT55" that was alleged of infringing Philips' intellectual property rights.

3.6.2 The Registered Trademark

The registered trademark¹¹⁸ that Philips claimed to be infringed by Remington consisted of a triangular shaver head with three rotary heads placed in each corner of the triangle. There was also a triangular rim following the edge of the triangular faceplate (see Appendix A for illustration). It was undisputed that the mark was to be treated as a three-dimensional trademark. The court concluded that it was the validity and, if valid, the scope of the trademark registration which was its principal issue to decide.

The court divided the infringement allegations into three different cases to decide upon: the Trademark Case, the Paris Convention Case and the Registered Design Case. I will put most focus on the Trademark Case, but the decisions on the other two cases are worth mentioning briefly.

3.6.3 The Paris Convention Case

Philips claimed to be able to prevent the manufacture of triple-headed rotary shavers with a top part similar to that of the Philips shavers pursuant to Article *6bis* of the Paris Convention (1927) pursuant to Section 56 of the UK Trade Marks Act 1994. Philips argued that it was proved that the top part of the Philips shaver was not only well known in the UK, but well known as denoting Philips. The claim was relied upon only if the trademark case failed, which it did, as you will see below. Section 56 of the Trade Marks Act and Article *6bis* of the Paris Convention concerns protection of well-known marks. The court found that the three-dimensional shape could not possibly be regarded as a trademark for the purposes of the Trade Marks Act and the Paris Convention. Furthermore, Philips had not managed to show that Remington's use was likely to cause confusion, and the court thus established that it did not. Consequently, Philips claim under Section 56 and the Paris Convention failed.

3.6.4 The Registered Design Case

Philips was the proprietor of registered design¹¹⁹ representing a whole triple-headed rotary shaver from four different angles. Philips claimed that Remington's DT55 was within the scope of protection of the registered design, and thus infringed it. Remington denied any infringement and counterclaimed for revocation of the registered design on the grounds of invalidity.

In the infringement assessment, the court took guidance in previous case law, in particular Judge Russell LJ's decision in *Benchairs v. Chair Centre*¹²⁰. The differences and similarities of the two products should be observed in detail, but consideration should also be taken to the respective designs as a whole. The court described and compared in detail the various elements of the designs, and then concluded that the two designs were different. The

¹¹⁸ UK trademark registration No. 1254208, identical with the still existing German trademark registration 1034262 and similar to international trademark registration IR 430.837 (see Appendix A).

¹¹⁹ UK design registration No. 1,025,204.

¹²⁰ (1974) RCP 429.

differences between the designs excluded the possibility of infringement of the registered design, and Philips' infringement claim thus failed.

Regarding the validity, Remington was only interested in the revocation attack if its defense of non-infringement failed. As you have seen above, it succeeded, and the court therefore dealt with the matter briefly. It concluded that even if the scope of the protection of the registered design did not cover the DT55, there was no reason to invalidate the registration. Hence, Philips' case on design infringement failed, and the design registration was considered still valid but of limited scope.

3.6.5 The Trademark Case

The court established that the matter of trademark infringement was to be decided in accordance to the Directive, which was implemented in the UK by the Trade Marks Act 1994. Hence all relevant provisions of the Trade Marks Act correspond to provisions of the Directive. Remington claimed exceptionally many grounds for invalidating Philips' trademark, which makes the judgment extensive but also interesting as the court expresses its view on several provisions of the Directive.

3.6.5.1 The Parties' Claims and Legal Grounds

Philips claimed that Remington was infringing its registered trademark by manufacturing and selling the Remington triple-headed shavers. Remington counterclaimed that Philips' trademark registration was invalid¹²¹ for the following reasons (the British provisions are put in square brackets after the Article of the Directive):

1. That the mark was not capable of distinguishing the goods of Philips from those of other undertakings, as required in Article 2 of the Directive [s. 1(1)];
2. That the mark was devoid of any distinctive character, contrary to Article 3(1)(b) [s. 3(1)(b)];
3. That the mark consisted exclusively of a sign or indication which serves, in trade, the kind ... or intended purpose of the goods, contrary to Article 3(1)(b) [s. 3(1)(c)];
4. That the mark consisted exclusively of one or more of the matters identified in Article 3(1)(e) [s. 3(2)(a)-(c)]: the shape which results from the nature of the goods themselves, the shape of goods which is necessary to obtain a technical result or the shape which gives substantial value to the goods;
5. That the mark was registered contrary to public policy contrary to Article 3(1)(f) [s. 3(3)].

Regarding grounds (2) and (3) stated above, Philips sought to justify the registration on the grounds that the mark had acquired a distinctive character as a result of the use made of it¹²², as provided for by Article 3(3) [s. 3(1)].

¹²¹ As set out in Article 3(1) of the Directive: [...] or if registered shall be liable to be declared invalid [...].

¹²² In American terminology the expression *obtaining secondary meaning* is used to describe when a trademark has acquired distinctiveness through use.

3.6.5.2 *Distinctiveness and Capability of Distinguishing*

Philips claimed that the mark had acquired distinctiveness through extensive advertising and argued that the appearance of the top part¹²³ of its triple-headed shaver was distinctive of Philips as “the face of Philips”. To establish the shaver’s acquired distinctiveness, Philips had called one trade witness and thirteen public witnesses¹²⁴, which were all shown the alleged infringing Remington DT55 shaver. The public witnesses’ general reaction to the DT55 was that they thought of Philips, and most of them would have thought that the shaver was made by Philips if it had not been marked “Remington”; the DT55 was associated with Philips. The court established that the presented evidence had not shown that Philips’ advertising had been concentrated on promoting the trademark as such, but rather the shaver itself. The court also noted that the name “Remington” appeared in large letters along the side of the handle of the DT55, as well as on some other parts of the shaver.

Regarding the engineering considerations, Philips argued that it was not necessary to use a shape like the registered trademark to make a rotary shaver; you do not have to use exactly three heads, and if you do, you do not have to arrange them in an equilateral triangle. And even if you were to arrange them in a triangle, you do not have to have a flat faceplate or any faceplate at all. Philips had an engineer and an industrial designer showing some alternative possible designs. The court concluded, however, that the engineering scope for variation outside the trademark was possible but very limited. The court also found that the evidence established that the triple-headed shape was one of the best possible ways of making a rotary shaver since it is simpler from an engineering point of view to arrange the cutting heads in an equilateral triangle if you are making a three-headed device.

As to the significance of the case at issue, the court stated that if Philips was right in its infringement claims, the corporation would have obtained a permanent monopoly in respect of matters of significant engineering design by virtue of a trademark registration. The court observed that the Federal Court of Appeal of Canada in *Remington Rand v. Philips*¹²⁵ took the same view of the importance of what was at stake when declaring that Philips’ corresponding Canadian trademark registration was invalid. The court also noted that the Canadian court had made much of the same findings of facts.

The court concluded that the preamble of the Directive strongly held that the capability of distinguishing was a fundamental requirement for a sign to be registered as a trademark; particular importance was placed on the purpose of a trademark, which is to guarantee trade origin. A sign that does not denote trade origin cannot be regarded as capable of distinguishing, which the court meant was the case regarding Philips’ trademark. The court further held that Philips could never get away from the fact that the sign primarily denoted function, a fact that more use could not change. The sign could never denote only triple-headed shavers made by Philips and no one else, because the sign primarily showed a triple-headed shaver. Consequently, the court concluded that the sign of a triple-headed shaver was incapable of distinguishing the goods of Philips from those of others and it was devoid of any distinctive character.

The court noted that by holding that view, it departed from the majority conclusion of the Swedish “Court of Appeal” in *IdeLine v. Philips*¹²⁶. I find it remarkable that the court’s

¹²³ The top part of the shaver is in the judgment referred to as the “face”.

¹²⁴ Philips originally sought to rely upon eight trade and seventeen public witnesses.

¹²⁵ See Chapter 3.2 above.

¹²⁶ See Chapter 3.4 above.

Honorable Mr. Justice Jacob referred to the wrong instance; the case he meant to refer to was the first instance decision from Stockholm District Court, not the appeal judgment. The court observed that the Swedish court had found that market surveys showed that Philips' shaving unit was strongly established on the market, which proved that the trademark had acquired distinctiveness. The court commented the belief on market surveys by holding that such researches may not be reliable since, for instance, leading and non-leading questions often produce different answers. Such polls therefore require detailed scrutiny.

3.6.5.3 Denote the Kind of Goods or Intended Purpose

As described above, Remington had as a third ground for invalidation argued that the trademark consisted exclusively of a sign or indication, which served in trade to denote the kind of goods or intended purpose of the goods¹²⁷. Remington argued that the Philips mark was just a two-dimensional reproduction of a three-dimensional working part of a shaver. The court thus found that the mark did serve to denote the kind of goods or intended purpose of the goods, and accordingly declared the trademark invalid on this ground as well.

If there had not been any more grounds for invalidation (but there is, as you will soon find out), the mark could have been saved if Philips could prove that it had acquired distinctiveness through use according to Article 3(3) of the Directive [s. 3(1)]. Philips would have had to prove that the public took the shape of the shaver top part as a trademark of Philips and not as a picture of the goods. The court concluded, however, that Philips had provided no such evidence on acquired distinctiveness.

3.6.5.4 Shape of Goods Exclusions in Article 3(1)(e)

The court discussed the first indention of Article 3(1)(e) of the Directive, which provides a bar to registration for signs consisting exclusively of the shape which results from the nature of the goods themselves. In order to apply the provision, the “goods themselves” need to be defined, preferably by assessing how the goods are viewed in practice as articles of commerce. The court came, after some reasoning, to the conclusion that the right definition must be “electric shavers”, since such shavers generally are seen as one type of commercial article, even though there are different variants¹²⁸. The court therefore concluded that the trademark did *not* result from the nature of the goods themselves, since the “goods themselves” referred to electric shavers in general, of any kind. Consequently, there was no reason to invalidate the existing registration on this ground.

The next ground for invalidation brought up was the “shape of goods which is necessary to obtain a technical result”, provided by the second indent of Article 3(1)(e). The court found this ground for invalidation to be the most important issue to decide upon. Philips had argued that since there were alternative ways of obtaining the same technical result, the registered sign was not within the exclusion, even if the sign was functional as such. The court once again referred to the Swedish judgment and established that it was this argument, usually denoted as the “doctrine on alternative shapes”, that had found favor with the majority of the Swedish first instance court in *Ide Line v. Philips*¹²⁹. The dissenting Swedish judge had instead concluded that all shape elements of the shaver were functional and that it made no

¹²⁷ Article 3(1)(c) of the Directive [s. 3(1)(c)].

¹²⁸ The most obvious subset is the rotary cutting head shavers on the one side, and the “foil” shavers with vibrating cutters on the other.

¹²⁹ See Chapter 3.4 above.

difference if there were alternative ways to obtain the result, which was an opinion that the UK court agreed with. Thus, the court quite understood that Ide Line appealed the decision to the “Swedish Supreme Court”, which correctly should be the Court of Appeal. The court also noted that it was tempting to refer the case to the ECJ, but left that decision to the UK Court of Appeal, in case of an appeal.

Moreover, the court found that the difficulty with Philips’ argumentation on the matter was that it gives the provision no or almost no scope at all; it seems impossible to think of any object that *must* be of a particular shape to perform a function. The court further held that it seemed unlikely that the Council and the Commission when writing the Directive had any intentions of making it possible to obtain permanent monopolies in matters of significant engineering design.

The court proposed that when applying the provision of Article 3(1)(e) second indent, a test could be used asking: In substance does the shape solely achieve a technical result? The reason for adding “in substance” was to make sure that also shapes with trivial embellishments or variants could be within the scope of the exclusionary provision. When the court had applied the test, it concluded that the shape registered as a trademark consisted exclusively of a shape which was necessary to obtain a technical result. The court established that that was the substance of the Philips shaver head, as the head was the “business end” of the shaver and had a shaving shape. Accordingly, Philips’ trademark registration was declared invalid on this ground.

The next ground for invalidation brought up was the assessment of whether the shape gave substantial value to the goods, as set out in the third indent of Article 3(1)(e). The court established that adding value to the goods is the main function of a good trademark, but proposed that the purpose of the, somewhat unclear, provision was to exclude shapes which exclusively added some sort of value to the goods, disregarding any value attributable to the trademark function, i.e. the source identification. The court concluded that the triple-headed shape was primarily recognized by the public as having an engineering function¹³⁰, and for that reason it added substantial value to the product. Consequently, the registered trademark was declared invalid on this ground as well.

3.6.5.5 Contrary to Public Policy

The court finally discussed Remington’s fifth ground for invalidation: that the mark was registered contrary to public policy contrary to Article 3(1)(f) [s. 3(3)]. The court held that the provision did not refer to monopoly situations as in the case at hand, but was intended to be used in matters involving some sort of question of morality. That was not the case, and this provision did not constitute any ground for invalidation.

¹³⁰ The court found that Philips in its advertising over the years had clearly focused on educating the public in how well its rotary shaver and its triple-headed shape works.

3.6.5.6 *Infringement*

Even if the matter of infringement¹³¹ was irrelevant, as the trademark was deemed invalid on several grounds, the court mentioned it briefly by holding a discussion about Article 5(1) [s. 10]. The provisions state that a trademark is infringed if an identical or similar sign is used in the course of trade for identical or similar goods, and there is likelihood for confusion and/or association with the trademark. Philips had argued that the top part of Remington's DT55 was *identical* with the registered mark. The court found this argument "hopeless", and stressed the fact that even if both sides correctly had treated the registered mark as covering a three-dimensional shape, the actual mark registered is only a picture. The court's Judge Jacob J made his point clear when concluding "I think a consumer would notice the difference between shaving with the DT55 and doing so with a picture". The court found that there were visual differences between the trademark picture and the top part of the DT55, and even though the differences were slight, the Philips trademark and the DT55 shaver were *not* identical and no infringement had occurred on that ground.

As to if the DT55 and the trademark were similar, the court found the top part of the DT55 to be confusingly similar to the registered trademark, but held that it was so in a "non-trademark manner". Since the registration was already declared invalid, the court saw no reason to get into whether the infringement provisions also covered such "non-trademark" similarity. I find it a bit unfortunate that the court gave no explanation to its expression "non-trademark manner", which at least I would have welcomed.

When it came to Remington's infringement defense under Article 6(1)¹³² [s. 11(2)], the court found that the DT55 top part was an indication as to the kind, quality, intended purpose etc. of the goods. The court concluded that Remington's use of the DT55 was merely descriptive, since it just denoted a triple-headed shaver. Hence, the top part of Remington's DT55 did not denote trade origin and accordingly was within the legal scope of non-infringement.

3.6.5.7 *Final Judgment and Summery*

Hence, the court invalidated the Philips trademark on five different grounds: The mark was not capable of distinguishing the goods; it was devoid of any inherent or acquired distinctiveness; it indicated the kind or intended purpose of the goods; it had a shape necessary for the technical result and finally, it had a shape that added substantial value to the goods. Accordingly, the trademark was declared invalid and expunged. The only grounds for invalidation that was not accepted by the court were that the mark had a shape resulting from the nature of the goods themselves and that the mark was contrary to public policy.

¹³¹ The court first discussed Remington's submission that it had not used the DT55 shaver as a trademark denoting trade origin, and held that any "use" of the sign in the course of trade is enough for infringement. The court concluded that Remington had not used the sign of the shaver head as a trademark to denote trade origin, but held that there was no reason to further consider the issue since Philips' registration had been declared invalid.

¹³² Article 6(1) of the Directive provides that: The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, (a) his own name or address; (b) indications concerning the kind, quality, quantity, intended purpose, value [...] or other characteristics of the goods or services [...].

3.7 UNITED KINGDOM (2): Court of Appeal (England and Wales), London

Date of judgment¹³³: May 5, 1999

3.7.1 Dispute Background

Since defeated, Philips appealed the judgment of the first instance court by contending that the trademark was valid and infringed, whereupon the case was referred to the Court of Appeal in London¹³⁴. The background of the dispute has already been described in the previous chapter, as well as the grounds of invalidity Remington claimed for its defense.¹³⁵ Thus, it was only the invalidity and the non-infringement of the trademark that was appealed; the decision on the Design case or the Paris Convention case was not appealed.

The court initially expressed its provisional view that the first instance court was right to hold the trademark invalid. The court further held that the issue at dispute had brought up many difficult questions concerning the interpretation of the Directive. Therefore, the court found it necessary to refer the case to the European Court of Justice under Article 177¹³⁶ of the EC Treaty before a final decision could be reached. A preliminary ruling by the ECJ was, *inter alia*, motivated by the fact that the Swedish first instance court had come to another conclusion than the UK first instance court, as the Directive had been interpreted in different ways by the two courts. At this time, the Swedish case was pending before the Swedish Court of Appeal.

3.7.2 The Court's Reasoning

Also the Court of Appeal chose to deal with Remington's grounds for invalidation separately. I will only bring up the arguments or conclusions that differed from the opinion of the first instance court. Just like the first instance decision, this judgment is interesting from the point of view that so many of the articles of the Directive were discussed by the court. It is also interesting to see how the Court of Appeal dealt with the problems compared to the first instance court. As you will see, the two courts often come to the same conclusions but with sometimes-different approaches to the problem.

3.7.2.1 Capability of Distinguishing

Regarding the first ground, Article 3(1)(a)¹³⁷ provides that a sign which is not capable of distinguishing the goods of one undertaking from those of other undertakings cannot constitute a trademark. The court established that Philips had carried out extensive advertising for its popular triple-headed shaver in the UK, and that both traders and the public recognize the trademark as being a representation of the head of Philips' rotary shaver. The fact that the shape of such shaver was associated with Philips and nobody else was according to the court not surprising, since Philips until 1995 had been the only company selling rotary shavers in the UK. In addition, the Philips rotary shaver was the most popular electric shaver on the

¹³³ Case No. 98/0103.

¹³⁴ The case was held before the judges Lord Justice Simon Brown, Lord Justice Aldous and Lord Justice Mantell.

¹³⁵ See Chapter 3.6 above.

¹³⁶ Now Article 234 of the Treaty on European Union.

¹³⁷ All referred Articles are from the Directive; the corresponding British provisions are expressed in the previous chapter.

market, constituting the majority of all electric shaver sales in the country. The court concluded that Philips in fact had had a monopoly in the UK in rotary shavers, and that the public's perception reflected that fact. However, the capability of distinguishing depended upon the features of the trademark itself, not on the result of its use. It was therefore irrelevant if the trademark of a monopoly holder denoted his goods exclusively, since that did not mean that its features could distinguish the goods from those of a competitor who came into the market. The court declared that the more a trademark describes the goods, whether it consists of a word or shape, the less likely it will be capable of distinguishing those goods from similar goods of another trader. The shape shown in the trademark was a pictorial description of a product that other traders were entitled to make, and the court accordingly concluded that the trademark was not capable of distinguishing Philips' shavers from those of other traders who produce shavers with a similar shaped head. The court further established that a shape of an article could not be registered in respect of goods of that shape unless it contains some addition to the shape of the article that has trademark significance. It is that addition that makes it capable of distinguishing the trademark owner's goods from the same sort of goods sold by another trader. Thus, the court concluded that the first instance court had been right when invalidating the trademark on this ground.

3.7.2.2 Distinctiveness

The second ground for invalidation Remington had contended was Article 3(1)(b), which provides that a mark cannot be registered if it is devoid of any distinctive character, unless it has acquired a distinctive character as a result of the use made of it¹³⁸. Philips held that the trademark had an inherent distinctiveness, or otherwise had acquired a distinctive character by use. Remington argued that the trademark denoted the origin of the goods only because Philips had been the sole trader of rotary shavers, and since the mark was purely descriptive of the goods it represented, it could not acquire and it had not acquired a distinctive character by use. The court found that the evidence clearly showed that the shape of the mark was exclusively associated with Philips. However, the court concluded that such a purely descriptive mark could not in any way acquire a secondary meaning, and in circumstances where Philips had been the sole supplier of rotary shavers in the UK, Philips' evidence on acquired distinctiveness fell short. The court declared that it could not point to any feature of the trademark that could be other than descriptive of a particular design of a rotary shaver head, and which would have enabled the trademark to acquire a distinctive character. The court found the trademark to be devoid of any feature which had trademark significance that could become a distinctive character. Thus, the court agreed with the first instance court that also this was a ground for invalidation of the trademark.

In addition, the third ground for invalidation was accepted by the court, which referred to the conclusions of the two previous grounds that the mark was devoid of any distinctive character. The trademark remained, even after use, a mark consisting exclusively of an indication of the kind of goods for which it was registered and of the intended purpose of those goods, which was contrary to Article 3(1)(c).

¹³⁸ Article 3(3) of the Directive provides that the distinctive character can be acquired as a result of the use which has been made of the mark.

3.7.2.3 *Shapes which Result from the Nature of the Goods Themselves*

Remington had also argued that Philips' trademark was invalid on the ground that it consisted exclusively of the shape which resulted from the nature of the goods themselves, as provided in Section 3(1)(e), first indent. The court agreed with the first instance court, which had established that the trademark was *not* prevented from registration under this provision. This was because the words "the goods themselves" referred to electric shavers in general, comprising all the different types of electric shavers, with rotating as well vibrating cutters.

3.7.2.4 *Shapes Necessary to Obtain a Technical Result*

The first instance court had held that the trademark consisted exclusively of the shape which was necessary to obtain a technical result as provided in Article 3(1)(e) second indent, thus agreeing with the dissenting judge in the Swedish first instance decision.

Philips sought to establish by evidence that the shape depicted in the trademark was not *necessary* to achieve a particular standard of shaving. As in the first instance, Philips argued that there were other designs that would have equal technical performance and could be produced at equivalent cost. Philips contended that there was no need to have exactly three rotary heads or that there was any technical reason to put the rotary heads in an equilateral triangle configuration. Philips also pointed to the word "exclusively" to support its submission that it is the whole of the shape that must obtain a technical result. Thus, as the majority of the Swedish district court had found, Philips held that if there are other equally good shapes available, the provision did not exclude registration.

Remington submitted that the evidence established that the *essential features*¹³⁹ of the shape shown in the trademark was designed to achieve, and did achieve, a technical result. Therefore, Article 3(1)(e) second indent provided a ground for invalidation of the trademark. Remington thus argued that if a total analysis of all the essential features of the shape conclude that they are there for technical reasons, namely to obtain the technical result, the shape is not registrable. Since that was the case with the Philips trademark, it should be invalidated. The submission had also formed the basis of the dissenting judgment in the Swedish district court and had been accepted by the UK first instance court.

The court established that the provision must be interpreted in the light of its purpose. The purpose is to exclude from registration shapes which are merely functional in the sense that they are motivated by and are the result of technical considerations. The court concluded that it is a fact that monopoly rights, other than trademarks, granted by the state are anti-competitive and can only be justified for a limited term and on well-known grounds. So far, trademarks have been seen as an exception provided that they only monopolize indications of origin and not inventions and designs. The court established that to enable monopolies granted in respect of patents, registered designs and the like to be extended by trademark registrations would be contrary to the public interest. Therefore, shapes that have a technical character should not be monopolized for an unlimited period by reason of trademark registration, since that would stifle the competition and be contrary to the public good.

¹³⁹ This was the first time the phrase *essential features* was used, and later those two words would play a central role in the ECJ decision, as the ECJ adopted the term from the referred questions of the UK Court of Appeal. Thus, it was Remington who first used the expression, which later would be established to be the correct way of interpreting the second indent of Article 3.1(e) of the Directive.

As regards the parties' arguments, the court held that the restriction upon registration imposed by the words "which is necessary to obtain a technical result" is not overcome by establishing that there are other shapes which can obtain the same technical result. All that has to be shown is that the *essential features* of the shape are attributable only to the technical result. It is in that sense that the shape is necessary to obtain the technical result. The court held that if the meaning suggested by Philips would be adopted, a trader would be enabled to obtain registration of all possible alternative shapes that could achieve the same technical result. That would be to give the provision a meaning which would not at all be in accordance with the purpose for which it was intended, as it would enable unfair monopolies and stifle competition.

Finally, the court concluded that the trademark did not contain any feature that had trademark significance. The trademark was a combination of technical features produced to achieve a good practical design, and should therefore be invalidated, as decided by the first instance court.

3.7.2.5 Shapes which give Substantial Value to the Goods

Remington's next ground for invalidation is found in the third indent of Article 3(1)(e), which provides that a sign shall not be registered if it consists exclusively of the shape which gives substantial value to the goods. The first instance court had decided that the shape had an engineering function which added substantial value to the product and therefore was unregistrable. On this matter, the Court of Appeal for the first time dissented with the first instance court by holding that the provision was intended to exclude aesthetic-type shapes, not functional shapes as in the previous provision, even though the two provisions may overlap. The court established that the fact that the technical result of a shape is excellent and the product therefore can command a high price does not mean that it is excluded from registration by this provision. Instead an assessment was required to determine whether the value was substantial, by making a comparison between the shape sought to be registered (or invalidated) and the shapes of equivalent products. It was only if the shape sought to be registered had, in relative terms, substantial value, that it would be excluded from registration. It was therefore irrelevant that Philips' registered shape had a substantial reputation built up by advertising. The court came to the conclusion that the registered shape did *not* have any more value than other shapes that were established to be as good as, and as cheap to produce as, the shape which was registered. Accordingly, the court decided that there was no reason for invalidation on this ground, and thus changed the decision of the first instance court on this matter.

3.7.3 Infringement

As the trademark registration was declared invalid according to several provisions, the court found no need to consider the dispute on infringement. However, the court established that if the ECJ would conclude that the court's decision regarding Article 3 was not correct and the registration was considered still valid, it was appropriate to consider the infringement issue.

As defense against Philips' allegations of infringement, Remington had argued that they had not used its DT55 shaver as a trademark denoting trade origin, and thus had not infringed Philips' trademark. On this matter, the first instance court had concluded that Remington had not used the top part of its DT55 to denote trade origin, but had further held that any use of a sign in the course of trade could constitute an infringement. However, the first instance court

had chosen not to further consider this ground, as the trademark had been invalidated. The Court of Appeal agreed with the first instance court on the matter, and held that nothing in the relevant provisions¹⁴⁰ required an infringing use to be trademark use. But unlike the first instance court, the Court of Appeal made a decision on the matter and rejected Remington's defense on this ground, which means that Remington would have been guilty of infringement if the trademark had not been declared invalid.

Article 6(1)(b) provides that the proprietor of a registered trademark may not prohibit a third party from using in the course of trade indications concerning the kind, quality, quantity, intended purpose, or other characteristics of goods. The court held that the head of the Remington shaver depicted a triple-headed rotary shaver, a use that was and would be seen as an indication as to the kind of shaver and its intended purpose. The court also established that Remington's use was in accordance with honest practice in industrial or commercial matters. Hence, the court agreed with the first instance court and concluded that no infringement would have occurred under these grounds, had the mark been valid¹⁴¹.

3.7.4 Preliminary Ruling by the European Court of Justice

According to Article 234¹⁴² of the Treaty on European Union, a member state court can request a preliminary ruling by the European Court of Justice if it considers that an ECJ decision on the question is necessary to enable it to give judgment. As set out in subsection (b) of Article 234, the preliminary ruling may concern the interpretation of acts of the institutions of the Community, such as a directive.

The court decided that it was necessary to draft questions to be referred to the ECJ, and the parties were given an opportunity to put forward their views on appropriate questions before they were drafted by the court and referred to the ECJ. The ECJ preliminary ruling of the Court of Appeal's referred questions is described and discussed in Chapter 3.17 below.

3.8 AUSTRALIA: Federal Court of Australia –New South Wales District Registry (Sydney)

Date of judgment¹⁴³: June 18, 1999

3.8.1 Dispute Background

Philips had sold triple-headed dry rotary shavers in Australia since 1956. In June 1997 Remington introduced on the Australian market its Izumi-made model RR DT 55, which was a triple-headed wet/dry rotary shaver that could be used dry or with lather and could be rinsed in water. Before that, the only rotary shavers sold in Australia were those made by Philips. Remington had sold electric shavers on the Australian market for many years, but those were the foil type of shavers, with vibrating blades instead of rotary. On the pleadings of the court

¹⁴⁰ Articles 5 and 6 of the Directive.

¹⁴¹ The court also agreed with the first instance court that Article 6(1)(c) did not provide Remington any defense as the intended purpose of the provision was to allow such use as "This film is suitable for a Kodak Camera". This ground for invalidation was thus not applicable.

¹⁴² Former Article 177 of the Treaty on European Union.

¹⁴³ Case No. NG 637 OF 1997.

proceedings Remington made clear that it intended to continue to import and distribute its rotary shaver on the Australian market. At the time of the court proceedings, Remington had since 1997 been restrained by interlocutory injunction¹⁴⁴ from selling, advertising for sale, promoting or marketing the Izumi-made rotary shavers in Australia.

This Australian judgment is very extensive and covers numerous possible aspects of the case; trademark infringement, design infringement, unfair competition and passing off¹⁴⁵. Particularly interesting is the alleged design right infringement since there is only one other judgment¹⁴⁶ discussing design issues, namely the first UK judgment. Also the competition law matters are special, since competition law was only referred to in five other jurisdictions¹⁴⁷. In most other judgments, distinctiveness and technical aspects of Philips' shaver were the main issues discussed. In this judgment, Remington did not claim the Philips trademarks to be invalid, so the court had no reason to get into any of the registrability or invalidation matters. Hence, the main question for the court was whether Remington had used the mark as a trademark, which was a decisive factor when assessing the alleged trademark infringement. Furthermore, a disclaimer attached to one of the trademark registrations caused the court some puzzlement, which you will soon read more about.

3.8.2 The Parties' Claims

Philips¹⁴⁸ sought orders consisting of permanent injunctions and declarations that Remington had infringed Philips' registered design and trademarks. Philips sought the relief on the basis that Remington's conduct, as well as infringing the registered design and trademarks, amounted to passing off and infringed Sections 52 and 53¹⁴⁹ of the Australian *Trade Practices Act 1974*.

Remington¹⁵⁰ cross-claimed and sought a declaration that the mark subject to the "shape" trademark application (further described below) was not registrable and requested an order directing Philips to withdraw the application. Remington also sought an order for rectification of the Register of Designs by expunging Philips' registered design, or, if the design were to be considered still valid, that the Remington shaver did not infringe it. An unusual aspect of the claims compared to most other judgments of the dispute is that Remington did not claim any of Philips' trademarks to be invalid.

3.8.3 The Court's View on the Judgments in other Jurisdictions

The court¹⁵¹ noted that there had been much litigation in a number of jurisdictions between Philips and Izumi or the companies, including Remington, which had distributed Izumi's triple-headed rotary shavers. The court referred particularly to the judgments of two other common wealth jurisdictions, the two decisions from the UK and the Canadian appeal judgment. The court concluded, however, that even though there was a degree of overlap, the

¹⁴⁴ Interlocutory injunction reported at (1997) 39 IPR 283.

¹⁴⁵ Passing off is described in Chapter 2.3.3.

¹⁴⁶ Also the General-Advocate discussed design matters in his Opinion before the ECJ, but such 'Opinion' is obviously not a judgment.

¹⁴⁷ In the United States, Germany, Spain, Portugal and Italy.

¹⁴⁸ The claimants/applicants were Koninklijke Philips Electronics N.V.. and Philips Electronics Australia Limited. I will refer to them as "Philips".

¹⁴⁹ These provisions are described in Chapter 3.8.6 below as well as in Chapter 2.3.3 above.

¹⁵⁰ The respondent and cross-claimant was Remington Products Australia PTY Limited.

¹⁵¹ The case was held before Judge Lehane J.

issues in those cases were not at all identical with the issues the Australia court had to decide upon, and the English and Canadian trademarks legislations differed significantly from the Australian *Trade Marks Act 1995*. As a result, the court concluded that the English and Canadian decisions were interesting and in some respect instructive, but offered only limited assistance in the resolution of the matters in issue between the parties in the Australian proceedings.

In the following I will use the same disposition as the Australian court and discuss; first the trademark issues, then the design matters and finally the trade practices and passing off concerns.

3.8.4 Trademark Infringement

3.8.4.1 The Registered Trademarks

Philips was the owner of two trademarks registered under the Australian *Trade Marks Act 1955*, today registered trademarks for the purposes of the *Trade Marks Act 1995*. Each of the trademarks was registered as device marks in class 8 for shaving apparatus. One of the marks was a two-dimensional mark consisting only of a very simple picture of an equilateral triangle with rounded corners enclosing three identical circles.¹⁵² The other mark was the same three-dimensional mark that had been at issue in the United Kingdom litigation, and represented a more detailed picture of the top part of a three-headed shaver.¹⁵³ The registration of the three-dimensional mark also incorporated a disclaimer expressing that “Registration of this trademark shall neither confer nor recognize any right to the use of its features as a design applied to an article of manufacture”.

Philips had also applied for registration of a trademark in class 8 comprising a “shape”. On the application, the shape was described as “a shape of a shaving unit consisting of a substantially equilateral triangularly shaped housing containing three circular shaving heads”.

3.8.4.2 The Parties’ Grounds

Philips contended that its two trademarks were infringed by the use of the triple-headed configuration of the Remington shaver, as well as the use of photographs or images of the triple-headed faceplate on packages and in brochures and advertisements. Philips argued that all those matters were to be seen as use as a trademark of a sign that is substantially identical with or deceptively similar to one or both of the Philips’ registered trademarks.

Remington, on the other hand, contended that the registered marks did not give Philips the exclusive right to, in a trademark sense, use the mark as the design of the faceplate of a shaver. Remington argued that in any event the design of the head of the Remington shaver had not been used as a trademark of the triple-headed shaver. Remington further contended that the disclaimer attached to the three-dimensional mark registration had the result that Philips was not entitled to complain of the use of its mark, or use of a mark similar to it, as a feature of the design of a part of the Remington shaver.

¹⁵² Australian Registration No. 308424, corresponding to the international trademark registration IR 430.836 illustrated in Appendix A.

¹⁵³ Australian Registration No. 309250, identical with the (still existing) German trademark registration 1034262 and similar to international trademark registration IR 430.837 all illustrated in Appendix A.

Moreover, Remington submitted that a mark registered as a device, as both of the Philips marks were, did not confer on its owner the same exclusive rights as of the owner of a “shape” mark. To hold otherwise, Remington argued, would result in a “massive retrospective vesting of rights in device marks with potentially catastrophic consequences for the manufacturing industries”, as the owner of a mark could obtain something close to an everlasting monopoly in an industrial design.

3.8.4.3 *Infringement by Trademark Use*

In no other judgment was the matter of trademark use discussed so extensively. I find it quite interesting as it brings up questions that more often are discussed in relation to competition law issues, such as advertising material and packaging.

According to Section 120(1) of the Australian *Trade Marks Act* 1995, infringement of a trademark is when a person uses as a trademark a sign that is substantially identical with, or deceptively similar to, the trademark in relation to the goods in respect of which the trademark is registered. The court established that there was no implied requirement that the sign used by the alleged infringer need to be in the same category of marks as the infringed sign, but the sign and the trademark must concern the same type of goods.

Philips complained of the use Remington had made of the sign, the shaver and its packaging. The court described the visual appearance of the Remington DT 55 shaver and its packaging in meticulous detail, and observed that the word “Remington” occurred on numerous places¹⁵⁴ on both the shaver and the package. Towards the bottom of the front of the package was printed “worlds only wet/dry dual track rotary shaving system”. On the back of the package there was, *inter alia*, a picture of the faceplate with the words “three heads ensure no gaps when shaving” written underneath, and a picture representing the faceplate with a cut-away portion showing segments of the “dual track” cutters. The frequent use of the words “dual track” referred to the two rows of cutters on each of the three rotary heads, which according to the court was the most particular difference between the Remington shaver head and the Philips trademark, as Philips had only one row of cutters.

Philips had also complained on Remington’s product brochure, which was a “trade” publication not addressed directly to consumers. The court described the brochure in detail, which contained several pictures of the shaver and a text obviously intending to create associations with cars¹⁵⁵. The three rotary cutting heads were also mentioned in an, also vehicle-associating, advertisement where the shaver was described as “the quickest, smoothest thing on three wheels”. The word “Remington” was clearly visible on the pictures of the shaver on both the product brochure and the advertisement.

Philips submitted that the message of the Remington shaver itself, its packaging and the way it was presented was calculated to tell prospective buyers that the Remington shaver was to be distinguished from the products of other traders because it was described by the appearance of

¹⁵⁴ On the shaver it was printed in large letters on the whole front of the handle and in smaller letters beneath the switch, and across the whole plastic blister package it was enclosed in, as well as on the side, “REMINGTON” was printed in large letters.

¹⁵⁵ The aim of the brochure text was obviously to create “masculine” associations with powerful cars: “Handle really close shaves with confidence, knowing that you’re in total control of the smoothest ride of your life”, “RR 55 takes the toughest conditions wet or dry [...] for long life without maintenance” and “RR 55 smoothes the toughest terrain”.

the three “dual track” cutting heads in a triangular configuration. Philips held that the constant emphasis on the shaving surface and its appearance was clearly aiming to draw attention to the rotary shaving heads, in close association with the name “Remington”. Philips held that the triple-head configuration was a striking and powerful image which was very advantageous for marketing reasons. Philips also argued that the design of the Remington shaver was not a result of own research showing the best functional arrangement to be to put three cutting heads in an equilateral triangle, but rather to “copy the market leader” thus trade off Philips’ marketing success.

Remington, on the other hand, submitted that it had not used the appearance of the faceplate as a badge of the origin of the Remington shaver. Furthermore, the shaver was prominently labeled “Remington”, and there was nothing to suggest that it was a case of multiple trademark use. Remington held that the packaging design and the depiction of the shaver in the advertising material were calculated simply to demonstrate what sort of shaver it was; unlike the foil shavers that Remington had previously sold in Australia, this was a rotary shaver. The court established that both sides had evidence demonstrating that it was customary in the advertising of electric shavers to show its faceplate, which obviously is the “business end” of the shaver.

3.8.4.4 The Court’s Findings regarding the Infringement

The court established that it was relevant to know, as demonstrated by the evidence, that the conventional way to advertise an electric shaver is to give some prominence, in any depiction of it, to its faceplate. The main question to ask was whether the use of the mark suggested commercial origin or if it rather conveyed some other message, as describing the goods or its characteristics. The court held that even if Remington/Izumi had not made any independent investigation of possible alternative shapes but merely had adopted Philips’ shape, that did not in any way indicate that the Remington’s use of the shape denoted trade origin.

To say that the shaver is “the quickest, smoothest thing on three wheels” was, according to the court, not to suggest that three “wheels” were an exclusive or distinctive characteristic of Remington shavers. Furthermore, the court held that much more emphasis was put on the feature of the dual track cutters and the wet/dry function than on the fact that the faceplate was triangular and had three rotary cutting heads. The court established that depicting and describing the shaver head was common use and the emphasis on the shaver head was *not* intended to suggest a distinctive association with the shaver’s origin, Remington. Accordingly, the court concluded that the use by Remington was not a use of either of Philips’ marks as a trademark, and Remington had therefore not infringed Philips’ trademark rights.

3.8.4.5 The Disclaimer

The court declared that since there was no infringement, the consideration of the effect of the disclaimer¹⁵⁶ attached to the three-dimensional mark was unnecessary, but nonetheless expressed its views on the matter. Philips had argued that the disclaimer had little practical effect and none which affected the outcome of the case. The court was a bit puzzled regarding the meaning of the disclaimer, particularly since it was written before the *Trade Marks Act 1995* came to effect. The court concluded, however, that if Remington’s use of the shaver was

¹⁵⁶ “Registration of this trademark shall neither confer nor recognize any right to the use of its features as a design applied to an article of manufacture.”

trademark use of a shape deceptively similar to the three-dimensional mark, the disclaimer would *not* prevent the use of the shape from amounting to infringement.

3.8.4.6 *The Cross-claim regarding the Trademark Application*

Remington cross-claimed and sought a declaration that the mark subject to Philips' pending trademark application comprising a "shape" was not registrable for numerous reasons, and sought an order directing Philips to withdraw the application. The court concluded that it had no authority to intervene, at the suit of a potential opponent, before the Registrar had completed the examination of the application, so the declaration sought was refused.

3.8.5 The Registered Design

Philips was the owner of a design¹⁵⁷ registered under the Australian *Designs Act* in 1989. The article in respect of which it was registered was described as "dry shaver", and a monopoly was claimed in respect of "the features of shape and configuration" appearing in seven representations (drawn pictures) showing the shaver from different angles.

Philips had sought orders consisting of permanent injunction and a declaration that Remington had infringed Philips' registered design. Philips claimed that the Remington shaver was nothing but an obvious or fraudulent imitation of the registered design, inconsistent with the relevant provisions¹⁵⁸ of the *Designs Act*. Remington cross-claimed for rectification of the Register of Design by expunging Philips' design registration. Remington's primary case was that Philips' design was valid but the Remington shaver was not infringing it. Remington sought an order to expunge the registered design only in the event that it was held that, assuming validity, there was infringement.

3.8.5.1 *The Court's Reasoning and Conclusion*

The court established that fraudulent imitation presupposes (by contrast with obvious imitation) knowledge of the registered design; one cannot copy, or consciously base one's design upon, another design of which one is ignorant. Hence, neither dishonest intent nor deliberate or conscious intention to copy is a necessary element of fraudulent imitation, which had been established by case law. Furthermore, the court held that it is not necessary that the imitator knows that the design imitated is an Australian registered design; it is sufficient that the imitator had reason to believe that an application for registration of the design was pending. The court declared that the essential questions were, first, whether the allegedly infringing design was based on or derived from the registered design and, second, whether the differences were so substantial that the result was not to be described as an imitation.

The court found that Remington had had knowledge of the Philips shavers when designing the Remington model DT45, the model on which the DT55 was based. There had been samples of Philips shavers in the Izumi factory, and on internal notes and drawings from Izumi, the Philips shavers were mentioned and compared with. It was also clear that Remington was aware of the United States registered design equivalent of the design in suit.

¹⁵⁷ Australian Design Registration No. 105780.

¹⁵⁸ Section 30(1) of the Australian *Designs Act*.

The court held that it was not an infringement to produce a product that was close in design to a registered design, if the design of the product was not an imitation. It would, however, be an imitation if the element of “fraud” was proved, which it could be even if the copy showed apparent differences, as long as it could be shown that the differences had been made merely to disguise the copying. However, if there were substantial differences of a material kind between the article and the registered design, there was no imitation and no infringement. The evidence in the case established that Remington would have preferred a smaller head of the DT55 but could not achieve it because of the size of the internal components and the need to waterproof the machinery. That difference, the size of the head, existed not because Remington wished to disguise any copying but because the character of the particular machine dictated it.

Furthermore, the court established that there were significant similarities between the design in suit and the Remington shaver, the most striking being the “chin” of the shavers. However, another feature, the faceplate, was found strikingly different in comparison since the Remington one was substantially narrower, and also the size of the heads differed. The court held that it was important and necessary to compare particular features of the products, but monopoly was claimed in respect of shape and configuration of the whole of the representations of the design, and it was therefore the design as a whole that must be compared. The court found substantial differences of a material kind between the registered design and the Remington shaver, which gave the latter a distinctively different appearance from the former¹⁵⁹. The court finally concluded that there had been no imitation, neither fraudulent nor obvious. Philips’ registered design was still valid but had *not* been infringed by the Remington shaver.

3.8.6 Trade Practices Act and Passing Off

3.8.6.1 Philips’ Claims

Philips alleged in its claims that either by reason of the appearance and/or the packaging or marketing, the Remington shaver was likely to be taken by the trade and by the public generally as being the shaver of Philips, manufactured and distributed by Philips, or manufactured and distributed with the license or approval from Philips. Philips held that to sell or import for sale the Remington shaver in Australia would be to engage in conduct infringing Section 52 of the *Trade Practices Act 1974*, to make representations prohibited by s 53(c) or 53(d) of the same Act and would also amount to passing off¹⁶⁰.

3.8.6.2 The Court’s Reasoning

The court established that Philips until 1997 had been the only supplier of triple-headed rotary shavers on the Australian market, and that Philips had made extensive advertising in Australia mainly consisting of a picture showing the shaver head in connection with the name “Philips” or the trademark “PHILISHAVE”. It was undisputed that these facts had made consumers very likely to associate the triangular shape of the shaving head with Philips shavers.

¹⁵⁹ The differences found were principally the size of the head base, the size and shape of the handle and the look of the faceplate.

¹⁶⁰ The matter of ‘passing off’ is described in Chapter 2.3.3 above.

Remington had been a well-known brand in Australia for many years. The evidence showed that Remington at the time had a larger share of the overall market in Australia for “personal care” products than Philips did, but had a substantially lesser share of the total electric shaver market.

The court had in the interlocutory judgment¹⁶¹ held that there was no question to be tried as to a breach of s 52 or s 53 of the Australian *Trade Practices Act*. The court brought up the case of *Parkdale Custom Built Furniture Pty Ltd v. Puxu Pty Ltd*¹⁶² (1982) 149 CLR 191, in which the respondent produced chairs very similar in appearance with the applicant’s, but clearly labeled with the own brand. The majority of the High Court held that the presence of the label was sufficient to exclude a breach of s 52. It was not misleading or deceptive conduct merely to manufacture and sell products similar or identical with an existing product, especially since the label was calculated to correct any confusion as to source.

Philips submitted that even though the shape of electric shavers of all brands had changed significantly on many occasions, the configuration of the head of the Philips rotary shaver had been constant and therefore emphasized in the marketing as distinguishing Philips’ shavers from those of others. Philips further argued that the particular image of the triangular shaving head depicted in Philips’ advertising was “striking and memorable”. Philips held that consumers of today are used to an environment of mergers and acquisitions, co-branding and distribution arrangements, which increases the risk of confusion of products’ origin. Finally, Philips had called a marketing expert, Dr Beaton, who expressed the opinion that Philips triangular shaver head had for many years formed part of the Philips “brand”. Another marketing expert, Dr Bednall who was called by Remington, agreed that consumers were likely to associate the shaver head with Philips, but regarded it as significant that all Philips’ advertising had associated the name “Philips” or “PHILISHAVE” with the shape. He held that the use of the “REMINGTON” brand on the Remington shaver and its packaging and advertising material would clearly indicate that the source of the Remington product was not Philips.

The court established that it was important to keep in mind the special nature of electric shavers; that they are not items which are picked up from the shelves of a supermarket but are usually sold in specialty shops and department stores, often displayed in locked cabinets. It was very likely that Remington products and Philips products were to be found in close proximity, with good possibilities for comparison. The use of the well-known name “Remington” emblazoned on the Remington product, packaging and advertising material would ensure that the consumer would appreciate that the shaver was a Remington, not a Philips. This would apply even to consumers who were familiar with the Philips triangular head and associated it with Philips’ shavers. The court found that Remington’s conduct was not calculated to mislead or deceive consumers, particularly since it was very likely that the consumer would be faced with a display including both brands.

3.8.6.3 The Court’s Conclusion

The court declared that the evidence showed that Philips triangular shaver head through intense marketing was strongly associated with Philips by the consumers. The evidence did *not*, however, establish that Remington’s conduct would suggest to consumers that there was

¹⁶¹ Reported at (1997) 39 IPR 283.

¹⁶² (1982) 149 CLR 191.

only one source of triangular triple-headed rotary shavers and that that source was Remington. Certainly, the court held, the evidence did not establish that the Remington shaver was likely to be taken by the trade and the public generally as being neither the shaver of Philips nor manufactured and distributed by Philips. The last of Philips' claims was the possibility that the Remington shaver was likely to be taken as produced with the license or approval of Philips. The court concluded that even though the image of the shaver head was powerful and associated with Philips, its use in the particular context in relation to a shaver clearly marked "Remington" would make it clear that, of the products of two substantial competitors, this was a Remington.

Accordingly, the case based on s 52 and s 53 of the *Trade Practices Act* failed. The claim of passing off had the same basis as the *Trade Practices Act* claim, and the court found the alleged misrepresentation that is an essential element of passing off non-existing. Accordingly, the passing off claim failed as well.

3.8.7 Comments

This judgment is very extensive and is the judgment that includes the most alternative aspects of the case; trademark infringement issues, design infringement, unfair competition, and passing off. The judgment therefore provides an interesting possibility to compare how the court handled the two in some aspects overlapping legal areas of intellectual property law and competition law. Since Remington did not claim Philips' trademarks to be invalid, the court did not have to discuss the invalidation matters that were the central parts of most other judgments. As a consequence of that, none of the registrations were expunged but were considered still valid, as opposed to many of the other judgments.

3.9 GERMANY (1): German Patent and Trademark Office, Trademark Division

Date of judgment¹⁶³: October 18, 2001

3.9.1 Dispute Background

Remington had in early December 2000 filed an application for cancellation¹⁶⁴ of Philips' trademark 1034262 (see Appendix A for illustration) to the German Patent and Trademark Office ("the PTO"). The reason for Remington's application might very well have been that the opinion of the ECJ's General-Advocate had been announced earlier that year, on January 23, 2001.¹⁶⁵ The opinion, which is described in Chapter 3.16 (after all the German decisions)¹⁶⁶, concerned the referred questions on the matter from the UK Court of Appeal. As you will read more about in Chapter 3.16 below, the General-Advocate found that if the essential features of the trademark's shape served the achievement of the technical result, it

¹⁶³ Ref. No. S 279/00 Lösch.

¹⁶⁴ Pursuant to sections 50(1) No. 1 and 3(2) No. 2 of the German Trademark Act.

¹⁶⁵ According to the German Cologne District Court, the decision of which is described in Chapter 3.10 below, Remington filed the application "in the course of the proceedings before the [ECJ]".

¹⁶⁶ I temporarily disregarded the chronological order and put the General-Advocate's opinion after the German chapters so that the opinion could be read in connection with the ECJ decision. Chronologically, the opinion should have been put before this chapter.

was unregistrable irrespective of whether there were alternative shapes that could achieve the same result. It was not difficult to interpret this as a victory for Remington, and in the context of that, it is understandable that Remington decided to apply for a cancellation of Philips' trademark.

The case concerned a picture trademark, registered in class 8 as shaving apparatus. It had been registered in February 1980 on the basis of market recognition, and thus had acquired distinctiveness. The mark depicted the head of an electric shaver with three rotary cutting heads arranged on an equilateral, triangular faceplate, which was raised from the handle and had rounded corners (see the illustration of German trademark 1034262 in Appendix A).

The reason why this decision is interesting is because it is one of the few cases where Philips "wins", as you will soon find out. Here you can follow the reasoning of the PTO, and why it found Remington's grounds for cancellation to be unfounded. It is important to notice that this decision came a year before the ECJ preliminary ruling was announced. It is possible that the PTO would have come to another conclusion had this been after the ECJ judgment. This judgment was appealed, and the appeal judgment of the Federal Patent Court is described in Chapter 3.12 below.

3.9.2 The Parties' Requests and Submissions

Remington, the petitioner, submitted that Philips' trademark consisted exclusively of the pictorial representation of a part of the product. Remington also argued that even if other designs were conceivable, the configuration reproduced in the registered trademark constituted the optimum solution to the technical problem. Furthermore, the specific arrangement of the three cutting heads in an equilateral triangle was necessary to obtain the technical result. Therefore, Remington concluded that the trademark in question consisted exclusively of a shape necessary to obtain a technical result within the meaning of Sec. 3(2) No. 2¹⁶⁷ of the German Trademark Act, thus requested a cancellation of the trademark.

The respondent, Philips, petitioned that Remington's request for cancellation should be dismissed, and held that the element "necessary" was to be interpreted narrowly, meaning that since the same technical result could be achieved in alternative ways, the provision did not apply. Philips argued that sufficient reasonable possibilities remained to competitors for obtaining a comparable result. Finally, Philips stressed the point that the trademark had acquired market recognition.

3.9.3 The PTO's Reasoning and Decision

The PTO established that Remington's petition was unfounded and should be dismissed, as the trademark did not lack capacity for protection according to the provisions of the German Trademark Act. The PTO further held that there had been no violation of Sec. 3(2) No. 2 of the Trademark Act, since the shape was not "exclusively" necessary to obtain a technical result. Remington had, according to the PTO, not submitted any statements of fact that the trademark was merely a shape that contained no special features going beyond the basic elements intended to achieve the technical function of "shaving". The PTO was convinced by Philips' arguments, and held that the specific three-head system was not *necessary* in order to obtain a the technical result, since a large number of alternative shapes were conceivable, for

¹⁶⁷ Corresponding to Article 3(1)(e) of the Directive.

example configurations with one, two or eight cutting heads. For a system with three rotary cutting heads, there were many other ways to place the heads, for example in a banana shape.

The PTO further established that the arrangement of three cutting heads in a triangle was not necessary for the technical result, but was partially determined by non-technical considerations. Remington argued the opposite, and held that the configuration reproduced in the trademark was the optimum technical solution in terms of shaving speed and quality, in terms of arrangement and design of the cutter heads and faceplate, and in terms of allowing the smallest possible number of cogwheels. The PTO was, however, not convinced that those points established the technical nature of the shape¹⁶⁸.

Remington also argued that the faceplate, on which the cutters were mounted, had convex sides and rounded corners to make the shave safer and more comfortable, thus served a technical purpose. The PTO disagreed with Remington and held that the faceplate had no technical function and that there were no facts or evidence showing that the faceplate made the shaving safer or gentler. The PTO therefore concluded that since the faceplate was a part of the trademark and did not serve a technical purpose, the sign did not consist *exclusively* of a shape necessary to obtain a technical result. Hence, Remington's petition for cancellation of Philips' trademark was dismissed, and the trademark was considered still valid and in force.

As mentioned above, the PTO's decision was appealed by Remington and a decision by the German Federal Patent Court was given on April 14, 2004, referred below in Chapter 3.12.

3.10 GERMANY (2): Cologne District Court

Date of judgment¹⁶⁹: November 5, 2002

3.10.1 Dispute Background

The court started with establishing the facts of the case, of which the following are the most interesting. Philips had marketed its triple-headed electric shaver in Germany since 1966, and the shaver was subject of several trademark registrations¹⁷⁰. The number of sold triple-headed Philips shavers in Germany had increased significantly during the last seven years before the proceedings, with almost a million sold shavers in the year of 2001. Philips had during those seven years invested in average €-6 million per year for the advertising of the triple-headed shaver in Germany. Furthermore, an opinion poll carried out in 1994 by the GFM-GETAS institute showed that 93,8% of the persons polled were able to ascribe the three-cutter head system of the shavers to Philips as distributor and manufacturer.

Remington had developed a triple-headed shaver which, at that time in late 2002, was being marketed in the neighboring European countries Italy, France, the United Kingdom, Ireland, Spain and Portugal. The court mentioned the two UK litigations and the ECJ preliminary ruling, and concluded that the ECJ decision "by the press had been interpreted as a victory for

¹⁶⁸ Unfortunately the PTO did not further explain why those arguments did not establish the technical nature of the shape.

¹⁶⁹ Case No. 33 O 325/02.

¹⁷⁰ Since 1980 the design of the cutting surface had been registered as a picture trademark in the Netherlands, and in Germany it had been registered as a three-dimensional trademark since 1995 and as three different picture trademarks with priorities dated from 1977, 1996 and 1999.

Remington". Hence, this was the first European judgment after the ECJ preliminary ruling had been pronounced. The court further brought up the case of Remington's previous application to the German PTO for the cancellation of Philips' three-dimensional trademark.¹⁷¹

On July 10, 2002 Remington launched a series of triple-headed shavers on the German market. On August 20 the same year Philips¹⁷² was granted an interlocutory injunction issued by the Cologne District Court. The interlocutory injunction was issued without oral hearing on the grounds of urgency and forbade Remington¹⁷³ from offering for sale, advertising or putting into circulation such electric shavers with three cutter heads that was illustrated in the injunction decision. The legal grounds referred were four sections¹⁷⁴ of the German Act against Unfair Competition. Remington lodged an objection to the interlocutory injunction, as you will see below. Thus, the court had to decide whether to confirm or dismiss the interlocutory injunction already issued on the grounds of urgency.

Please note that this is a first instance decision, and in the next chapter you find the appeal. I find both of these judgments interesting from a legal point of view, as one of them refers exclusively to competition law and the other refers only to trademark law. These German decisions are also unique since they find favor for Philips; in most other cases Remington is the succeeding party.

3.10.2 Philips' Claims and Legal Grounds

The petitioner, Philips, argued that the distribution of the Remington shavers infringed Philips' trademark rights pursuant to relevant provisions¹⁷⁵ of the German Trademark Act. Philips held that the design of the three-cutter head shape was capable of trademark protection, since even against the background of the ECJ ruling the shape was *not* exclusively necessary to obtain a technical effect but also had characterizing and aesthetic features. Accordingly, Philips argued that the shape had competitive individuality, i.e. features capable of distinguishing the shavers from those of others. In addition, Philips contended that Remington's distribution of its new shavers was a breach of competition law from the point of view of an avoidable deception of origin and exploitation of reputation.

Philips further held that dry shaving, which was the relevant technical effect, could be achieved not only by using a triangular faceplate with three rotary cutters, but also by means of a different design¹⁷⁶, such as with two or four cutter heads arranged in a round, cloverleaf¹⁷⁷ or banana shaped formation. On the question of urgency, which is further discussed below, Philips claimed that they first acquired notice of the marketing and advertising for Remington's shavers in the middle of July 2002.

¹⁷¹ As described in Chapter 3.9 above, the PTO dismissed the application. The decision was appealed by Remington, and the Federal Patent Court decision is described in Chapter 3.12.

¹⁷² The 1st petitioner, Koninklijke Philips Electronics N.V., is the Netherland parent company of the 2nd petitioner, Philips GmbH, which is the marketing company in Germany of the Philips Group operating worldwide.

¹⁷³ The respondent was the German company Remington Products GmbH, which is a subsidiary of Remington Product Company L.L.C. in the USA.

¹⁷⁴ Sections 1, 13, 24 and 25 of the German Act against Unfair Competition.

¹⁷⁵ Sections 4 and 14 Paragraph 2 of the German Trademark Act.

¹⁷⁶ I find it a bit strange that Philips argued that the technical effect could be reached also with alternative shapes; this was according to the ECJ decision irrelevant for the application of the Article 3(1)(e).

¹⁷⁷ Philips failed to explain what was meant with "cloverleaf" shape; the cutting heads of the trademarks at issue were already placed in each corner of a triangle, i.e. in the shape of a cloverleaf with three leaves.

3.10.3 Remington's Claims and Legal Grounds

Being the respondent, Remington petitioned that the assumption of urgency required for the issue of an interlocutory injunction was refuted, thus proven to be false. Remington argued that Philips had acquired positive knowledge of Remington's marketing and advertising of its new shaver series immediately after the launch on July 10, 2002. Remington also held that Philips had been well prepared for the marketing of the new Remington shavers in Germany in the light of the recent ECJ decision as well as the marketing of the shavers in the neighboring countries of Europe.

Furthermore, Remington argued that Philips could not derive any claims regarding supplementary protection of achievement under competition law¹⁷⁸, since the provisions of trademark law applied and were exhaustive. Therefore, account was to be taken to the part of the ECJ decision concerning trademark capacity of design shapes, from which it followed that the three-cutter-head shape was exclusively determined by technical reasons and accordingly should be denied trademark protection. In addition, Remington held that on the same grounds the Philips design lacked competitive individuality. Regarding the fact that there might be alternative shapes that could give the same shaving result, Remington argued that amongst systems with rotating cutters, a triangular shape of the faceplate was the optimum technical solution¹⁷⁹. Finally, Remington contended that competition law protection of achievement was not applicable, since by applying the name "Remington" to the shavers, it had done everything reasonable to avoid a likelihood of confusion between the shavers.

3.10.4 Competition Law

3.10.4.1 *The Assumption of Urgency*

The court decided that the ground for the interlocutory injunction was to be upheld, as the assumption of urgency in Section 25 of the Act against Unfair Competition was not refuted, which Remington wrongfully had claimed. The court established that the fact that Philips was well prepared for the Remington launch due to the recent ECJ decision and the marketing in the neighboring countries was *not* a suitable approach for refuting urgency. An application for an interlocutory injunction ceases to be urgent if the applicant, despite knowledge of the infringement, waits too long before asserting his rights. The court found it unclear when Philips actually found out about the launch of the new Remington shavers, but even if it had taken Philips more than five weeks between its acquisition of knowledge and its filing of the application for interlocutory injunction, that was no reason for canceling urgency. This was because an additional period of time had to be included because of the size of the Philips' enterprise.¹⁸⁰

¹⁷⁸ Pursuant to Section 1 of the German Act against Unfair Competition.

¹⁷⁹ Some other possible shaver shapes had been excluded by Remington due to cost-benefit considerations.

¹⁸⁰ The court held that an enterprise of that size needed a lot of time to identify anti-competitive conduct, communicating that knowledge to the competent decision makers and to concretize that conduct for summary proceedings, why an additional period had to be included. In the context of the history of this global dispute and the numerous infringement cases from several jurisdictions, I doubt that it would take Philips a very long time to identify and commence actions against a possible infringement of its rights pursuant to competition or trademark law. Hence, I do not agree with the court that Philips would need an additional period of time for applying for an interlocutory injunction.

3.10.4.2 Non-Applicability of Trademark Law

The court found no need to determine whether there had been any trademark infringement, or to discuss the question of trademark capacity. The court established that trademark law did not apply to the case and that Philips' trademark protection therefore had no effect. Thus, the court held that if protection of famous trademarks pursuant to the exhaustive provisions of Sections 14 and 15 of the German Trademark Act was denied, it *nevertheless* permitted supplementary protection through the provisions of competition law. The court further stated that if it upheld Remington's view following the ECJ decision according to which the shape of a three-cutter-head system could not have effect as a protectable trademark if it was technically determined, it was even more obvious that trademark law did not apply. Hence, as a consequence of the non-applicability of trademark law, supplementary competition law applied, granting protection of achievement.

3.10.4.3 Deception of Origin and Exploitation of Reputation

The court decided that the marketing in Germany of the new Remington shavers since July 10 2002 was an infringement of Section 1 of the Act against Unfair Competition, as Remington's design was considered to be an imitation of Philips' triple-headed shaver. The imitation constituted unfair competition for the reasons of an avoidable deception of origin and exploitation of reputation. The court clarified that anyone who imitates another's product by adopting features with which the public associates a notion of business origin, and puts the imitating product into circulation without having done everything possible and reasonable to prevent that the public gets misled, has committed an avoidable deception of origin.

The court further established that Philips' shavers had competitive individuality, i.e. features capable of enabling the public to distinguish them from similar products by other manufacturers. Being a competition law term, the competitive individuality related to the external aesthetic design of the cutting surface, which through the interaction of several individual shape elements of the Philips shaver acquired a character indicating origin.

3.10.4.4 Technical Reasons

The court agreed with Remington that features that must necessarily be used for technical reasons in similar products do not establish competitive individuality in the light of the principle of the freedom of the state of the art. But contrary to Remington's view, the court held that the design of the cutting surface of the Philips shaver was *not* necessary for technical reasons so as to deny competitive individuality. This was because the individual design of the cutting surface selected by Philips was not the only technical solution to achieve the same shaving effect. The fact that an alternative design was not profitable for cost reasons did not alter the fact that other shapes could give the same result, as consideration was to be given the technical possibilities before the cost aspects. The court further held that Philips triple-headed shavers were sufficiently known in the public, and as sales figures and poll results had shown, the Philips shavers enjoyed an "excellent public awareness".

3.10.4.5 Likelihood of Confusion

The court found that the risk for confusion of the business origin required for an avoidable deception was satisfied. The conflicting products were so similar in terms of the decisive overall impression that there was a risk of confusion for the consumers, who according to the

court would see the products in isolation from each other¹⁸¹. The court described several similarities of the shavers, and concluded that in the light of those obvious identical features, the differences referred by Remington were marginal and not sufficient to exclude a likelihood of confusion. The court also established that the name “Remington” applied visibly on the shavers did not exclude at least an indirect likelihood of confusion, since the public might believe that Remington was commercially or organizationally linked to Philips.

Furthermore, the court held that Remington was guilty of unfair conduct since it had acted in knowledge of Philips’ products and nevertheless had failed to take the suitable measures that were reasonable in order to exclude any misleading confusion of origin. Putting the name “Remington” on the shavers did not eliminate the indirect risk that the public would think that the Remington shavers were a new product line by Philips or otherwise were connected with Philips. Remington could easily and reasonably have made changes to the design, but had chosen not to do so. The court concluded that on those grounds, Remington had attempted to dishonestly attach itself to the good reputation of Philips’ products. Hence, the court decided that the interlocutory injunction already issued was to be upheld, as the injunction was justified in the light of the parties’ further submissions.¹⁸²

3.11 GERMANY (3): Superior District Court of Cologne

Date of judgment¹⁸³: May 9, 2003

3.11.1 Dispute Background

Remington appealed the decision by Cologne District Court, and the matter was referred to the Superior District Court on appeal. The dispute background has already been described in the previous chapter. These two German court judgments are interesting from the point of view that the first instance court found trademark law inapplicable but applied competition law. The appeal court did the opposite, as you will soon find out. For a first instance court and an appeal court to arrive at completely different conclusions regarding the applicability of certain areas of law is quite unusual. As I said in the previous chapter, these judgments also stand out because the courts decided for the favor of Philips, which had only happened twice in Europe before, in the Swedish first instance court (which changed on appeal) and the German PTO’s decisions not to cancel Philips’ picture trademark 1034262. As you will soon find out, the court also came to an interesting conclusion regarding the separation of powers in German trademark law between the infringement courts and the registration authorities.

3.11.2 Trademark Law

The appeal court decided that the first instance court had rightly confirmed the interlocutory injunction and that the appeal was to be dismissed on the merits of the case. However, the appeal court’s reasons for upholding the injunction differed from the first instance decision.

¹⁸¹ The court did not further explain why it assumed that the products would be seen in isolation from each other. I think it is more reasonable to believe that any retailer selling electrical equipment such as technically advanced electric shavers would prefer to offer more than one brand, and display the shavers next to each other to enable the customers to compare them. This was also the view of the Australian court.

¹⁸² My comments to this judgment is put in the end of the appeal judgment described in the following chapter.

¹⁸³ Case No. 6 U 192/02.

3.11.2.1 The Assumption of Urgency

Agreeing with the first instance decision, the court found that Philips' application for an interlocutory injunction had been filed without waiting so long as to impair the assumption of urgency. The court held that the numerous proceedings between the parties would give Philips reason to expect an infringement in Germany as well. Philips' management had, however, not acquired positive knowledge of the Remington launch until two weeks after it began, and the indications on the Internet, in newspapers and the launch in the neighboring countries had not been specific enough for Philips to assume that a German launch was to come.¹⁸⁴ The court agreed with the first instance court that regard should also be taken to Philips' corporate structure and the complexity of the material.

3.11.2.2 Trademark Use and Likelihood of Confusion

The court found Philips' petition for an injunction to be justified under two provisions¹⁸⁵ of the German Trademark Act, which within their scope of application took priority as special legislation over competition law claims. Therefore, no competition law was discussed in the appeal judgment, in contrast to the decision of the first instance court.

The court established that Remington used the triple-headed shavers as a trademark, and decided that Remington's shavers established a likelihood of confusion within the meaning of Section 14¹⁸⁶ of the Trademark Act. The court had taken into account all the circumstances of the individual case, specifically the distinctive character of the overall impression of the signs and the proximity of the goods at issue for which the signs were used. In the light of those criteria and given the identity of the products in conflict, the court thus held that there was a likelihood of confusion in the legal sense; the design of Remington's shaver faceplate had a very high degree of similarity with Philips' trademarks.

3.11.2.3 Features Determined by Technical Considerations

Philips had submitted that its shaver head as a whole and the individual shape elements that characterized it was purely non-functional aesthetic design elements. Philips had also argued that there were other distinguishable shapes that could give the same result, without consequences for the thoroughness and speed of the shave, the user comfort or the production costs.¹⁸⁷ Remington, on the other hand, had submitted that the characterizing elements of the shape were determined exclusively by technical considerations.

The court held that in the assessment of trademark similarity, the relevant shape elements to be compared are those that have significance as an indication of origin for the public. But on the other hand, no account at all should be taken to shape features that are not capable of

¹⁸⁴ As I also commented in the previous chapter, I find it hard to believe that a company like Philips, obviously having a very alert intellectual property and market division, would be ignorant of a competitor's launch of a triple-headed shaver which had already been marketed in the neighboring countries.

¹⁸⁵ Section 14 of the German Trademarks Act.

¹⁸⁶ Section 14 Para. 2 No. 2 of the German Trademarks Act.

¹⁸⁷ As I also mentioned under the first instance decision, it is a bit surprising that Philips decided to use the argument of alternative shapes, since the ECJ had clearly stated in its judgment from 2002 that the relevant provision could not be overcome by establishing that the same technical result could be obtained by other shapes.

enjoying trademark protection, either because of an absolute obstacle to protection or because the features only determine a shape that results from the nature of goods themselves, are necessary to obtain a technical result or give the product substantial value¹⁸⁸. Thus, the court established that features of three-dimensional marks that are determined by purely technical reasons are *not* part of the trademark protection, and can as a matter of principle *not* establish a likelihood of confusion. This conclusion would however not matter, as you will soon see.

The court referred to the ECJ judgment, which had provided that trademark registration was excluded “if the essential functional features of the shape were attributable only to the technical result [...] even if there were other shapes which allowed the same technical result to be obtained”. The court observed that the ECJ decision indeed had a binding effect on German courts regarding the interpretation of the relevant articles of the Directive. However, the actual decision whether the shape of the Philips trademark was exclusively determined by technical considerations had already been taken by the British court and was not decided by the ECJ. Therefore, the court was responsible for examining under its own competence whether the present case involved a shape of the trademark that was determined by purely technical considerations within the meaning of Sec. 3 Para. 2 No. 2 of the German Trademark Act¹⁸⁹. The court did not, however, decide upon that matter, because of the separation of powers in German trademark law.

3.11.2.4 The Separation of Powers in German Trademark Law

Hence, the court concluded that there was no need for it to decide whether the shape elements of Philips’ trademarks enjoyed protection or whether they were technical shapes that did not fall within the scope of the trademark protection. This was because of the separation of powers in German trademark law between the registration instance on the one hand and the infringement courts on the other hand, and the binding effect that results from registration.¹⁹⁰ The patent authorities alone are responsible for deciding on the registration or cancellation of a trademark, and hence also for the decision whether a shape can be registered as a trademark or whether a registered shape trademark is to be cancelled. As long as a trademark is entered on the Register, the ordinary courts in an infringement dispute are bound by the registration and have no review powers of their own.

The court further established that if a trademark has been registered in breach of Section 3 Para. 2 No. 2 of the Trademark Act although its shape –as possible in the case at issue- was determined by purely technical considerations, the infringement court must assume trademark capacity until cancellation. Hence, the examination of the likelihood of confusion has to be based on the trademark as it was registered, *even if* that assessment must include features that are exclusively determined by technical considerations.

Remington had argued that an exception should be made from the principle of binding effect since the ECJ decision had already determined that Philips’ trademarks were ready for

¹⁸⁸ As set out in Article 3(1)(e) of the Directive.

¹⁸⁹ Corresponding to Article 3(1)(e), second indent of the Directive.

¹⁹⁰ The court explained that in the assessment of the likelihood of confusion, the trial court was obliged to exclude individual elements of a trademark that were exclusively determined by technical considerations for lack of capacity for protection. On the other hand, the first instance court was bound by the registration of a trademark such that it was unable to deny the trademark any protection. If Remington’s allegation was correct that Philips’ trademarks in all their elements were determined by a purely technical shape, there were no other elements for an assessment of the likelihood of confusion. The trademark would then be denied any protective effect, which was a result that was incompatible with the separation of powers in German trademark law.

cancellation. The court disagreed, and held that the question whether Philips' trademarks had shapes purely determined by technical considerations had not been answered by the ECJ but was assumed as being the case on the basis of the materials submitted to it.

3.11.3 The Judgment

Thus, the court established that there was a likelihood of confusion in the legal sense between Philips' trademarks and Remington's shaver, as there was a high degree of similarity between them. As a consequence of the separation of powers, the examination of the likelihood of confusion was based on the trademark as it was registered, even if the registration perhaps included solely technical features, which were not capable of trademark protection.

Accordingly, the court dismissed Remington's appeal and confirmed the interlocutory injunction decided on August 28, 2002 that had been upheld by the District Court and which forbade Remington to market its triple-headed shavers in Germany. Remington appealed the judgment, but the case has not yet been decided at the time of writing this.

Regarding the trademarks, they were obviously still valid, and could not in any event have been cancelled by the court since cancellation of trademarks in Germany can only be decided by the patent authorities and not by an ordinary court.

3.11.4 Comments

As I have previously mentioned, it is quite interesting that the appeal court applied a different area of law than the first instance court; trademark law took priority over competition law. There were, however, some noticeable similarities between the two courts' decisions, for instance that both courts found that there was a likelihood of confusion. The first instance court, which applied competition law, found that the two shavers were confusingly similar, even though the name "Remington" was visibly written on Remington's shavers. The appeal court applied trademark law and established that for an average consumer there was a likelihood of confusion of business origin between Philips' trademarks and Remington's shavers. Obviously, assessments of trademark law and competition law can be quite similar, and in cases like this it also becomes very clear that competition law and the exclusions in trademark law has the same purpose; to enable fair competition.

A remarkable conclusion of the court was the inability for it to decide on some matters due to the separation of powers between the registration authorities and the infringement courts, and the binding effect of a registration. As a consequence, it was the trademark as it had been registered that should be taken into account, even if it might have been wrongfully registered. If it had not been because of this, the judgment would probably have been different, as only features that were capable of trademark protection would have been included in the assessment. The court held that it would have been impossible to establish a likelihood of confusion if all the characteristic features of the mark were determined by purely technical considerations and thus was not protected. Hence, the court did not have to decide upon the technical functions, but established that the ECJ had only decided that trademarks with essential features which were technically determined were excluded from registration, not that that was the case with Philips' trademark. Therefore, the court found that an exception could not be made from the principle of binding effect of a registration, which Remington had requested. A spontaneous opinion is that the principle of binding effect can have unfortunate consequences, in this case for Remington, since the outcome of the dispute probably would have looked different if an exception from it had been made. However, below you will read

about the appeals from the Federal Patent Court, which has the authority to review and cancel registered trademarks.

3.12 GERMANY (4): Federal Patent Court, Trademark Appeal Division

Date of judgment¹⁹¹: April 14, 2004

3.12.1 Dispute Background and Parties' Requests

In its ruling on October 18, 2001 described in Chapter 3.9 above¹⁹², the German PTO decided not to cancel the contested Philips trademark, which was a picture mark representing the shaver head in detail (see Appendix A for illustration of German registration 1034262)¹⁹³. Remington appealed the judgment, and a few years later the Federal Patent Court announced the following ruling. The same day it also decided the destiny of another appealed Philips trademark, which is described in the next chapter. Since the first PTO judgment, there had been two court decisions, from the District Court and the Appeal Court of Cologne, confirming the interlocutory injunction forbidding Remington to market its triple-headed shavers in Germany. Since the PTO's decision, the matter had also been decided by the ECJ.

Remington requested that the PTO's decision should be set aside and that Philips' trademark should be cancelled, since the trademark depicted essential parts of the shaver which were all technically determined. Philips requested the appeal to be dismissed and adopted the PTO's arguments for non-cancellation.

3.12.2 The Court's Findings

The court found Remington's appeal to be unjustified, since the preconditions for withdrawal of protection of Philips' trademark was not satisfied. The indications were insufficient that, at the time of the registration of the trademark (in 1982) and at the time of the PTO's decision, the contested trademark was in conflict with an obstacle to protection pursuant to the old or the new German Trademark Acts. The court held that the longer time since the registration, the more careful must the examination be, since a retroactive assessment of market opinion or market need was difficult or even impossible. That was the reason why the German legislature excluded cancellation of trademarks upon application pursuant to Sec. 50 of the German Trademark Act if more than 10 years had passed since the registration. Furthermore, Sec. 162 Para. 2 of the German Trademark Act provided that the cancellation of old trademarks required incapacity for protection under *both* the old and the new law, and the preconditions for trademark capacity in the old Trademark Act, under which the trademark was registered, differed from those of the new Trademark Act. One difference was that the ground for exclusion in the new Trademark Act had no direct equivalent in the old Act, and instead of trademark capacity, distinctive character was required or could be overcome by secondary

¹⁹¹ Unfortunately the Case No. is unknown.

¹⁹² The reason why I did not put this appeal decision right after the first instance PTO decision, is because the two Cologne judgments came "in between" and preferably should be read before this appeal decision, in order to understand it better.

¹⁹³ The German trademark registration 1034262 is similar to the International Registration 430.837, also illustrated in Appendix A.

meaning at the time of registration, which had been the case. The court further established that no objections against trademark capacity at the time of registration had been asserted or were apparent, so it could not be assumed that the registration was wrongly admitted pursuant to provisions of the old Trademark Act. Thus, the application of the old Act did not result in any incapacity of registration, so no cancellation could be made even if the new Act did. Also, the 10-year exclusion period of the new Act applied and excluded the cancellation of the trademark since more than 10 years had passed since its registration. The court concluded that:

[t]his result is possibly unsatisfactory from the point of view of [Remington] and in the light of the decision of the European Court of Justice in the Philips-Remington case, but can only be countered by an appropriate determination of scope of protection of the contested trademark as adjusted to the applicable interpretation of the law, such scope of protection not being static but rather requiring adjustment to changed circumstances in both a legal and factual respect and above all that of market interpretation. [...] It is also [in the ordinary courts] that the question must be answered whether the present representation is, from the point of view of the public circles concerned, even if they have the protected products in view, at all regarded as a reproduction of a technically predetermined shape and can be used vis-à-vis a technical object with the effect of establishing prohibition.

Hence, Remington's appeal was unsuccessful and dismissed. However, the court found an appeal on the law to be admissible since the decision concerned legal issues of fundamental importance with respect to several provisions of the German Trademark Act and their application to old trademarks. Thus, the Federal Patent Court required a decision of the Supreme Court for the development of the law or to ensure uniform court decisions.

3.13 GERMANY (5): Federal Patent Court, Trademark Appeal Division

Date of judgment¹⁹⁴: April 14, 2004

3.13.1 Dispute Background

This judgment was pronounced the same day as the one described in the previous chapter. Remington had appealed the PTO's decision¹⁹⁵ not to cancel the very simplest of Philips' trademarks. It was a picture trademark representing a triangle with three identical circles in it, with no details (trademark registration IR 430.836 is illustrated in Appendix A). As ground for the appeal, Remington argued that the trademark was a mere reproduction of the head of the shaver and thus lacked trademark capacity. Philips contested Remington's petition and argued that Remington's referred ground did not apply to picture marks, only to trademarks depicting a product's shape. Philips also relied on *telle-quelle* protection, which is provided for in Art. 6 quinquies B of the Paris Convention. The *telle-quelle* principle is mainly that a trademark already registered in one country should be able to enjoy registration in its original shape or design in another country.¹⁹⁶ The PTO had upheld the trademark protection by establishing that the most-favored clause¹⁹⁷ of the German Trademark Act could *not* by virtue of the *telle-quelle* privilege have been denied protection simply because of lack of trademark

¹⁹⁴ Case No. 28 W (pat) 131/01.

¹⁹⁵ Unfortunately, I do not have the PTO's judgment, but it was handled by the PTO at the same time as the decision described in Chapter 3.9.

¹⁹⁶ Koktvedgaard, Mogens and Levin, Marianne: *Lärobok i Immaterialrätt*, page 318.

¹⁹⁷ Sec. 162 Para. 2 of the German Trademark Act.

capacity resulting from the technical necessity of the shape. This was because the relevant provision¹⁹⁸ of the Trademark Act did not have a corresponding feature in Art. 6 quinquies B of the Paris Convention. The PTO had therefore dismissed the application for cancellation but had refrained from imposing costs on the petitioner Remington.

3.13.2 The Parties' Submissions and the Court's Findings

Hence, Remington appealed against the PTO's ruling and argued that reliance on *telle-quelle* protection was not possible. Remington further argued that the trademark lacked the necessary distinctive character and that there was no infringement of *ordre publique* pursuant to Art. 6 quinquies B Para. 2 No. 3 of the Paris Convention, since the present design was incompatible with the function as an indication of origin. Remington thus requested that the PTO ruling should be set aside and the trademark should be cancelled. Philips, on the other hand, adopted the arguments of the PTO's decision and argued that *telle-quelle* protection indeed applied. Philips further held that the absolute grounds for refusal could no longer be asserted given the 10-year exclusion period.

The court found Remington's appeal to be unjustified, as the preconditions for the withdrawal of protection of the contested trademark were not satisfied. There were no sufficient indications that, at the time of registration and at the time for the PTO decision, the contested trademark was in conflict with an obstacle to protection pursuant to the old or the new Trademark Acts. The court further held that there was no need to determine whether *telle-quelle* protection took effect to the benefit of Philips' trademark regarding the pictorial reproduction of a product shape that is merely technically determined. Hence, a withdrawal of protection would nonetheless fail, as the factual preconditions of the new Trademark Act were not satisfied. The ECJ had in its judgment declared that also two-dimensional trademarks could fall under the legitimate interest of free use of certain product shapes, but then the trademark's reproduction of the shape need to be realistically representing the technical features of the product. That was not the case as the contested trademark were simply a triangle with three circles inside of it, which did not suggest that the shape of it were determined by technical considerations.

As a period of more than 10 years had expired since the date of registration of the trademark, Remington's other objections against the capacity for protection failed. Thus, the court concluded that also case law established that it was not possible to rely on a lack of distinctiveness or the existence of legitimate interest in free use of old trademarks. Concerning the alleged infringement of *ordre publique* pursuant to Art.6 quinquies B of the Paris Convention, the court found that there had been no substantiated submissions on the matter.

Hence, the court found Remington's appeal to be unsuccessful and, accordingly, the appeal was dismissed. Contrary to the court's findings in the parallel case described above, the court concluded that there was no occasion for the admission of an appeal on the law, since the decision was not based on a legal issue of fundamental importance.

¹⁹⁸ Sec. 3 Para. 2 No. 2 of the German Trademark Act.

3.14 GERMANY (6 and 7): Federal Patent Court, Trademark Appeal Division

Date of judgments¹⁹⁹: May 4, 2004

3.14.1 Dispute Background

At the same day (May 4, 2004), and probably at the same time, the Federal Patent Court decided the destiny of two identical international trademark registrations; one was a picture mark and the other a three-dimensional mark. Since the wording of the two judgments is completely identical, with only a few exceptions, which I will comment upon below, I have described the judgments together.

In August 1995 the German Patent and Trademark Office had granted Philips protection in Germany for the three-dimensional mark under international registration number IR 587.254 (illustrated in Appendix A). In January 1996 the PTO had granted Philips protection for an identical picture trademark representing the top part of a triple-headed shaver (see Appendix A for the identical registration 638.663). The two international trademarks were completely identical, but as mentioned above, one was a two-dimensional picture trademark and the other a three-dimensional ‘shape’ trademark.

On December 6, 2000, Remington applied for cancellation of both trademarks on the grounds that they were mere reproductions of the head of an electric shaver and thus lacked eligibility for trademark protection. In addition, Remington argued that the marks had been wrongly registered as they lacked distinctive character and that there was a legitimate interest in free use. Philips contested Remington’s petitions by relying on *telle-quelle* protection and arguing that eligibility for trademark protection must be assumed. In its decisions²⁰⁰ on May 6, 2002 the PTO dismissed Remington’s petitions on the grounds that the *telle-quelle* privilege meant that the contested trademarks could not be examined for eligibility for trademark protection neither at the time when protection was extended nor according to Art. 6 quinquies B of the Paris Convention and some other provisions²⁰¹. Furthermore, the PTO held that the marks could not be denied protection on the grounds of a lack of eligibility for trademark protection based on the technical necessity of the shape. The grounds for withdrawal of protection of a lack of distinctive character and the existence of a legitimate interest in free use were only asserted in the course of the proceedings and, as an inadmissible extension of the proceedings, could according to the PTO no longer be taken into account. Accordingly, the PTO dismissed both cancellation petitions and thus upheld the protection for Philips’ trademarks IR 587 254 and IR 638 663. Remington appealed both judgments.

3.14.2 The Parties’ Submissions

Remington argued in both appeals that the *telle-quelle* clause could only apply to a matter that by its nature could *not* constitute a trademark according to national law. This was, according to Remington, not an issue in the case of picture trademarks representing features that were exclusively determined by technical considerations, since on that point the grounds for the refusal of protection specified in Art. 6 quinquies B of the Paris Convention were not

¹⁹⁹ Case No. 28 W (pat) 147/02 concerning the IR 587.254 registration and Case No. 28 W (pat) 149/02 concerning the IR 638.663 registration.

²⁰⁰ Unfortunately, I do not have the PTO judgments from May 6, 2002 but the essential parts of them are described in the appeal rulings.

²⁰¹ Sec. 113 of the German Trademark Act in conjunction with Art. 5 of the Madrid Agreement.

exhaustive. In addition, Remington argued that it followed from the ECJ decision that a product shape was not accessible to trademark protection if its essential functional features were merely ascribable to a technical effect. This was the case with both of Philips' contested trademarks, since they were simply realistic pictorial or three-dimensional reproductions of the cutter head of the product protected by the trademarks and thus were necessary to achieve the technical effect. Remington further argued that as a consequence of the ECJ decision, cancellation of the mark had already been made in the UK, France and Sweden. Furthermore, Remington claimed that the trademark lacked distinctiveness and constituted an infringement of public order pursuant to Art. 6 quinquies B Para. 2 No. 3 of the Paris Convention, since the design was not compatible with the function as an indication of origin.

Philips petitioned that the appeal should be dismissed, and adopted the arguments contained in the contested ruling on the *telle-quelle* privilege. Furthermore, Philips argued that the design of the contested trademarks was not exclusively determined by technical considerations, but also included design elements. Philips also petitioned that the ECJ had not ultimately taken any decision on the facts of the case presented before it, it had only answered the referred questions on the interpretation of the Directive.

3.14.3 The Court's Findings

The court found Remington's appeal to be admissible and well founded, and decided that both of the PTO's rulings from May 6, 2002 were to be set aside. Thus, the conditions for withdrawal of protection from the contested trademarks were satisfied, since the contested trademarks were still in conflict with the obstacle to protection of a shape that is merely determined by technical considerations both at the time of the extension of protection²⁰² and at the time of the decision on the petition for withdrawal of protection. In the judgment concerning the picture trademark, the court clarified that the relevant wording of the German Trademark Act also covered two-dimensional picture trademarks if the pictorial design was limited to the largely realistic reproduction of exclusively technical shape elements.

The court found that the PTO had failed to appreciate several matters of law when it dismissed the petition for cancellation. Thus, originally *telle-quelle* protection was intended to prevent a basic trademark, when IR protection was being extended in a member state, from being barred by obstacles to protection other than the grounds for refusal listed in Art. 6 quinquies Section B Nos. 1-3 of the Paris Convention. The court explained that *telle-quelle* protection had been of importance in connection with the old German Trademark Act, but that after the new Trademark Act's entry into effect, under which both the contested trademarks had been extended, there was no longer any requirement to take into account such Paris Convention examination standards. The reason was that the new German Trademark Act constituted the implementation of the Directive which in its 12th Recital expressly cited the complete agreement of its provisions with the Paris Convention, which meant that a construction in accordance with the Directive permitted the conclusion that the obstacles to registration in the German Trademark Act correspond entirely with those of the Paris Convention.

²⁰² "Extension of protection" refers to the extension of protection of an international registration under the Madrid system to also cover Germany.

Furthermore, the court established that the question of technical nature pursuant to Sec. 3 Para. 2 No. 2 of the German Trademark Act²⁰³ was as a matter of principle subject to unrestricted examination in both the extension and cancellation proceedings for an IR trademark extended to Germany. The court found both of the contested trademarks to be subject to that obstacle to protection, since they consisted exclusively of a shape, or in the picture mark case a reproduction of a shape, which was necessary to achieve a technical effect. The court referred to the criteria set out by the ECJ decision, which excluded from registration shapes which essential functional features were technically determined and ascribed the existence of alternative shapes which could obtain the same technical effect no relevance. In the light of that criteria, the contested trademarks were found to be mere reproductions of the arrangement of the elements of the product necessary to achieve the technical effect, without any apparent other features going beyond the technical design. Thus, both trademarks were exact graphic reproductions of the head of a shaver. The court described in detail all the features of the contested trademarks, and concluded that the shape had no shape elements that could be classified as non-technical or as design elements; *all* the features were necessary for the technical result. The evidence was sufficient for the court to be able to determine the technical nature of the contested trademarks, and a strong indication was also the existence of product industrial property rights of that same shape. Hence, it was undisputed that Philips had had the arrangement protected by patents, even though those had expired following the end of the protected period. In addition, various national courts had obtained independent experts that unanimously came to the conclusion that the trademark consisted exclusively of a shape necessary to obtain the technical result. It followed, for instance, from the Swedish appeal decision from January 2004 (see Chapter 3.4), the French decision from June 2003 (see Chapter 3.18) and the expertise by the expert P. Turner from October 1997 prepared for the first British decision. The court continued:

These all emphasized that the essential elements of the trademark comprised cutter heads arranged in an equilateral triangle and the triangular casing surrounding such, and that the arrangement of the cutter heads arranged in an equilateral triangle had been selected in order to create a compact shaver unit and at the same time to create the conditions for obtaining the best shaving effect. Since the design left no scope for arbitrariness, the shape element was due exclusively to its technical effect. These findings correspond with this Court's assessment of the technical factual elements to be assessed in the present case, and this Court sees no occasion for effecting further investigations on the question of the technical nature of the shape of the goods claimed in the present case. In the light of the aforesaid, protection is to be withdrawn from the contested trademark, since it merely consists of a shape that is necessary to achieve a technical effect.²⁰⁴

The Federal Patent Court thus concluded that Remington's appeals were successful, and that the assessment of any other obstacles to registration needed not to be decided in the light of the factual and legal situation of cancellation of the two trademarks. Thus, the PTO ruling from May 6, 2002 was set aside and the protection in Germany was withdrawn from international trademarks IR 587.254 and IR 638.663.

Appeal on the law was however admissible, as the decision concerned the harmonized construction of several provisions of the German Trademark Act and the relationship between the Directive and the Paris Convention within the framework of *telle-quelle* protection. Hence, as the decision concerned legal questions of fundamental importance it required a decision by the Supreme Court for the development of the law or to ensure uniform decision-making practice. Philips appealed both decisions.

²⁰³ Corresponding to Article 3(1)(e) second indent of the Directive.

²⁰⁴ Page 10 of both judgments.

3.15 GERMANY (8): German Patent and Trademark Office, Trademark Division

Date of judgment²⁰⁵: November 12, 2004

3.15.1 Dispute Background and the Parties' Submissions

On August 19, 2003, Remington filed an application for cancellation of Philips' registered three-dimensional German (not international) trademark 394 08 350 representing the head of a triple-headed shaver (for illustration see the identical IR trademark 587.254 in Appendix A).

Remington submitted that Philips' three-dimensional trademark consisted entirely of the reproduction of a part of the product, namely the shaver head unit with three rotary cutting heads. Remington claimed that the arrangement of that particular part of the shaver was necessary to achieve the technical result. Even if there were other possible designs, the configuration with three cutting heads arranged in an equilateral triangle was the optimum solution to the technical problem. A mere reproduction of a technical function was thus not capable of trademark protection, and it made no difference if alternative shapes were available to achieve the same technical result. Remington also held that the mark lacked distinctiveness. Thus, Remington requested Philips' three-dimensional mark to be cancelled and deleted from the Register.

Philips, on the other hand, requested that the petition for cancellation be dismissed, as even according to the legal principles drawn up by the ECJ decision, findings of fact must be adopted on whether the contested three-dimensional mark was solely determined by technical considerations. Philips further argued that it was easily possible to depart from the findings of fact of the UK courts, particular if the evidence submitted was appreciated differently. In addition, Philips contended that the two most recent decisions²⁰⁶ by the Federal Patent Court from May earlier the same year (2004), in which two Philips trademarks had been cancelled, contained obvious insufficiencies in terms of both facts and law. Therefore, those two judgments could neither be binding nor indicative for the cancellation proceedings.

3.15.2 The PTO's Findings

The PTO found Remington's petition for cancellation admissible and well founded, as the conditions for cancellation of the contested trademark were satisfied; both at the time of registration and at the time of the decision on cancellation, the contested three-dimensional trademark had been in conflict with the obstacle to protection of a shape determined solely by technical considerations. Hence, the PTO found that the mark consisted exclusively of the representation of a shape that was necessary to achieve a technical effect.²⁰⁷ The PTO thus followed the criteria that the ECJ had provided in its decision: that the shape of a product is not capable of trademark protection if it is shown that the essential functional features of this shape are only ascribable to their technical result.

²⁰⁵ Case No. S 198/03 Lösch, Register No. 394 08 350.4/08.

²⁰⁶ See Chapter 3.14 above.

²⁰⁷ In accordance with Sec. 3 Para. 2 No. 2 of the German Trademark Act, corresponding to Article 3(1)(e) second indent of the Trademark Directive.

The PTO observed that the contested three-dimensional German trademark corresponded exactly with the international three-dimensional trademark (IR 587.254) which the Federal Patent Court earlier in 2004 had cancelled on the ground that its features were necessary for obtaining the technical result²⁰⁸. After a careful and detailed assessment of the features of the trademark, the PTO established that *all* the essential features of the shape were necessary for the technical function of the shaver. Regarding the ‘main’ feature, the arrangement of three cutting heads in the form of an equilateral triangle, that configuration ensured that during the shave all the areas of the skin were passed over by the cutter heads, with the result that no unshaven areas could remain on the skin after the shave, irrespective of how the shaver was guided over the skin.

Philips had argued that the essential functional features of the shape were mainly based on aesthetic considerations and that those features were at least not only ascribable to the technical result. Philips had thus relied on the wording in the ECJ’s answer to the fourth question that the term “only” were to be interpreted as “exclusively”, i.e. that features which also have functions other than purely technical functions are not covered by Article 3(1)(e) of the Directive. The PTO disagreed with the strict interpretation of the word “only”, and established that

[t]he wording “only [ascribable to] the technical result” in this context can, however, not mean that capacity for registration is established if an aesthetic result is also present. Such a view would be in conflict with the purpose of the provision in question, rendering it practically meaningless, since every technically determined shape has probably also an aesthetic effect of whatever kind.²⁰⁹

Hence, the reason for the obstacle to protection was to prevent the protection of a trademark right giving its holder a monopoly in technical solutions or utility characteristics of a product that the user could also expect in the goods of competitors. The PTO asserted that the fact that all the essential features of the shape were determined by technical considerations could not be altered by the fact that the shape or its essential features also produced an attractive design. Thus, a shape whose essential features were only determined by technical considerations must accordingly be excluded from trademark protection *even if* the shape was *also* selected on the basis of aesthetic considerations.

For the reasons set out above, the PTO accordingly decided the registration of the three-dimensional trademark to be cancelled. Accordingly, there was no reason for the PTO to assess whether any of the other obstacles to registration, asserted by Remington, were satisfied.

²⁰⁸ See the previous chapter (3.14).

²⁰⁹ Page 4 of the judgment.

3.16 OPINION of Advocate-General of the ECJ

Date of opinion²¹⁰: January 23, 2001²¹¹

3.16.1 Dispute Background

When a preliminary ruling is requested, one of the eight²¹² Advocates-General²¹³ of the European Court of Justice presents the case before the court and suggests a verdict. The suggestion is given after the proceedings have been held, but before the court has reached its verdict.²¹⁴ As mentioned in Chapter 3.7 the UK Court of Appeal chose to refer some questions to be decided by the ECJ. Hence, the dispute background is the same as in the two UK proceedings described in Chapters 3.6 and 3.7, essentially that Philips had sued Remington for trademark infringement on the UK market.

Obviously, the opinion of an Advocate-General is not a judgment, and one might ask why this opinion is brought up in the context of this work. I have chosen to bring it up because I believe it adds some interesting aspects to the matter. This was the first time the technical aspects of a trademark was taken up to be decided on such high level of EC judicature, and the ECJ ruling would be an important precedent for the courts of all member states. For the ECJ, the opinion of the Advocate-General is important, as it provides a suggestion on how to rule; a suggestion that the ECJ usually follows. Since the ECJ decision came to be very important for the interpretation of the relevant provisions of the Directive, also the Advocate-General's opinion is of interest.

3.16.2 The Questions Referred for a Preliminary Ruling

The UK Court of Appeal decided to refer seven questions on the interpretation of the Directive to the ECJ. I intentionally exclude the referred questions 5, 6, and 7 since they concerned matters that were considered irrelevant both by the Advocate-General and the ECJ due to the answer of question 4.²¹⁵

1. Is there a category of marks which is not excluded from registration by Article 3(1)(b) to (d) and Article 3(3) of the Council Directive 89/104/EEC (the "Directive"), which is nonetheless excluded from registration by Article 3(1)(a) of the Directive (as being incapable of distinguishing the goods of the proprietor from those of other undertakings)?
2. Is the shape (or part of the shape) of an article (being the article in respect of which the sign is registered) only capable of distinguishing for the purposes of Article 2 if it contains some capricious addition (being an embellishment which has no functional purpose) to the shape of the article?
3. Where a trader has been the only supplier of particular goods to the market, is extensive use of a sign, which consists of the shape (or part of the shape) of those goods and which does not include any capricious addition, sufficient to give the sign a distinctive character for the purposes of Article 3(3) in circumstances where as a result of that use a substantial proportion of the relevant trade and public

²¹⁰ The case which the opinion concerned was Case C-299/99, discussed in the next chapter.

²¹¹ Please note that this opinion was announced before the German PTO and FPC decisions described in the previous chapters, except the very first PTO decision. For reasons of clarity, I chose to put this chapter in connection to the ECJ decision.

²¹² Article 222 of the EC Treaty provides that there shall be eight Advocates-General, but the number may be increased, as stated in the same Article.

²¹³ I will use the wording expressed in the English version of the Treaty on the EU, *Advocate-General*.

²¹⁴ Bernitz, Ulf and Kjellgren, Anders: *Europarättens grunder*, page 69.

²¹⁵ The questions are literally quoted from the Opinion of the Advocate-General, page 2.

- (i) associate the shape with that trader and no other undertaking;
 - (ii) believe that goods of that shape come from that trader, absent a statement to the contrary?
4. (i) Can the restriction imposed by the words “if it consists exclusively of the shape of goods which is necessary to achieve a technical result” appearing in Article 3(1)(e)(ii) be overcome by establishing that there are other shapes which can obtain the same technical result or
- (ii) is the shape unregistrable by virtue thereof if it is shown that the essential features of the shape are attributable only to the technical result or
- (iii) is some other and, if so, what test appropriate for determining whether the restriction applies?

3.16.3 Analysis of the Questions

I will only mention the most interesting parts of Advocate-General Ruiz-Jarabo Colomer’s opinion, since the final answers to the referred questions will be discussed in the next chapter, under the ECJ preliminary ruling.

The Advocate-General declared that for the purpose of solving the case, only the second indent of subparagraph 3(1)(e) of the Directive, which excludes from registration “signs which consist exclusively of the shape of goods which is necessary to obtain a technical result”, was relevant. He argued that a trademark having the characteristics of that at issue, namely a mark depicting a shaver with three rotary cutting heads placed in each corner of a triangle, seemed to be “the perfect example of a merely functional shape”. He further held that at least in appearance, the trademark’s *essential features*²¹⁶ fulfill a function and are there only in so far they perform the function. Use of the phrase “essential features” meant, according to the Advocate-General, that a shape containing an arbitrary element, which from a functional point of view was minor, did not escape the prohibition.

The Advocate-General established that subparagraph (e) was not of the same legal nature as subparagraphs (b)(c) and (d) of Article 3(1). The exclusion in (e) was not based on the lack of distinctiveness of certain natural, functional or ornamental shapes, but reflected the legitimate concern to prevent individuals from resorting to trademark protection when wanting to extend exclusive rights over technical developments. As opposed to the previous subparagraphs, (e) could not be ‘overcome’ by acquiring distinctiveness²¹⁷ since natural, functional or ornamental shapes were incapable, by express intention of the legislature, of acquiring a distinctive character. Hence, the Advocate-General made clear that it was unnecessary as well as contrary to the scheme of the Directive to consider whether or not such shapes had acquired distinctiveness.

He further concluded that there was nothing in the wording of Article 3(1)(e) which made it possible to assume that a merely functional shape could be registered as long as there was an alternative shape which was capable of achieving a comparable technical result. He held that if the existence of alternative shapes would matter, nothing would stop an undertaking from registering as trademarks all imaginable shapes which achieved such result, thus obtaining a permanent monopoly over a particular technical solution. It would also be an unreasonable task for trademark courts to carry out comprehensive assessments concerning advanced technical matters.

²¹⁶ The Advocate-General hereby adopted the phrase “essential features” expressed in the fourth question referred to the ECJ.

²¹⁷ According to Article 3(3) of the Directive.

The Advocate-General also emphasized the immediate *purpose* of barring registration of merely functional shapes or shapes which give a substantial value to the goods, which was to:

[P]revent the exclusive and permanent right which a trade mark confers from serving to extend the life of other rights which the legislature has sought to make subject to limited periods. I refer, specifically, to the legislation on industrial patents and designs. Were it not for the existence of subparagraph (e) of Article 3(1), it would be easy to overturn the balance of public interest which must exist between rewarding innovation fairly, by granting exclusive protection, and encouraging industrial development, which entails placing time-limits on such protection, with the purpose of making the goods or the design freely available once the time-limit expires.²¹⁸

He finally concluded that Article 3(1)(e) must be interpreted as meaning that any shape having essential features that serve the achievement of a technical result must be regarded as a sign which consists exclusively of the shape of goods which is necessary to obtain such a result, irrespective of whether it was possible to achieve that result using other shapes. If a sign meets those conditions, there was no need to consider whether it had any distinctive character.

3.17 PRELIMINARY RULING (European Court of Justice of the European Communities)

Date of judgment²¹⁹: June 18, 2002

3.17.1 Background

As described in Chapter 3.7, the United Kingdom Court of Appeal decided to refer several questions regarding the interpretation of the Directive to the ECJ. The preliminary ruling came to be a very important precedent in Community law, as it provides guidance on how to interpret the somewhat unclear provisions of the Directive. Obviously, this judgment strongly influenced all the following judgments²²⁰ of the national courts of the EU member states, as they are obliged to follow the decisions of the ECJ. Unfortunately, there are some obscurities in the judgment, which I will get back to in the end of the chapter.

Since the relevant referred questions are already quoted in the previous chapter, they will not be repeated here. All articles in the following text are pursuant to the Directive.

3.17.2 The ECJ's Answers to Questions 1, 2, and 3

Regarding the first question, the court held that there was no such category of marks which was *not* excluded from registration by Article 3(1)(b), (c) and (d) and Article 3(3) which was nonetheless excluded from registration by Article 3(1)(a) as being incapable of distinguishing the goods of the proprietor of the mark from those of other undertakings.

²¹⁸ Page 6-7 of the Opinion of the Advocate-General.

²¹⁹ Case C-299/99 (Philips Electronics N.V. v. Remington Consumer Products Limited).

²²⁰ It came to be important for many other reasons as well; for example did the OHIM decide to expunge LEGO's Community Trademark Registration after the announcement of this case, on grounds of functionality.

Concerning the second question, the ECJ declared that in order to be capable of distinguishing a product for the purposes of Article 2 of the Directive, the shape of the product in respect of which the sign is registered *does not* require any capricious addition, such as an embellishment with no functional purpose. Hence, Article 2 made no distinction between different categories of trademarks, and the criteria for assessing the distinctive character of three-dimensional trademarks such as the Philips mark were not different from the criteria to be applied to other categories of trademarks. Under Article 2 the shape in question must simply be capable of distinguishing the product from the products of others and thus fulfill its essential purpose of guaranteeing the origin of the product. Accordingly, the ECJ established that the Directive in no way required that the shape of a product should contain arbitrary elements to enjoy registration.

The third question regarded the possible acquired distinctiveness a mark that is excluded from registration according to Article 3(1)(b), (c) and (d) can get through the use made of it. The court clarified that if a shape was refused registration pursuant to Article 3(1)(e) (which is the subject of the fourth question), it could *in no circumstance* be registered by virtue of Article 3(3), by proving to have acquired a distinctive character.

For some reason, the ECJ nonetheless found it necessary to get into what was required for a mark to acquire distinctiveness. The court concluded that where a trader has been the only supplier of particular goods to the market, extensive use of a sign which consists of the shape of those goods may be sufficient to give the sign a distinctive character for the purposes of Article 3(3). This applies in circumstances where, as a result of that use, a substantial part of the relevant class of persons relates that shape with the trader and no other undertaking, or believes that goods of that shape come from the trader. The court stated, however, that it was up to the national court to verify that the required circumstances existed, on the basis of specific and reliable data. It must be proved that the *presumed expectations* of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect²²¹, are taken into account. It is also required that the identification, by the relevant class of persons, of the product as originating from a given undertaking *is a result of the use of the mark as a trademark*. However, personally I agree with the Advocate-General that the answer of this question is irrelevant for the purposes of the case since the ECJ's answer to Question 4 nonetheless will preclude the application of Article 3(3).

3.17.3 The ECJ's Answer to Question 4

The fourth and last question the court answered was also the most interesting in the context of this work. The court concluded that the second indent of Article 3(1)(e) of the Directive must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the *essential functional features* of that shape are attributable *only to the technical result*. The court also established that the ground for refusal or invalidity of a registration imposed by that provision could *not* be overcome by establishing that the same technical result could be achieved by other shapes.

²²¹ These criteria had been introduced in the ECJ case of *Springenheide and Tusky* (1998) Case C-210/96, ECR I-4657, paragraph 31.

The court further held that the various grounds for refusal of registration listed in Article 3 must be interpreted in the light of the public interest underlying each of them²²². The rationale of the grounds for refusal of registration pursuant to Article 3(1)(e) is, according to the ECJ, to prevent trademark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product. Such protection would form an obstacle preventing competitors from freely offering products incorporating the particular technical solutions or functional characteristics in competition with the proprietor of the trademark. The ECJ held that such exclusive rights to technical functions given by trademark protection would clearly limit the competitors' freedom of choice in regard to which technical solution they wish to adopt to perform the desired function. Accordingly, the court concluded that for the application of Article 3(1)(e) it was irrelevant if there were alternative shapes that could fulfill the technical function; the competitors' freedom of choice would still be limited since the registered technical solution could not be used.

Finally, the court established that there was no need to reply to the infringement matters of question 5, 6 and 7, since the answer of the fourth question precluded any possible infringement.

3.17.4 Comments

There are a few comments I would like to make regarding the court's findings in this case. My personal view is that the ECJ's preliminary ruling did not provide the clear guidance on the interpretation of the Directive as it could have given. This was the first time the ECJ had to decide on the second indent of Article 3(1)(e), and a lucid answer on the interpretation of the provision would have been welcomed. The ECJ is entitled to interpret and reformulate the referred questions as it finds it appropriate²²³, a possibility that it took advantage of in this preliminary ruling. Unfortunately, the ECJ chose not to answer the referring court's question 4(c), namely if there was a test that was appropriate for determining whether the restriction in Article 3(1)(e) applied. The court had in its answer rejected one of the suggested theories to assess if a shape is "necessary" to obtain a technical result, namely the doctrine on alternative shapes which had been asserted by Philips. By not answering question 4(c), the ECJ failed to show how the term "necessary" then should be interpreted and applied. Thus, question 4(c) clearly asks how to apply the restriction in case the existence of alternative shapes (see question 4(a)), was irrelevant. The reason why the court decided not to answer this referred question remains unknown, but perhaps it did not want to limit itself by providing a certain method on how to decide the necessity criterion. Some guidance was however given as the ECJ held that it is only the essential features of the shape that necessarily has to be attributable to the technical result for the provision to apply. In any way, the ECJ's omission to give a clear answer to the question was a bit unfortunate, since a positive definition on the necessity criterion was clearly called for. Moreover, I am of the opinion that the court should have given some guidance regarding how to define the actual "technical result", which I believe is an important consideration for the application of Article 3(1)(e). A narrow and detailed definition of the relevant technical result might result in a different outcome than a wide definition.

²²² The court referred to what had been established in paragraphs 25 to 27 of the *Windsurfing Chiemsee* decision from 1999 (Joined Cases C-108/97 and C-109/97, ECR I-2779).

²²³ Bernitz, Ulf: *Europarättens grunder*, s.143. Furthermore, in *Costa v. ENEL* (Case 6/64), the ECJ held that it was authorized to elucidate and use in its judgment any circumstances of the present case that it found relevant, despite the wording of the referred questions, which the ECJ had found incomplete.

Furthermore, the court adopted the phrase “essential functional features” from the referred questions, but it remains uncertain how an assessment of which features are *essential* should be made. No guidance regarding this was provided by the court²²⁴, nor did it establish what features might be considered as *non-essential*. Considerations like these are inevitably highly subjective, and subjective assessments when applying a legal provision are likely to cause problems and even violate law and order if there is no guidance on the interpretation. Another question that remained unanswered and requires a subjective assessment is what is needed for a feature to be considered *functional*.²²⁵

Yet one more obscurity in the judgment is the wording of paragraph 80, that the essential characteristics perform a technical function and *were chosen to fulfill that function*. It is unclear if the court meant that the application of the prohibition could depend on the subjective intentions of the designer of the shape of the product. I believe, however, that if the intention of the designer was to be given a decisive importance in the assessment, the ECJ would reasonably have emphasized that in its judgment. In any way, it is unfortunate that the ECJ did not manage to express itself clearly enough, but left room for speculations.

Moreover, the terminology used is somewhat confusing due to its lack of uniformity. In some of the paragraphs the court refers to “essential characteristics” that “perform a technical function”²²⁶ and in other paragraphs of the judgment it refers to “essential *functional* characteristics/features” that are “attributable solely/only to the technical result”²²⁷. It might be motivated to ask why the ECJ started to include the word “functional” in the latter paragraphs, and why the court suddenly, in paragraph 84, started to use the term “features” instead of “characteristics”.

The reason why I have so many comments to this judgment is because I have read numerous judgments referring to this judgment, and the ECJ’s answers has been interpreted in different ways by different courts. It is important that the ECJ in its judgments give clear answers and leaves no room for any speculations of its intentions; a preliminary ruling by the ECJ is supposed to provide guidance, not to cause confusion.

The ECJ judgment was widely interpreted as a defeat for Philips, even if the ECJ had not given any judgment on the specific circumstances of the case and the final application of its findings was left for the UK court to decide. Philips, however, interpreted the preliminary ruling differently. In a journal article from April 2003 Philips’ Trademark, Design & Domain Name Manager Mr. Jef Vandekerckhove, said that Philips remained unmoved by the outcome of the ECJ judgment. Mr. Vandekerckhove held that “Remington has claimed that they’ve won the war but the only thing that the ECJ has said is that the criterion as we suggested, the multiplicity of shapes, is not a sufficient criterion to overcome the functionality exclusion.” He added: “We had an objective criterion - if you have multiple shapes then the shape should be registrable. But when you look at the decision now, you are confronted with a few difficulties. The criterion ‘attributable only to the technical result’ is very subjective. The ‘essential elements of the shape’ is also not clearly defined.” Mr. Vandekerckhove believed

²²⁴ The Advocate-General had, however, in paragraph 28 of his opinion explained the use of the phrase “essential features” to mean that “a shape containing an arbitrary element which, from a functional point of view, is minor, such as its color, does not escape the prohibition”.

²²⁵ In the third UK judgment, described in Chapter 3.24, the UK court held that the inclusion of the word ‘functional’ was a mistake by the ECJ and thus should be disregarded.

²²⁶ See paragraphs 79 and 80 of the ECJ judgment.

²²⁷ See paragraphs 83, 84 and 86.4 of the ECJ judgment.

that the decision of the ECJ was not clear at all and that important questions remained to be resolved. "We have all confidence that in the end our trade mark will become registered, even with the new criterion," he concluded.²²⁸

Mr. Vandekerckhove was indeed right in his criticism of the obscurities of the ECJ judgment, but whether his other predictions were right or wrong will be determined in the following judgments of the national European courts. It is however a fact that practically all of the courts in the EU member states came to interpret the ruling to imply that Philips' shaver head cannot enjoy protection on the grounds of technical function. This interpretation is also supported by the fact that the court did not even consider the three last questions regarding infringement, as it was deemed unnecessary because of the answers to the other questions.

3.18 FRANCE (1): Paris First Instance Court

Date of judgment²²⁹: June 13, 2003

3.18.1 Background and Claims

In the judgment there is no background to the dispute described. However, according to the German District Court judgment from November 5, 2002, Remington had been marketing its triple-headed shavers in France since September 2000. As subject for this judgment, Remington²³⁰ sought the annulment of seven Philips²³¹ trademark registrations regarding triple-headed shavers. As a response, Philips filed an infringement claim against Remington based on its rights relating to the French semi-figurative trademark described below. This judgment is particularly interesting, as France was the second country in the EC (after Germany) to decide upon the matter after the precedent preliminary ruling by the ECJ had been pronounced. As you will see, the court also adopted the guidance provided by the ECJ of the interpretation of the Directive. Though, the real interesting matter to determine is how the court interpreted the ECJ decision.

The seven Philips trademarks that Remington sought to annul are all illustrated in Appendix A. Six of them were international IR registrations (IR 430.836, IR 430.837, IR 430.839, IR 587.254, IR 638.663 and IR 439.559) and one was a French semi-figurative trademark registration (95/563.306) also including the denomination PHILISHAVE. The trademarks had been filed to designate in particular trimmers and shaving apparatus, electric shavers and components thereof, and hand tools and knives.

Remington sought annulment of the Philips trademarks under several different sources of law; Articles 6 *quinquies* B – 2) and 3) of the Paris Convention, Articles 1 and 3 of the Statute of

²²⁸ Managing Intellectual Property 04/2003: "Brand building the Dutch way" (cover story). Published in April 2003, available at http://www.multilaw.com/Template.cfm?Section=Legal_Specialties&template=/ContentManagement/ContentDisplay.cfm&ContentID=2070 (2005-06-14)

²²⁹ Case No. 01/13079.

²³⁰ Remington Consumer Products Limited.

²³¹ Koninklijke Philips Electronics N.V.

December 31, 1964²³², Articles 3 and 5 of the Directive, L.711-1, 711-2 and 711-3 b of the French Intellectual Property Code (IPC) and, finally, article 15-1 of the TRIPS Agreement of April 14, 1993.

3.18.2 The Court's Reasoning

3.18.2.1 The Legal Framework

The court established that Remington's main claim consisted of two arguments, one concerned the descriptive nature of the trademarks, and the other regarded their functional nature. The court declared that the first thing necessary to assess whether the configuration that Philips intended to protect by its trademark registrations was functional in nature or not.

The court found that the Paris Convention did not contain any specific provisions regarding the functional nature of a shape registered as a trademark. The court further concluded that there had been many case law decisions denying trademark protection for shapes that were either necessary for the technical purpose, determined only by technical considerations or necessary in terms of the expected necessary result. The case law had stated two principles; that the existence of multiple functional shapes with respect to the desired technical result did not make it possible to monopolize one of those shapes by obtaining trademark protection, and that a necessary shape could not become distinctive through use. The court further established that the Directive denied registration of signs which consisted exclusively of the shape of goods which was necessary to obtain a technical result, and also ruled out the possibility for such signs to become distinctive through use²³³. The parties agreed that the assessment of the functional nature of all the trademarks, even those that had been filed prior to the entry into force of new legal provisions on the matter, must be based on the principles set out in the Directive, the provisions of Article L.711-2 of the French Intellectual Property Code and on the criteria defined in the ECJ decision from June 18, 2002. It is worth mentioning again that France was the second European country (after Germany) to make a decision on the validity of Philips' trademarks after the ECJ preliminary ruling had been pronounced only a year earlier.

3.18.2.2 The Assessment Criteria Defined in the ECJ Decision

The court declared that the parties had already litigated in the UK regarding one of the seven trademarks in issue (IR 430.837), which resulted in the annulment of the Philips trademark on the ground that it was exclusively formed of a shape that was necessary to obtain a technical result. Moreover, the preliminary ruling of the ECJ was given a lot of importance in the French court's assessment.

Philips argued that the ECJ had adopted an approach that was in between the one that made it possible to cover purely functional shapes thanks to the criterion of multiple shapes, and the very restrictive approach that excluded all functional shapes. Thus, according to Philips, the ECJ therefore excluded only the essential characteristics of the shape that were attributed only to a technical result. Philips inferred from this that the ECJ acknowledged that a shape did not fall within the exclusion either when the essential characteristics of the shape were not

²³² Prior to the transposition of the EC Directive, the Statute of December 31, 1964, applied, which stated that trademarks formed exclusively of words indicating the essential quality of the goods or its composition were barred from registration.

²³³ Article 3(1)(e) and Article 3(3) of the Directive.

functional, or when they were functional but not solely attributable to the technical result. Remington inferred from the ECJ decision that a trademark was not valid when the characteristic shape elements forming the sign were functional, even when the trademark possessed other features that were not functional. Remington further submitted that the OHIM's²³⁴ case law as well as French case law established that the mere addition of arbitrary elements was not sufficient to make a sign distinctive, when the sign without those additions would appear as essentially functional.

The court held that in order to benefit from the exclusive protection granted by trademark law, a sign could not possess essential characteristics that were solely attributable to performing the technical result that was the main purpose of the product. The court also elucidated the definition made by the Advocate-General before the ECJ that the phrase “essential features” meant that a shape containing an arbitrary element which, from a functional point of view, was minor, did not escape the prohibition. Furthermore, the court held that, contrary to what Philips had claimed, it could not be inferred that a shape whose essential characteristics were functional, but not *only* attributable to the technical result would fall outside the exception.

The court concluded that a sign formed of shapes whose characteristics were functional and attributable to the technical result could only avoid the exclusion from registration if it was also formed of other shapes that were *non-functional*, independent from the technical result and sufficiently distinctive to enable the public to distinguish the product with the sign from competing products. By reference to case law, that presupposed that such non-functional shapes, which formed part of the sign were not secondary, as they must be capable, even when taken alone, of distinguishing the sign in the eyes of the public. Consequently, the court found it necessary to examine whether or not the shapes forming Philips' trademarks contained such non-functional elements that were capable of distinguishing them.

3.18.2.3 Non-Functional Features

Philips claimed three shape elements of its shaver to be non-functional: the arrangement in an equilateral triangle of the three grids (i.e. the round rotary cutting heads), the shape of the external outline (i.e. the cutting base) and the shape of the edge of the faceplate. Regarding the choice of the arrangement of the three heads in an equilateral triangle, Philips claimed that it was an attractive result of extended design work and not a result of a functional solution. Philips also held that there was no proof that the arrangement of the cutting heads in a circle or rectangle would not fulfill their function just as well. In addition, Philips argued that the choice of a visually balanced equilateral triangle with rounded angles was made to “soften” the shaver's appearance, thus was the result of marketing and industrial aesthetics concerns.

The court established that a single shaving head would be an insufficient solution, and held that efficiency of the shave was presupposed by use of several cutting heads arranged in a close formation. The arrangement in a triangle easily allowed the user to angle the shaver in different ways in order to use only one, only two, or all three of the heads dependant on the width of the part of the face to be shaved. The court further stated that the rounded nature of the angles was of functional matter, since angles on facial shaver preferably are rounded to prevent having sharp angles that might bother or even harm the user. Accordingly, the court concluded that even though aesthetic preoccupations might have led to emphasizing the rounded shape of the angles and the triangular shape, those considerations appeared only

²³⁴ Office for Harmonization in the Internal Market (Trademarks and Designs).

secondary with respect to the technical results to which the shapes at issue were mainly dedicated.

Concerning the shape of the linear external outline of the faceplate, which could be seen in three of the seven contested trademarks (IR 430.836, IR 430.837 and IR 439.559), Philips argued that its purpose was to hold the cutting heads in place and to avoid having open spaces between them that could allow direct access to the blades. The court found that the shape of the rim necessarily followed the configuration of the base of the heads, and established that Philips had not shown in what way that shape could have been motivated by any other considerations than technical ones.

The third supposedly non-functional feature Philips claimed was the shape of the rim surrounding the cutting heads on the faceplate, also called the ‘clover-leaf’ design (as seen on trademarks IR 587.254 and IR 638.663). Philips argued that the rim enhanced the visual impression of a cloverleaf on the head of the shaver. Moreover, Philips contended that the only technical requirement of the faceplate was to cover the area around and between the cutting heads, but the cloverleaf shaped outline on it was the result of a mere aesthetical choice, with the only purpose to “provide visual support to an appearance of comfort”. Remington, on the other hand, argued that the technical purpose of the cloverleaf shaped outline was to stretch the skin and straighten the hairs.

The court concluded that the possibly arbitrary element formed of the shape of the faceplate was relatively unimportant for the formation of the trademarks whose general lines were subject to the technical result the users expected. Hence, the court had not found any non-functional features of the Philips trademarks that were capable of distinguishing them.

3.18.3 The Judgment

Accordingly, the court decided that the French extensions of the six international Philips trademark registrations²³⁵ were to be cancelled. The annulment pertained to “electric shavers and spare parts or accessories thereof, including shaving units formed of a base equipped with a shaving head, shaving apparatus and trimmers”. Furthermore, the court sentenced Philips to pay Remington €20,000 and to bear all court fees.

Regarding the French semi-figurative trademark that also had the denomination PHILISHAVE displayed on it, the court dismissed the annulment claim. The reason was that the court found it to have distinctiveness because of the denomination in large type, and that a genuine use of the trademark to designate shavers had been shown.

3.18.3.1 The Infringement of the French Trademark

After Remington had filed its annulment claims, Philips had in response filed an infringement claim against Remington, arguing that Remington had infringed Philips’ rights relating to its French semi-figurative trademark, which comprised a picture of a shaver head with the denomination PHILISHAVE beneath it. The court concluded that since it had not been claimed that the Remington shavers reproduced or imitated the PHILISHAVE denomination, the infringement claim could only be dismissed.

²³⁵ International trademarks IR 430.836, IR 430.837, IR 430.839, IR 587.254, IR 638.663 and IR 439.559.

The decision was appealed by Philips and brought up to justice before Paris Court of Appeals, which announced its judgment on February 16, 2005. The appeal judgment is described in the following chapter.

3.19 FRANCE (2): Paris Court of Appeals

Date of judgment²³⁶: February 16, 2005

3.19.1 Background and Claims

Since the first instance decision in June 2003, Remington Consumer Products Ltd. had been bought by a British company called Rayovac Europe Ltd., which thus is the successor-in-interest to Remington, who had been the plaintiff in the first instance proceedings. Please observe that I here temporarily abandon the chronological order so that the appeal judgment can be placed in connection to the first instance decision. As a matter of fact, this is the very last judgment between the parties that has been pronounced before the completion of this thesis. Thus, the claims and submissions in relation to this court proceeding are the “last calls” from the parties, which is interesting as it shows the parties’ current, or very recent, opinions on the matter. That is also the reason why I describe the parties’ claims in such detail.

Philips sought the annulment of the first instance judgment and also requested the Court of Appeals to find that Philips had abandoned the French trademark (95/563 306, see Appendix A), which had been declared still valid by the first instance court, and that the decision rendered concerning that trademark was groundless because of the abandonment. Philips further requested the court to state that the six international trademarks²³⁷ (see Appendix A) invalidated in the first instance decision were indeed valid and therefore infringed by Rayovac. Furthermore, Philips requested the court to sentence Rayovac to discontinue any and all reproduction, imitation, use or other affixing of the six trademarks, particularly the three trademarks comprising the ‘cloverleaf’ design (IR 430.837, IR 587.254 and IR 638.663), on any media whatsoever. In addition, Philips wanted the court to restrain Rayovac from offering for sale shavers that reproduce or imitate Philips trademarks, particularly the two “main” registrations IR 430.837 and IR 638.663, subject to a fine of €500 per shaver found in any sales outlet in France. Yet another request was that the court should order the destruction, at Philips’ initiative and at Rayovac’s expense, of all products, packaging, leaflets and promotional literature bearing the infringed trademarks. Furthermore, Philips wanted the court to sentence Rayovac to pay Philips a provisionally evaluated amount of €50,000 as compensation for the loss sustained due to the infringement of the trademarks. Additionally, Philips requested the court to state and rule that the decision to be rendered should be published in 10 newspapers or periodicals chosen by Philips within an overall publication budget of €70,000 expensed by Rayovac. Philips’ final request was that the court sentenced Rayovac to pay Philips €206,994.78 as per article 700 of the French New Civil Procedure Code and to pay the court fees.²³⁸

²³⁶ Case No. 03/14961.

²³⁷ International trademarks IR 430.836, IR 430.837, IR 430.839, IR 587.254, IR 638.663 and IR 439.559.

²³⁸ The reason why I chose to describe all of Philips’ claims in detail is that I find it interesting that Philips after defeats in numerous other European Union countries (except only partially in Germany) still submits such “aggressive” claims. Keeping the numerous defeats from all over the world in mind and the first instance court’s firm decision to invalidate the trademarks, the likelihood of winning this appeal case must have been deemed to be quite small.

Rayovac requested the Court of Appeals to confirm the decision rendered by the first instance court and to add thereto some further claims. Rayovac requested the court to state and rule that pursuant to Articles 6 *quinquies* B 2 and 3 of the Paris Convention, Articles 1 and 3 of the Statute of December 31, 1964, Articles 3 and 5 of the EC Trademark Directive, Articles L.711-1, 711-2 and 711-3 b) of the French Intellectual Property Code and Article 15.1 of the TRIPS Agreement, the seven trademark registrations held by Philips have been null and void from the outset and with respect to all third parties (*erga omnes*²³⁹). Rayovac further requested the court to state and rule that the decision to be rendered should be entered in the National Trademark Registry and in the International Trademark Registry, and that unless that was done within one month following the pronouncement of the decision, Remington should be entitled to have it done itself upon simple production of a copy of such decision, at Philips' expense. Alternatively, Rayovac wanted the court to declare that Philips' rights in said trademark registrations have lapsed as per Article L.714-5 of the French Intellectual Property Code and state and rule that such lapse of rights should be effective *erga omnes* as of the 5th anniversary of those trademarks' non-use. Furthermore, Rayovac requested the court to declare that Remington had not committed any acts of infringement of Philips' trademarks, and to admit Remington's counterclaims requesting the court to sentence Philips to pay Remington an indemnity of €2,000,000 in damages for abusive, thoughtless and vexatious actions and €200,000 in legal fees, as per Article 700 of the French New Code of Civil Procedure, as well as ordering the decision to be published in ten newspapers on Philips' expense, within a budget of €100,000.

3.19.2 The Parties' Submissions

The court clarified that Rayovac sought the cancellation of seven Philips trademarks, six international registrations and one French, while Philips considered the six international trademarks to be valid, and accordingly accused Rayovac of infringing them. The court declared that the French trademark (95/563 306) had been cancelled at Philips' request in January 1997, thus more than five years before the first instance had found it still valid (!).²⁴⁰ Because of the non-existence of the trademark registration, there was (obviously) no reason for Rayovac to seek the cancellation of the mark, and Philips waived its rights to use the mark as support of its infringement claims.

In support of its plea that the six international trademarks were null and void, Rayovac argued that each of the elements forming Philips' trademarks was functional in nature. On the basis of the assessment criteria defined in the decision rendered by the ECJ on June 18, 2002, Rayovac asserted that trademarks consisting exclusively of a shape whose essential characteristics achieve a technical result are invalid. Rayovac inferred from this that even though, in addition to the technical function and result, the shape also provided other aesthetic or appealing advantages to attract customers, such a role was not separable from the technical function. In addition, Rayovac argued that the assembly or the combination of several functional elements, even though it may be arbitrary, could not allow a single company to appropriate each of those functional elements to the detriment of its competitors.

²³⁹ *Erga omnes* (in this context) means a declaration of cancellation with universal effect.

²⁴⁰ I find it highly remarkable that a trademark which was cancelled in 1997 five years later could be the subject of court proceedings before Paris First Instance Court without anyone, neither Philips nor the court, discovering that the trademark registration did not even exist anymore. Hence, it was not until the appeal proceedings took place that Philips had realized it.

Philips replied that the exception defined by the Directive was to be construed narrowly and that a complex shape may be considered as non-necessary to the technical result, even though its features, when considered separately, have a functional role and even though its non-functional elements do not in themselves constitute its essential characteristics. Philips added that the chosen shapes of its trademarks, such as the upside-down equilateral triangle shape, were the result of a combination of functional and non-functional features that were not exclusively related to the technical result. Philips further held that consumer surveys demonstrated that the trademarks performed their essential function, which was to allow the identification of the origin of the products they designated.

The parties agreed that the functionality of the trademarks must be assessed in the light of the principles set forth in the Directive, the provisions of Article L.711-2²⁴¹ of the French Intellectual Property Code and of the criteria set out in the ECJ judgment.

3.19.3 The Court's Findings

3.19.3.1 *The ECJ Preliminary Ruling*

The court cited large parts of the ECJ preliminary ruling, for instance parts of the answer to question two, where the ECJ rejected the proposed requirement of a capricious addition for the sign to be registered, and held that the shape must simply be capable of distinguishing the product of the trademark proprietor from those of others, and thus fulfill its essential purpose of indicating origin. The court also elucidated the ECJ's holding in its answer to the fourth question that:

As regards, in particular, signs consisting exclusively of the shape of the product necessary to obtain a technical result, listed in Article 3(1)(e), second indent, of the Directive, that provision is intended to preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product.²⁴²

The court further emphasized that the ECJ had established that the aim of the Article was in the public interest, namely that shapes whose essential characteristics performed a technical function should be freely used by all and not reserved to one undertaking alone that had registered the shape as a trademark. The court established the ECJ's view that where the essential functional characteristics of the shape of a product were attributable solely to the technical result, Article 3(1)(e), second indent, precluded registration of a sign consisting of that shape, even if that technical result could be achieved by other shapes.

Hence, the court inferred from the ECJ teachings that a trademark registration consisting exclusively of the functional shape of a product must not prevent competitors from offering products that include said function. The court further deduced that a sign which exclusively consists of a shape whose essential characteristics fulfill a technical function is therefore not liable to constitute a trademark. Moreover, it was inferred from the ECJ ruling that a complex trademark consisting of a shape imposed by the function of the product as well as by arbitrary

²⁴¹ The French provision corresponding to Article 3(1)(e) is Article L.711-2 c) of the French Intellectual Property Code, which states: *The following are devoid of distinctiveness [...] signs consisting exclusively of the shape imposed by the nature or the purpose of the good, or whose shape gives the goods its substantial value.*

²⁴² Paragraph 79 of the ECJ preliminary ruling (C-299/99).

elements could not avoid the exclusion provided in the Directive, unless those arbitrary elements were so distinctive that they allowed the identification of the product origin. The court found that it could not be sufficient, as claimed by Philips, that if the functional elements were aesthetic as well, that would give the sign the distinctiveness that it lacked in cases where the sign consisted exclusively of a shape necessary for the technical result. Hence, protection of such trademarks would result in depriving competitors of the possibility of using the shape freely. Just like the first instance court, the appeal court thus found it necessary to determine whether the shapes forming the trademarks at issue included non-functional elements that were capable of distinguishing them.

Philips admitted that the trademarks did include functional elements, such as a set of rotating blades, a mechanical connection between the sets of blades and an electric motor causing all the blades to rotate together and a grid with the purpose of separating the skin from the cutting edges of the moving blades, catching the whiskers through the openings in the grid, and working with the blades to cut such whiskers. However, Philips considered the following features to be non-functional: the equilateral triangle with “very” rounded angles and three shaving heads, the shape of the equilateral triangle arranged upside down, the shape of the outer rim or holder for the cutting blades and the shape of the front plate edge (or raised line). The court found reason to assess one by one the functionality of all the different shape features of the trademarks.

3.19.3.2 Assessment of the Shape Elements

In regards to the arrangement of an equilateral triangle with “very” rounded angles and three shaving heads, Philips claimed that combination of shapes to be a successful result of a compromise between functional and non-functional elements and was not dictated by any technical requirement. To the contrary, the court found that the choice of three circular heads produced a technical result. This was established by evidence of Philips’ promotional leaflets in which the triple-headed shaver was presented as the “most obvious innovation” and that it provided a closer shave approximately 30% faster than a double-headed shaver. The leaflets also mentioned trials carried out with four, six or eight shaving heads with results that was not better than with the triple-headed shaver. The triangular configuration with rounded angles was also found to be the result of a search for the optimum technical result, namely to ensure a compact shaver. This had been noted and established by several persons skilled in the art, which had been heard before courts in earlier proceedings between the parties.²⁴³ Hence, the number of three cutting heads provides a maximum shaving effect per surface unit, and only the symmetry of an equilateral triangle made it possible to “drive the three cutting heads in the same direction and at the same speed by means of a single gear centered on the axle of the shaver motor”. Thus, the shape served the result that was sought in terms of ease of use, efficiency and cutting accuracy of the shaver. The court further noted that Philips had claimed the equilateral triangle arrangement in both a British patent²⁴⁴ and in an American patent²⁴⁵. The rounded shape of the angles, in addition to the fact that it was claimed in the two patents, was found to be dictated by the concern to avoid sharp edges that could injure the user or make the shave uncomfortable. The court held that it was indifferent that the rounded shape gave the shaver a more aesthetic aspect since it contributed to the intended technical result.

²⁴³ Mr. Wallace D. Herrick, heard as witness by the Australian Federal Court, Mr. Peter John Turner heard before the British court, Philips own expert in the Australian court and Marc Santarelli, a Patent Attorney appointed by Remington.

²⁴⁴ British patent No. 1 348 023.

²⁴⁵ American patent No. 4 310 968.

Concerning the shape of the outer rim of the faceplate on which the cutters were mounted, the court found that it was contingent upon and followed the triangular shape and was not the result of any decorative choice. Philips had claimed that the raised outer rim appearing on two of the trademarks (IR 430.837 and IR 430.836) was only decorative. In Philips' English patent, the raised rim was described as "serving to stretch the skin" and was mentioned as "a dry shaver comprising a shaving head or heads surrounded by a non-rotary *skin-tightening rim* formed on an annular [...]". The court concluded that the rim, which followed the shape of the base by overhanging it so that it stretched the skin in order to lift up the hairs, was imposed by the function it performed and was therefore devoid of any arbitrary and decorative character.

Regarding the cloverleaf shaped rim on the two identical trademarks (IR 638.663 and IR 587.254), the court observed that it was visible on one of the figures of the British patent but was not subject of any patent claim. However, the descriptive part of the patent provided that the raised part located between the two cutting units served to stretch or flatten the skin between the cutting units. Since the shape of the rim was thus precisely claimed, the court concluded that Philips had wrongly claimed that the shape of the rim was not dictated by any technical requirement. The functional nature of the rim was also supported by the fact that it was described in a European patent²⁴⁶ as skin-stretching and making sure that the pressure exerted on the shaving part was not too high, thus avoiding the skin getting cut. Accordingly, the court found the functional nature of the rim to be confirmed by the patent evidence, as the shape was exclusively determined by the intended technical result, being to stretch the skin and prevent skin cuts.

In addition, the court clarified that there was no reason to determine whether the marks had acquired distinctiveness by use²⁴⁷, for instance by means of opinion surveys proving that consumers identified the corporate origin, as no distinctiveness could alter the exclusion of technically necessary shapes from protection.

3.19.4 The Court's Conclusion

Paris Court of Appeals thus concluded that all of the six contested trademarks consisted exclusively of shape characteristics imposed by the function of the products. Accordingly, the first instance judgment that had cancelled the French extensions of the six international trademarks IR 430.836, IR 430.837, IR 430.839, IR 439.559, IR 587.254 and IR 638.663 was confirmed. Furthermore, the court dismissed the cancellation request with respect to the French semi-figurative trademark (95/563 306), which had already been withdrawn. Consequently, Philips' action for trademark infringement was dismissed.

Rayovac had as grounds for its claim for damages maintained that Philips by initiating the proceedings prevented Rayovac from having normal access to the European rotary shaver market and caused it to lose considerable profits on sales of triple-header shavers, a market on which Philips occupied a dominant position. The court found that Philips' actions could not constitute an abuse of process since it was initiated in response to a cancellation action filed by Remington. Moreover, Rayovac had not evidenced that the proceedings were the cause of its stagnating sales of triple-headed shavers, as Philips had been selling the product – that was

²⁴⁶ European patent No. 0 719 203.

²⁴⁷ Pursuant to Article L.711-2, § 3 of the French Intellectual Property Code and Article 3(3) of the Directive.

the subject of many patents – since 1967. Rayovac’s claim for damages was therefore dismissed.

The court declared that the publication measure requested by Rayovac appeared justified and thus authorized Rayovac to publish the appeal court decision, whether in whole or in part, in five newspapers or periodicals of its own choice, at Philips’ expense and within a total budget of €60,000 (VAT excluded). Furthermore, the court sentenced Philips to pay Rayovac €200,000 under Article 700 of the French New Civil Procedure Code. In addition, the court sentenced Philips to pay the court fees and dismissed the additional claims.

The judgment was appealed by Philips, and at the time of writing this it was still not decided whether the French Supreme Court would consider the case or not.

3.20 SPAIN (1): Barcelona First Instance Court No. 48

Date of resolution²⁴⁸: July 31, 2003

3.20.1 Dispute Background

In this interim resolution²⁴⁹ there is no information of how long River International had been selling the triple-headed shavers in Spain, but according to the German decision on November 5, 2002 by Cologne District Court, the shavers had been marketed in Spain since June 2001. Before that, Philips had been the only company in Spain selling triple-headed rotary shavers. Philips²⁵⁰ raised a pretension for interim protection to the Barcelona First Instance Court, which decided a resolution on the matter on January 27, 2003. The resolution consisted of several interim measures in relation to River International, S.A., the company marketing and selling the triple-headed shavers²⁵¹ in Spain. The court decided to decree River International to a provisional cessation of the import, distribution and marketing in Spain of triple-headed electric shavers, and to deposit the shavers that had been imported and were awaiting distribution. Hence, the court protected the rights of Philips as the owner of the international trademark IR 587.254 (illustrated in Appendix A) and as a competitor damaged by the presumed unfair conduct of River International. The unfair conduct consisted in the launching on the Spanish market of electric shavers with a shaving surface that reproduced Philips’ distinctive three-dimensional registered device.

River International appealed the resolution, and the interim decision by Barcelona First Instance Court No. 48 described in this chapter is the result of that appeal. Since it is just an interim decision, the case would normally be pending until the appeal had been properly decided in a definite judgment. However, no such judgment would be needed in this case due to the result of a complaint by Remington for the cancellation of six Philips trademarks, which is described in the following chapter. Nonetheless, the court clarified that the interim decision could not in any way pre-judge the merits of the case, i.e. predetermine the sense of

²⁴⁸ Roll No. 239/2003-1, Interim proceedings no. 892/2002.

²⁴⁹ The term “resolution” is used, as it is not a judgment but a preliminary decision.

²⁵⁰ Koninklijke Philips Electronics N.V. and Philips Ibérica, S.A.

²⁵¹ The shavers were marketed under the REMINGTON brand, which was also clearly displayed on the shaver and the packaging.

the principal and future decision. Thus, the purpose of the interim decision was to decide upon the credibility of success of the principal action exercised by Philips.

3.20.2 Trademark Infringement

Philips was the owner of the international three-dimensional trademark IR 587.254 (illustrated in Appendix A) representing the triangular top part of a triple-headed shaver. The court concluded that the trademark rights provisionally protected in the first instance had been queried and denied at and by many jurisdictions of European Union member states. The reason for invalidation had thus been Philips' trademark registrations' presumed infringement of the prohibition applied to shapes for technical reasons, as set out in Article 3(1)(e) of the Directive. The court declared that the harmonized national legislation on the matter should be interpreted in the light of the Directive and in accordance with the ECJ judgment from June 18, 2002.

After taken the above-stated legal provisions into account, the court concluded that Philips' ownership of the trademark registration was tainted by infringement of the absolute prohibition on registration of signs consisting exclusively of the shape necessary to obtain the technical result. The court elucidated that the provision was intended to avoid protection of a trademark right that grants its owner a monopoly over technical solutions. The court further clarified that the obstacle to registration or reason for cancellation could not be overcome by an acquired distinctiveness, as set out in Article 3(3) of the Directive.

3.20.3 Competition Law Infringement

Philips had also claimed that River International's unfair conduct consisted in the launching of shavers incorporating an imitation of the shaving surface of the Philips shaver. The court rejected this claim and held that the shape of the shaving surface could not be considered as a sign, but must be considered as a part of the product. Philips had claimed that the alleged imitation created a likelihood of confusion among consumers regarding the corporate origin of the products, by which River International took advantage of Philips' repute. The court established that the likelihood of confusion should be considered by taking into account all factors of the specific case that may be pertinent, in relation to the prototype of a consumer which the ECJ had drawn up in its decision²⁵² on June 22, 1999, applying to all relations in the market: average consumers of the category goods or services in question, who are presumed to be normally informed and reasonable, alert and perspicacious.

The court established that River International's shavers indeed contained the three rotary heads registered as a three-dimensional mark by Philips, but that the shavers also visibly incorporated the distinctive denominative sign of the product, "REMINGTON", which was clearly intended to identify the corporate origin. The court concluded that, considering the differentiating function of the Remington sign displayed on the body of the shaver, the principal actions exercised by Philips would probably not succeed, unless objective data was provided in the proceedings that would evidence the likelihood of confusion of the corporate origin of the products and thus the advantage taken of Philips' repute.

²⁵² Lloyd Schuhfabrik Meyer & Co. GmbH vs Klijsen Handel BV (C-342/97).

3.20.4 Final Decision

Thus, the court accepted River International's appeal and accordingly annulled the resolution made by Barcelona First Instance Court on January 27, 2003. The restrictions imposed upon River International was taken away, and the company was once again allowed to import, distribute and market Remington's triple-headed shavers in Spain. As you will see in the coming chapter, the dispute in Spain was not over yet, since Remington had already before the annulment of the resolution complained for the cancellation in Spain of six Philips trademarks.

3.21 SPAIN (2): Barcelona First Instance Court No. 13

Date of judgment²⁵³: May 6, 2004

3.21.1 Dispute Background

The dispute background is also partially described in the previous chapter. After a pretension raised by Philips, River International had on January 27, 2003 been restrained by a court resolution from importing and selling triple-headed shavers in Spain. After the appeal by River International, the resolution imposing the restricting interim measures was on July 31, 2003 annulled by Barcelona First Instance Court No. 48, and River International was once again allowed to sell the imported Remington triple-headed shavers. However, before the decision to annul the resolution but after the preliminary hearing in the appeal case had been held, Remington filed a complaint to Barcelona First Instance Court No. 13 requesting the cancellation in Spain of Philips' six international IR trademark registrations²⁵⁴ (see Appendix A for illustrations). Since two different courts in the same Spanish city dealt with practically the same legal matter at the same time, a joining of cases was requested. The request was, however, rejected by Barcelona First Instance Court No. 48, which was dealing with the first proceedings, due to technicalities in the law.

Hence, in this very extensive judgment, Remington was the plaintiff and Philips the defendant.²⁵⁵ Remington's referred grounds for cancellation were that the registrations were a violation of public order and the Spanish system of industrial property and free competition, and were bound by the causes of absolute nullity provided in both the new and the old Spanish Trademarks Act.

3.21.2 Remington's Submissions

Remington asserted that there was a conflict at world level between the parties, which were both major multinationals in the shaving sector. Remington submitted that Philips' triple-headed shaver had never been granted patent protection in Spain due to lacking the requisite of absolute novelty owing to Philips' introduction in Australia in 1956 of the same shaver. Essentially, it was that same shaver head that was reproduced in the international trademark registrations whose nullity was sought by Remington. Remington argued that by granting the

²⁵³ Case No: Ordinary Proceeding 241/2003 Section 4, Judgment No. 89.

²⁵⁴ The three-dimensional international trademark IR 587.254 and the graphic international trademarks IR 638.663, IR 439.559, IR 430.837, IR 430.836 and IR 430.839.

²⁵⁵ In the resolution described in the previous chapter, the parties were River International (i.e. Remington's exclusive distributor in Spain) and Philips.

trademarks or by attempting to use them in order to monopolize a certain technical or functional configuration, the principle of priority of the right of patents over any other type of intellectual property would be violated²⁵⁶. It would also cause the “mixed interests” of trademark rights to prevail compared to the public interest of patent rights, which according to Remington

[f]ormed the basis of the free market and of efficient and equal competition upheld by the Constitution and European Community Law, the few exceptions to which are to be found in the system of patents due to the necessary availability of the functional or technical shapes, which are subjected to a limited monopoly to the benefit of the technological development of the State and of the citizens, which is ultimately for the benefit of the former.^{257 258}

Remington further contested that the attempt to obtain undue protection for its shaver head by virtue of registering it as a trademark or by virtue of competition rules had been systematically used by Philips worldwide since 1978. Many courts or registrars had though rejected the applications or cancelled the existing registrations, but Philips had kept on filing complaints against Remington denouncing trademark infringement or violation of competition law. After Remington’s success in the ECJ and UK decisions, the company decided to start selling the triple-headed shavers in Spain as well, via its exclusive distributor River International S.A., believing in the non-existence of any legal obstacles. Nevertheless, Philips sued River International for trademark infringement on November 29, 2002, which gave raise to the interim proceedings before Barcelona First Instance Court No. 48²⁵⁹.

Hence, Remington now sought the cancellation of six Philips trademark registrations on the grounds that they were all bound by various reasons of absolute nullity pursuant to the Spanish Trademarks Act²⁶⁰ and Article 3 of the Directive. Remington argued that the trademarks were never lawfully born as they were violating the Spanish system of intellectual property and defense of competition. Furthermore, Remington elucidated that in France all of Philips’ international registrations, identical to the Spanish ones, had been invalidated. In addition, Remington argued that Philips had never used the *trademarks* in order to advertise or differentiate its products on the Spanish market, but instead the *product* had been used in the advertising, in connection with denominative trademarks such as PHILISHAVE or PHILIPS. Remington finally contended that the Philips trademarks lacked distinctiveness and that there were evident external differences between Philips’ shavers and Remington’s.

3.21.3 Philips’ Submissions

Philips, on the other hand, argued that the underlying purpose of Remington’s complaint was to get around the risk of an adverse procedural result in the proceedings, which at that time was in progress before Barcelona First Instance Court No. 48.²⁶¹ In that parallel proceeding,

²⁵⁶ I had never before heard about this principle of patent priority over other IPRs. I assume it might be a national Spanish principle of law.

²⁵⁷ Page 3 of the judgment.

²⁵⁸ The Spanish judgment contains extremely long sentences of up to 170 words possessing up to 15 lines. Even though impressive in their length, the intended significations of the sentences is often difficult to determine.

²⁵⁹ See the previous chapter.

²⁶⁰ Article 5 Sections b), c), d), e) and f) of the Spanish Trademarks Act 17/2001, considered in the earlier Spanish Trademarks Act 32/1988 in its Article 11.

²⁶¹ As described above, Remington filed the complaint for cancellation of the six trademarks *before* any decision had been taken whether to annul or uphold the resolution imposing restrictions upon River International, Remington’s exclusive distributor in Spain.

Philips had upheld the complaint from the preliminary proceedings for declaration of trademark infringement and unfair competition. Before those parallel proceedings, River International had, according to Philips “under the evident guidance of Remington” filed a writ of reply requesting the cancellation of three Philips trademarks²⁶². Philips pointed out that the arguments and documents, which served as the basis of that reply were identical to those established by Remington in the current proceeding.²⁶³

Philips claimed that Remington had not submitted any evidence establishing the technical features of the trademarks. What had to be determined, according to Philips, was whether each and every of the shape elements of the trademarks *exclusively* performed functions necessary for obtaining a technical result, or gave substantial value to the product. Furthermore, Philips argued that Remington’s referral to previous patents was irrelevant, as the protection of those patents were not extended to the triangular external appearance of the shaving surface but only to “specific elements of the shaving function”.

Philips also established that various market surveys had shown that the Spanish consumers associate triple-headed shavers with Philips, and an expert opinion issued by the firm GESCOM had shown that the Philips trademarks lacked any functionality and was solely aesthetically determined. In addition, Remington’s shavers were confusingly similar to Philips’ shavers, and Philips’ defense of its trademarks were therefore not to be seen as any monopolistic urge but a necessary precaution to protect its consumers from the risk of confusion and association. By reason of Remington’s allegation of non-use, Philips held that the marketing of Philips’ shavers automatically implied the use of the actual marks.

3.21.4 The Court’s Findings

The court established that the two main questions disputed in the trial was, firstly, whether or not Philips’ registered trademarks were bound by cause of absolute nullity by performing technical functions and, secondly, the assessment of the alleged lack of use²⁶⁴ of two of the trademarks. The court began its statement of the findings by rendering its conclusion:

As a result of the evidence submitted, it has been accredited that [all six of Philips’ contested International Trademarks] whose registration in Spain is sought by the plaintiff to be bound by cause of nullity all consists of a graphic representation of a series of shapes which reproduce the shaving surface of a defined class of razor, that of three heads, consisting of an inverted equilateral triangle in which three equal rotary heads are inserted, constituting a graphic shape or a three-dimensional shape which has to be regarded as necessary for obtaining a technical result in each and every one of the components of the representation, though it is not certain that said shapes registered as trademarks are the only ones possible for obtaining that technical result.²⁶⁵

The court’s conclusion had been reached by means of an overall assessment of the evidence submitted, with special relevance to the expert evidence. The court then brought up to discussion practically the same things as other European courts had expressed in their findings: the relevant provisions of the Directive, the national legislation corresponding to it

²⁶² The three-dimensional international trademark IR 587.254 due to its technical functions, and international graphic trademarks IR 638.663 and IR 430.837 by virtue of lack of use.

²⁶³ Philips did not further explain in what way the similarities of arguments and documents was important for the court’s assessment of the legal matters in the case at hand; it was no secret that River International was Remington’s exclusive distributor in Spain and thus cooperated closely with Remington.

²⁶⁴ However, the lack of use was never again mentioned in the judgment.

²⁶⁵ Page 14 of the judgment.

and the ECJ preliminary ruling referred in detail. I will bring up the parts of the judgment that I find interesting or which differ from the view of other courts.

Regarding the purpose of the second indent of Article 3(1)(e) of the Directive, the court established that the aim of the provision was to separate the shape protected by the trademark system from the shapes protected by the patents system. That demarcation was according to the court very important, as the aims and purposes of the two systems were radically different; the aim of the trademark system was to grant unlimited protection to trademarks with distinctive capacity for reasons of indicating origin, while the aim of the patent system was to promote the materialization and dissemination of the results of technological research by giving the inventor a time-limited exclusive right if the invention was new, implied an inventive activity and was liable to industrial application. Thus, it was deemed important to prevent the granting of eternal trademark protection for technologically necessary shapes, since the consequences would be harmful for the competitors who would be deprived of the use of a product shape indispensable for efficiently competing on the market.

The court further held that when determining whether a shape trademark consists of technically necessary shape elements, the first circumstance to be taken into account is whether the shape of the product has been the object of the filing or granting of a patent or utility model. If it has, the conclusion to be drawn is that the corresponding shape of the trademark is technically necessary and thus unregistrable as a trademark.²⁶⁶ Another important circumstance accrediting the functionality of a shape was whether the trademark owner (or applicant) had highlighted the shape of the product in the advertising as an element that provided advantages such as greater efficacy.

The court established that a fundamental investigation needed to be done of the existence of alternative shapes providing a product with the same advantages that, in terms of manufacture and use, were awarded to it by the trademark shape. The reason for this was that the non-existence of alternative shapes would evidently be a revealing indication of the functionality of the trademark shape.²⁶⁷

Regarding shapes which give substantial value to the goods²⁶⁸, the exclusion from trademark protection of such shapes was due to the shape's effect on the intrinsic value of the product. The aim of the provision was, according to the court, to establish a border between the trademarks system and the system of designs or industrial models, as the systems had different purposes; the trademark system granted protection for reasons of indicating business origin, while the design system aimed at promoting efforts directed at obtaining new products and decorative shapes. Thus, the exclusion from trademark protection of shapes giving substantial value to the product had a particular effect on products of which the aesthetic appearance had a direct impact on the consumers' positive valuation of the product. If it happened that the shape made the product more attractive and therefore more saleable, the shape probably affected the intrinsic value of the product and thus could not be registered as a trademark. This was, according to the court, because the function of the shape did not contribute to identifying the product's business origin but instead the shape was a factor functioning to satisfy the consumers' aesthetic demands. The shape was then aesthetically

²⁶⁶ The importance given to the shape's former patentability is interesting, and was also brought up in judgments from Italy, France and Portugal. The matter is further discussed in Chapter 4.4.3.3 below.

²⁶⁷ Also this opinion of the court is interesting, and I will comment upon it in the end of the chapter.

²⁶⁸ See Article 3(1)(e), third indent of the Directive and the corresponding final paragraph of 5.1 e) of the Spanish Trademarks Act 2001.

functional and would represent one of the factors, which would contribute to the commercial success of the product. The court concluded that the more attractive a three-dimensional shape was, the less likely it would be that the shape would be granted trademark protection, but the court also noted that an aesthetic design could instead enjoy design or industrial model protection.²⁶⁹

3.21.5 The Final Verdict

The court declared that as a consequence of all that had been stated, the Spanish extensions of the contested six international trademarks were bound by cause of nullity due to contravening the prohibitions established in Article 5.1 e) of the Spanish Trademarks Act, corresponding to Article 3(1)(e) of the Directive. Thus, upholding the complaint filed by Remington against Philips, the court declared the cancellation of Spanish extension of the six contested trademarks. Philips was condemned to pay the procedural costs.

The judgment was appealed by Philips, but no date for a hearing in the appeal case had yet been set at the time of writing this.

3.21.6 Comments

The Spanish court clarified that the exclusion of technically necessary shapes aims at separating the shape protected by the trademarks system from the shape protected by the patents system. The court also elucidated that the aim of the exclusion of shapes giving substantial value to the goods was to establish a border between shapes protected by the trademarks system and shapes protected by the designs system; the “substantial value” was interpreted to refer to the value of an attractive aesthetic appearance. Unfortunately, the court did not apply this view on the contested trademarks nor establish whether also this exclusion from protection applied to the trademarks. On several occasions in the judgment the court makes statements of the legal situation and the purpose of the legislation, but fails to apply those facts on the situation at hand.

A noticeable opinion of the court is the importance given to whether the shape had been the object of the filing or granting of a patent. If it has, the court regards it as obvious that the shape is technically necessary and unregistrable as a trademark. In only a few of the other judgments has this matter been mentioned, but I have to agree with the Spanish court that a shape that have been the subject of a patent most likely must be technically determined. However, the court did not express any findings of the “patent history” of the shape of the contested trademarks.

Even though the court must have been aware of the ECJ’s opinion that the existence of alternative shapes made no difference for the exclusion of technically necessary shapes, the court held that a fundamental investigation of the alternative shapes had to be made. The court meant that if there were no alternative shapes that could obtain the same technical result, that would be a strong indication that the shape of the trademark was functional. Even if the court

²⁶⁹ The Spanish court’s discussion and interpretation of the meaning of the ‘substantial value’ of a shape is welcomed and interesting, as the purpose and scope of that prohibition of the Directive has been considered as a bit unclear. Unlike most other courts before, the Spanish court discusses the purpose and application of the prohibition. Unfortunately, the court does not apply the findings on the case at hand, or at least does not express what influence the provision had on its final decision.

stressed that this was an important investigation to make, it never mentioned the existence of alternative shapes again nor made any such investigation.

3.22 NEW ZEALAND: Intellectual Property Office of New Zealand

Date of judgment²⁷⁰: August 4, 2003

3.22.1 Background

As early as on June 26, 1995, Philips Electronics N.V. filed an application to the Intellectual Property Office of New Zealand (“IPONZ”) to register as a trademark the three-dimensional²⁷¹ shape of the three cutting heads of the top part of an electric shaver (see Appendix A for illustration of identical IR 587.254)²⁷². Philips filed on the basis that the mark was used, and relied on evidence of use dating from 1977 in support of its application. The IPONZ refused to register the mark on a number of grounds; that the mark was a representation of the goods themselves and therefore could not be said to describe the goods and that there were no additional, capricious or fanciful features that would distinguish the shaver from others’ and the shape therefore resulted from the shape of goods themselves. Other grounds were that the shape of the goods was entirely functional and that the mark was not distinctive since other traders were likely to wish to use the same or similar three-dimensional shape on their shavers, a shape which they should be free to use. Furthermore, the mark was unlikely to indicate to consumers an exclusive source of goods since all it showed was simply a three-headed shaver, and the use of the shape had not displaced the shape’s common meaning such that it had come to denote the goods of the Philips alone. Also the use of the shape in conjunction with other marks that would obviously be taken as trademarks (namely “PHILIPS” and “PHILISHAVE”) made it difficult to attribute the sales and advertising figures to the mark applied for alone. Philips disputed all the grounds of objection and requested a hearing, from which the following decision derives.

3.22.2 Trademark Registration of a Shape

An initial issue the court had to clarify was whether a shape of goods or part of goods could be registered as a trademark under the New Zealand Trade Marks Act 1953. New Zealand had new trademark legislation in the form of the Trade Marks Act 2002, but that legislation was irrelevant since the case concerned matters that had been decided under the 1953 Act. The first part of Section 2 of the 1953 Act, as amended in 1994, provided that “sign” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, color or any combination thereof. The 1994 amendments to the definition of sign were prompted by New Zealand’s membership of the World Trade Organization (“WTO”) and the requirement to comply with the WTO Trade Related Intellectual Property Rights Agreement (“TRIPS”). The amendment to the 1953 Act to use the wider concept of “sign” instead of “mark” was a direct result of the TRIPS, in particular Article 15(1). The court established that the change from

²⁷⁰ Case No. T29/2003.

²⁷¹ Philips had earlier registered a two-dimensional representation of the shaver head, but that registration was not disputed.

²⁷² The three-dimensional sign that the application concerned corresponds to the international three-dimensional registration IR 587.254 (and the identical picture trademark registration IR 638.663) illustrated in Appendix A.

“mark” to “sign” was meaningful, and that a sign that is a shape was not so different from the other types of signs listed in section 2, which the definition was not limited to. The court concluded that shape was not the same as device, but it was not so dissimilar to exclude it from the definition of sign. Accordingly, shapes were included and registrable according to the definition of “sign” in section 2.

3.22.3 Inherent Distinctiveness

Section 14 of the 1953 Act provided that distinctiveness was a requisite for registration, and section 15 provided that capability of distinguishing was a requisite for registration. Hence, both sections required the mark to be distinctive for registrability. The court established that both sections incorporated the concepts of inherent distinctiveness and distinctiveness in fact.

The court held that where the trademark applied for is a representation of the shape, or part of the shape, of goods, the shape is almost inevitably descriptive of the goods. Such a pictorial description of a character or quality of the goods usually means that there is no, or very little, inherent distinctiveness in the mark. Philips had submitted that the mark did not describe the goods, which was a submission that the court did not accept. The mark was according to the court a pictorial representation of Philips’ goods, and it was not relevant that there were other ways of representing shavers. The possibility of different shapes for shavers did not mean that the mark had inherent capacity to distinguish. The court thus found the mark descriptive of the goods, and Philips’ evidence of use, which will be discussed below, did not show use of the mark except as it showed pictures of Philips’ shavers. The court hence rejected Philips’ evidence of use, and held that there was no other way of representing a three-headed shaver. The court further held that Philips was seeking to prevent other manufacturers from making three-headed shavers. That was not the ambit of trademark law, but of other intellectual property rights. Accordingly, the court concluded that the mark applied for was not inherently distinctive.

3.22.4 Acquired Distinctiveness

Philips had tried to show evidence of use and acquired distinctiveness of the trademark by submitting to the court advertising material such as a promotional brochure and a retail sales catalogue. The court found that nowhere in the advertising material did the mark appear exactly as it was applied for. There were many pictures of the three-headed shaver in total, but no representations of the top part other than as part of the goods.

Philips had also submitted evidence of substantial sales and details of Philips’ having a significant portion of the market share of the shaver market. The court held that the kind of use Philips’ had showed was not use in the trademark sense as denoting of the goods, as required for registration. Philips also showed a survey in which seventeen people had been interviewed, and eleven of those had identified the mark applied for as a Philips shaver. The court stated that Philips’ argument seemed to be that because the three-headed shape could be associated with Philips since Philips was the sole trader in that shape, it should be registered. On this matter the court referred to the UK Court of Appeal judgment, which held that “in circumstances where Philips have been the sole suppliers of rotary shavers in the U.K. the evidence relied on does not establish that the trademark has acquired a secondary meaning”²⁷³. The court established that use is a factor in registrability, but use does not equal

²⁷³ See Chapter 3.7 for the UK Appeal decision from 1999.

registrability since it cannot always create a secondary meaning. The fact that Philips had been the only trader did not overcome the principle. The court held that there had been a lot of use, but it was essentially use of something that was 100% descriptive of the goods. The court concluded that the use in New Zealand did not give the mark distinctiveness in fact, and thus did not convert the mark into something registrable.

3.22.4.1 Use with other Trademarks

The fact that the mark applied for had been used in conjunction with other Philips marks would not exclude registration if the mark could be shown to be distinctive in its own right. The court established that the mark did not appear in the evidence without reference to the other marks “PHILIPS” and/or “PHILISHAVE”. The survey evidence submitted by Philips tended to indicate that some people associate the mark with the applicant without the other marks being shown. The court held, however, that such recognition was hardly surprising as the applicant was the sole trader of a three-headed rotary shaver. Since the mark was not distinctive, it was still unregistrable according to the court.

3.22.4.2 Are Other Traders Entitled to Use the Mark?

The court held that it was well established that if other traders were entitled to use the trademark, it could not be distinctive. Philips had argued that since the mark had acquired distinctiveness through use, other traders were not entitled to use the mark. In regards to that submission, the court established that since Philips’ evidence did not show that the mark had acquired distinctiveness, Philips could not exclude others from making three-headed rotary shavers. The court concluded that it was not the function of trademark law to prevent the manufacture of goods.

3.22.5 The Court’s Final Conclusion

The court concluded that the three-dimensional shape trademark applied for was a representation of a part of the goods and thus was descriptive of the goods. It was not inherently distinctive and it had not become distinctive in fact of Philips’ goods. Consequently, the court decided that the trademark as applied for was not accepted for registration.

3.23 ITALY: The Court of Milan

Date of judgment²⁷⁴: February 26, 2004

3.23.1 Dispute Background

On May 16, 2000, Remington²⁷⁵ initiated a judicial action against Philips²⁷⁶ in order to obtain a declaratory judgment that the import and marketing in Italy of its triple-headed shavers did not constitute an infringement of Philips’ trademarks nor acts of unfair competition. As a response, Philips filed a precautionary petition requesting the court to restrain Remington

²⁷⁴ Case No. 31294/2000.

²⁷⁵ Remington Consumer Products Ltd.

²⁷⁶ Koninklijke Philips Electronics N.V. and Philips SpA.

from any further marketing of the triple-headed shavers, confiscation of the shavers and determination of a penalty on the ground that the shavers infringed Philips' trademark rights. However, after an exchange of briefs, Philips withdrew its precautionary petition. In June 2000 Remington started to sell its triple-headed shavers in Italy²⁷⁷.

When appearing before the court, Philips petitioned the court to reject Remington's applications, and submitted a counterclaim for obtaining a judgment that the trademarks had been infringed and that Remington's conduct constituted unfair competition. Philips also requested judgments of restraining order, publication of judgment, penalty and compensation for damages.

3.23.2 The Parties' Claims

Remington claimed the registrations in Italy of six Philips international trademark registrations²⁷⁸ to be invalid. Furthermore, Remington requested a clarification that the importation, merchandizing, sale, marketing and advertising in general within Italy of Remington's rotary shavers did not constitute an infringement of the trademarks held by Philips, nor had there been any acts of unfair competition directed against Philips.

Philips petitioned the court to establish and declare that Remington by producing and/or marketing and/or merchandizing and/or advertising the Remington triple-headed shavers had infringed the Italian extensions of six international Philips trademark registrations²⁷⁹, and that Remington had performed acts of unfair competition against Philips. Accordingly, Philips requested the court to restrain Remington from any further production, importation, merchandizing, sale, marketing, and advertising and promotion of any triple-headed electric shavers. Philips also wanted the court to impose upon Remington penalty as well as compensation for the damage incurred by Remington's unlawful actions.

3.23.3 The Court's Findings

The court established that the main issue to determine was whether or not the triangular arrangement of the three rotary heads of the Philips shaver was protectable as a shape trademark for the effects of law pertaining to unfair competition. Moreover, the court noted that the ECJ decision on the matter had laid down the principle of right of use for the solution of the problem.

In support of its three-dimensional trademarks, Philips claimed to have exclusive rights to the three cutting heads arranged on a triangular faceplate on the grounds that they represent a significant and therefore a relevant part of the shape of the product. The court disagreed and stated that the trademarks were invalid as they consisted solely of the shape of the product required to obtain a technical result, and such signs was excluded from registration according to the Directive.²⁸⁰ The court established that all the details of the shaver performed a precise

²⁷⁷ According to the German judgment from District Court of Cologne announced on November 5, 2002.

²⁷⁸ See Appendix A for International Registrations IR 430.836, IR 430.837, IR 430.839, IR 439.559, IR 587.254 and IR 638.663.

²⁷⁹ The same six international registrations as Remington requested the cancellation of.

²⁸⁰ Article 3(1)(e) of the Directive.

function: the dimensions of the head as well as the number of heads and their arrangement²⁸¹. The court further held that it would not seem redundant to note that the equilateral triangular arrangement, among other things, was found in a U.S. patent from 1972²⁸² as well as in other patents indicated by Philips itself. The court found that the former existence of a patent comprising the three-headed triangular shape proved the obvious technical value of the illustrated solution, even if it did not constitute the main technical solution that was the object of the patent. Thus, the court concluded that the examination had shown that:

[...] all the defendants' trademarks therefore represent functional elements for obtaining essential technical effects, in particular the adaptation of the optimal shaving surface to the facial profile and the insertion of the drive components of the head rotors. Even the margin and contours prove functional for placing the skin under tension prior to shaving and thereby for better capture of the hairs and improved cutting [...]²⁸³

The court established that the purpose of general interest pursued by the Directive through Article 3(1)(e) was that a shape, whose essential features perform a technical function and were selected to fulfill that function, should be freely used by everyone and could not be registered as a trademark. The court further held that the adverb "exclusively" for the purposes of said article²⁸⁴ could only be understood to refer to the nature of the shape features specifically selected in relation to the desired technical functionality. It could *not* be understood to refer to the non-existence of alternative shapes, since an interpretation like that would, according to the court, be to twist the meaning of the decision. The court established that:

The meaning would be obviously twisted if the clause of the decision of the Court that requires shape-related features performing a technical function to be selected to achieve this function (see § 80) were interpreted – as the defendants seem to ask for – in the sense of permitting registration of functional shapes that the trademark title holder by its own decision has selected even for other non-technical purposes (for example, marketing or esthetics). The correct meaning of the clause seems instead to be that of requiring an objectively pertinent relationship between the selected features and the functions to be exercised by these features within the context of the actual functionality of the product.²⁸⁵

Moreover, the court held that it could not be maintained that the invalidity of the trademarks could be superseded by the acquisition of a distinct capacity through the effect of intensive and prolonged use of the trademarks on the market. The court found that Philips had not in fact proved the existence of any intensive advertising focused on the shape trademarks; advertising of the overall image of the product was not sufficient. Furthermore, the evidence established that Philips had always and by preference used its own name as a trademark to such an extent that it seemed difficult to maintain that the shape had acquired a distinct capacity by itself.²⁸⁶ The court discussed the institution of secondary meaning and held that

²⁸¹ Regarding the arrangement of the heads, the court found that "it is self-evident that the head should occupy as little surface space as possible to match the shaving surface, to supply simultaneous support on the skin –which in addition to the results from the research by the Dutch firm TNO produced by the defendants [...] intuitively appears more difficult with an arrangement of the heads 'widened' to 120° – and to exploit reciprocal tangency to have them moved by a single central cog wheel."

²⁸² N. 3.844.033 by Yonkers/Bissel.

²⁸³ Page 11-12 of the judgment.

²⁸⁴ Article 3(1)(e) second indent of the Directive provides: "The following shall not be registered or if registered shall be liable to be declared invalid: [...] signs which consist *exclusively* of the shape of goods necessary to obtain the technical result."

²⁸⁵ Page 14 of the judgment.

²⁸⁶ To me, this discussion seem unnecessary, as the court had already established that the shapes were necessary for the technical result, and being an absolute ground for refusal, the exclusion could not be overcome by proof of an acquired distinctiveness.

the acquired distinctiveness of a name or descriptive indicator had a different character than the secondary meaning a functional shape could acquire. Hence, those two cases were not equivalent, as the restatement of generic and descriptive names simply leads to a monopolization of language, while the restatement of functional shapes may lead to a monopolization of the product. In the first case, the original meaning of the generic name is lost and a secondary meaning, that of the trademark, is acquired, while in the second case, the secondary meaning would come to be acquired simply by preserving the original functional value.

Regarding the alleged unfair competition pleaded by Philips, the court established that even if there were no directives aimed at harmonization of the field of competition, the exclusion from trademark protection on the basis of functionality had the capability to exclude recognition of illegality under unfair competition law. Concerning the alleged confusingly similar products, the court found all such confusability to be excluded after comparing the general impressions of the shavers and making a direct examination of the shavers and their packaging, with recognition of both parties' constant use of different denominations on their shavers and packaging.²⁸⁷ The court further established that it seemed like Philips had not given the matter of confusing similarity as such any particular exploration; Philips had, on the one hand, maintained that the difference between the packages was irrelevant and, on the other hand, rebuked Remington for failing to introduce the variations in number, shape, and arrangement of the rotating heads – variations which could not be considered “innocent” but technically intended instead.

3.23.4 Final decision

As the registered trademarks represented functional elements for obtaining essential technical effects, the court declared the invalidity of the Italian extensions of Philips' international trademark registrations IR 430.836, IR 430.837, IR 430.839, IR 439.559, IR 587.254 and IR 638.663. The court thus rejected the pleas presented by Philips, and obligated Philips to refund to Remington in their entirety the court expenses²⁸⁸, totaling €33,400, in addition to legal expenses.

The judgment was appealed by Philips, and a hearing for the appeal proceedings will take place in February 2006.

3.23.5 Comments

Trademark law and competition law are two areas of law which partly overlap, as the purposes of both legislations are similar and aims at enabling free and fair competition. An interesting aspect of the Italian judgment is that the court conferred a quite strong connection between the two legal areas. The court held that despite the lack of community directives aimed at harmonization of the field of competition, the exclusion from trademark protection

²⁸⁷ In the direct examination, the court compared the products' different variants such as the base, contour, double twin heads instead of single, overall shape, and color, and the respective packages' different text, illustrations, colors, and overall impression.

²⁸⁸ Hence, the losing party was responsible for the expenses, which in view of the nature, quality, and quantity of questions deliberated as well as the defense of judgment requested and supplied amounted to a total of €33,400 (including €5,000 for stipends, €4,000 for fees, €1,500 for expenses, €2,900 for lump-sum expenses) in addition to legal expenses.

on the basis of functionality had the capability to exclude recognition of illegality under unfair competition law.

3.24 UNITED KINGDOM (3): High Court of Justice, Chancery Division, London

Date of judgment²⁸⁹: June 21, 2004

3.24.1 Dispute Background

On the UK market, Philips²⁹⁰ introduced the triple-headed shaver in 1966, and at the time for the court proceedings, the triple-headed shavers accounted for about 85% of Philips' overall sales of electric shavers in the UK. Since the 1970s, the other main manufacturer of electric shavers has been Izumi, which in the UK has sold its shavers under the name Remington. As described above in Chapters 3.6 and 3.7, there had already been litigation in the UK between Philips and Remington concerning infringement of Philips electric shaver trademarks. Philips had been unsuccessful in both the First Instance Court and the Court of Appeal, and the trademark had been declared invalid and expunged in both decisions. The quite minor difference between the "208 mark" that was expunged in those decisions and the "452 mark" which the following judgment concerns is described below.

3.24.2 The Registered Trademarks

Philips was the proprietor of a two-dimensional trademark²⁹¹ that in 1993 had been registered in class 8 in respect of electric shavers. The trademark was a picture of the triangular top portion of a triple-headed rotary shaver with three rotary cutting heads arranged within a raised faceplate of cloverleaf design superimposed on the triangle. In the judgment the mark is referred to as the "452 mark". The only material difference between the "208 mark" that had been expunged²⁹² and the 452 mark was that the raised rim on the 208 mark that had followed the outer edge of the triangular faceplate, was on the 452 mark instead following the shape of the cutting heads, enhancing the clover-leaf impression as described above (see Appendix A) Another slight difference was the appearance of the grids on the cutting heads.

Philips also owned three other marks registered as electric shavers in class 8. The three marks are all illustrated in Appendix A and were subject of four registrations²⁹³ comprising one mark alone or a series of all three marks. Two of the marks were registered in 1977, one in 1979 and one in 1983.

²⁸⁹ Case No. HC 2000 No. 00678.

²⁹⁰ Koninklijke Philips Electronics N.V.

²⁹¹ UK trademark registration 1533452, corresponding to the international registration IR 638.663. See Appendix A for illustrations.

²⁹² UK trademark "208" registration No. 1254208, identical with the still existing German trademark registration 1034262 and similar to international trademark registration IR 430.837. See Appendix A for illustrations.

²⁹³ UK trademark registrations 1080316; 1087357; 1124415 and 1203652. The 1080316 mark is illustrated in Appendix A, and corresponds to international registration IR 430.836.

3.24.3 The Parties' Claims

Philips claimed that Remington²⁹⁴ had infringed the 452 mark by selling triple-headed rotary shavers with heads identical or confusingly similar to the 452 mark and by depicting such heads on the packaging in which the shavers were supplied. Remington admitted the acts alleged, but denied that it had committed any trademark infringement. Remington counterclaimed that the 452 mark was invalid and that the registration should be revoked.

Remington also counterclaimed that the three simpler marks were invalid and should be revoked, alternatively claimed their revocation for non-use. One of the marks had not been used since the 1970s, but the other two had been used on the packaging for Philips shavers.

3.24.4 The Court's Reasoning concerning the '452' Mark

3.24.4.1 The Legislation

The legislation to be applied was the UK Trade Marks Act 1994 ("the Act"), which was enacted in order to implement the European Community legislation in relation to trademarks, in particular the Directive. The language used in the Act and the Directive is not identical, and the court²⁹⁵ explained that it was the Act which was the primary source of law to apply. Hence, the court made clear that the Act must be construed to have the same effect as the Directive and that regards had to be given to the Directive in interpreting the corresponding language of the Act.

The essential provision of the Act was section 3(2)(b), corresponding to Article 3(1)(e) second indent of the Directive, which holds that a sign shall not be registered as a trademark if it consists exclusively of the shape of goods which is necessary to obtain technical result. If that is the case concerning an existing trademark registration, the registration is invalid and should be revoked. It was the application of this provision that had been the courts' main legal ground for the invalidation and revocation of Philips' trademark in the previous litigations.

3.24.4.2 The Precedent of the ECJ Preliminary Ruling

The court held that since there was only a slight difference in appearance between the 452 mark and the previously revoked 208 mark, the findings in the previous UK judgments should be taken into account in the assessment. Philips had argued that the registered shape was not *necessary* to obtain the technical result since there were other shapes that could achieve the same result. The court rejected Philips' argument and thus agreed with the UK first instance court as well as the dissenting judge in the Swedish first instance court. The court also agreed with the UK Court of Appeal and the ECJ ruling that the relevant provisions exclude from registration shape marks in which the *essential* features of the shape are attributable only to the technical result. The court also noted that there was some lack of uniformity of expression in the paragraphs of the ECJ ruling, an inconsistency that also I have commented in the end of Chapter 3.17.

Philips argued that if the shape included an essential feature that was non-functional, being some form of embellishment, the prohibition had no application. Hence, Philips claimed that

²⁹⁴ Remington Consumer Products Limited had recently before the trial been acquired by Rayovac Corporation, and due to the transfer of assets and liabilities, Rayovac Europe Limited was the second defendant.

²⁹⁵ (Judge) Mr Justice Rimer.

the shape of the mark was not exclusively designed to obtain a technical result, since the shape included an embellishment on the faceplate described as the ‘cloverleaf’. Philips argued that the cloverleaf embellishment was such a non-functional essential feature that took the mark out of the exclusionary provisions, with the result that the trademark registration was valid.

The court established that the two UK judgments as well as the ECJ decision recognized that the shape might incorporate a non-essential and non-functional feature, which would *not* prevent the exclusionary operation of the prohibition. The court found it unfortunate that the ECJ had not found it necessary to offer any express guidance as to what it meant by an “essential” feature, or what might amount to a “non-essential” feature. The court held, however, that the application of the provision required an assessment of the shape in issue and an identification of its essential features. If those features were attributable solely to the technical result, the sign would be unregistrable as a trademark, and the existence of any non-essential features would make no difference.

Philips had also argued that the use by the ECJ in paragraph 80 of its decision that the features “were chosen to fulfill that function” justified the conclusion that the test as to whether a shape fell within the criteria of the prohibition could depend on the subjective intentions of the designer of the shape. The court rejected this argument and established that the question of functionality or otherwise of the essential characteristics of a shape must be assessed objectively.

Furthermore, Philips had claimed that the use by the ECJ of the word “only” in “attributable *only* to the technical result” meant that every part of every essential feature of the shape had to be solely functional for the provision to apply. The court was not persuaded that the ECJ could have intended its “only” to bear the full weight that Philips sought to load upon it. Hence, the court did not accept that the ECJ could have intended that, given a shape whose essential features were all attributable to the technical result, the application of the prohibition would then depend on whether or not the particular shape also had some aesthetic appeal. The court argued that that would make the question of registration dependent on the outcome of an essentially subjective assessment and would introduce a grey area of potential uncertainty into an important area of commerce, which was anyway complicated enough. An ordinary interpretation of the ECJ’s language did not justify the conclusion that the ECJ meant that every single part of every single essential feature must be shown to perform a technical function. What the ECJ meant was simply that all the essential features of the shape must be attributable to the technical result for the provision to apply. The court asserted that if the ECJ had intended the word “only” to have a decisive importance, it would have explained it in its judgment.

The court also mentioned the recent judgments in France, Sweden, Germany, Italy and Spain and concluded that Philips had lost in all of those jurisdictions. The court stated that Philips had attempted to establish a monopoly in respect of triple-headed shavers in its seemingly endless international litigation with Remington. The above-stated judgments were cited since they reflected how those jurisdictions had approached the guidance given by the ECJ.

3.24.4.3 The Function of the ‘Clover-Leaf’

The court noted that the previous UK decisions had held that all the essential features of the 208 mark were attributable to achieving the technical result. That might, according to the

court, be regarded as an unpromising position from which Philips had to wage the current battle, since the only difference between the 208 and the 452 marks was that the latter incorporated a faceplate with a clover-leaf design rather than a plain faceplate. In the case of the 208 mark, it was the plain faceplate that made contact between the shaver and the skin and performed the technical function of stretching the skin and making the hair stand up before the cut. In the case of the 452 mark, that function was performed by the cloverleaf faceplate.

Philips claimed that the cloverleaf design was not added for any technical reasons, that it did not give any additional functionality as compared with the plain faceplate, and that there was no difference in the relative efficiency of the two faceplates. Philips had called a total of seventeen witnesses to support its evidence; some of Philips' top management, a former industrial designer of Philips, two witnesses engaged in the sale of shavers as "evidence from the trade" and eleven male witnesses using Philips' shavers presented as "evidence from the public". Remington had called five witnesses, Izumi's sales director, Izumi's Vice President of engineering, Rayovac Corporation's Industrial Design Corporate Manager and two expert witnesses.

The court established that there was no evidence from those who originally designed the cloverleaf feature for Philips shavers as to what motivated the design. Remington's evidence had sought to attribute a more significant role to the cloverleaf by asserting that it was developed by Izumi/Remington to promote a smoother shave and thus served an important functional feature. The court first considered whether the cloverleaf was an essential feature of the 452 mark, and found that it was not. The court even held that the cloverleaf became an essential feature of the heads of Philips' triple-headed shavers for the purposes of the litigation. From the evidence presented before it, the court concluded that the cloverleaf feature had no particular eye impact on potential buyers or users, and that the purpose of it was not to draw attention to the cloverleaf itself, but to the cutting heads and the cutting area. Hence, the cloverleaf was not included as a feature for its own sake but as a means of drawing attention to the key functional area of Philips' triple-headed shavers. After deciding that the cloverleaf was not an essential feature, the court held that since the cloverleaf was part of the overall triangular faceplate, which as a whole obviously formed an essential feature, an assessment had to be done whether the faceplate was attributable only to the technical result.

Philips had argued that the material part of the overall triangular faceplate was functionally unnecessary and served only an aesthetical purpose of pure decoration. The court held that the Philips shavers may well be viewed as so-called lifestyle products, but it was important to keep in mind that the litigation was about the business end of a piece of electrical equipment whose sole purpose was functional. The court further held that the average consumer probably did not buy the shaver as an item with which to "impress others in the gym or to adorn his mantelpiece"(sic!). He buys it solely because it will enable him to execute his daily shave in a speedy, convenient, comfortable and effective way, and he so regards it because Philips had marketed its shavers as pieces of functional equipment that will achieve those objectives for him. The court found that evidence had shown that the total surface area of the faceplate, all of which came into contact with the skin, contributed to the overall technical objective of giving the user a smooth, effective and comfortable shave and that the whole of it therefore was attributable solely to obtaining the technical result.

3.24.5 Final Conclusion regarding the ‘452’ Mark

The court concluded its findings that Philips was absolutely precluded by section 3(2)(b) of the Act, corresponding to Article 3(1)(e) second indent of the Directive, from registering the 452 mark as a trademark and hence declared the registration invalid and revoked. The court further held that that was the end of Philips’ case on the 452 mark, since even if Philips was able to prove that the mark had become distinctive of Philips, acquired distinctiveness could not overcome the exclusionary provisions of section 3(2)(b).

3.24.5.1 Infringement

If the 452 mark was assumed to be distinctive of Philips as a badge of origin and so validly registered, infringement was also in issue. Regarding the use of the sign, Remington had argued that the use complained of by Philips might well have been a use by it of a “sign” but not of “trademark use” as required for infringement. Remington held that it had simply used the shaver heads to convey the message that it was part of a rotary shaver, as distinguished from a foil shaver, and was not used to denote origin. The court found that the heads of the Remington shavers were not used in the trademark sense of an indication of origin of the shavers, as they only promote themselves as the working heads of triple-headed rotary shavers. The court also found that neither the advertisements of the heads on Remington’s packaging had any purpose of denoting origin. Finally, the court stated that Remington had made no attempt to emphasize the cloverleaf on its shaver heads.

Even if the question did not arise, the court chose to make findings of fact concerning whether the allegedly infringing sign was identical to the 452 mark. The court concluded that there was no exact identity between Remington’s signs and the 452 mark, even though the differences were minor. The court then assessed whether the allegedly infringing sign was confusingly similar to the 452 mark. Remington had argued that even though Philips might have shown that the public associated three-headed shavers with Philips, it had not shown that the public attached any significance to the cloverleaf when making the association. The court held that if it assumed that the 452 mark had become distinctive in the eyes of the public as a trademark denoting the Philips’ origin, the heads of Remington’s offending shavers were confusingly similar to the 452 mark.²⁹⁶

3.24.6 The Court’s Reasoning and Decision regarding the Other Marks

Remington had counterclaimed asking for the revocation of three other Philips trademark registrations as being invalid, alternatively for non-use. The marks are described above under “the registered trademarks”, and all consisted of simple, schematic representations of the head of a triple-headed rotary shaver. The court agreed with the decisions of the French, Spanish and Italian courts, and concluded that the three marks in question were minimalist representations of shapes whose essential features were attributable to obtaining the technical result. The court found the marks to show three cutting heads and a faceplate in the shape of the 208 mark, which had been excluded from registration and revoked. Consequently, all three registrations were found invalid by the court, which ordered for their revocation.²⁹⁷

²⁹⁶ Finally, the court also concluded that Remington’s use of its triple-headed shaver heads was not or had not been other than in accordance with honest practices.

²⁹⁷ The court also assessed some other findings of facts, and held that the three marks were not inherently distinctive nor had acquired distinctiveness by use. The court further asserted that, had not the marks been invalid on other grounds, two of them would have been revoked for non-use.

3.25 PORTUGAL: Commercial Court of Vila Nova da Gaia, 2nd Division

Date of judgment²⁹⁸: June 23, 2004

3.25.1 Dispute Background and Claims

Imporaudio, Lda., a Portuguese importer and wholesaler of electric appliances, had imported, marketed and sold Remington's Izumi-made triple-headed shavers in Portugal since June 2002.²⁹⁹ Imporaudio was Remington's exclusive distributor in Portugal of triple-headed shavers of the REMINGTON brand.

Philips³⁰⁰ requested an injunction to be issued ordering the cessation and prohibition of the importation, distribution, marketing and promotion in Portugal of electric shavers with three rotating heads arranged in the form of a triangle by Imporaudio, Lda.. Philips also requested that Imporaudio should be ordered to withdraw from the market all electric triple-headed shavers, their respective packaging, labels, advertising materials and other documents containing the image of the said brands or reference to their importation, distribution and marketing in Portugal. In addition, Philips requested a pecuniary penalty of €500,00 for each day Imporaudio continued its import or marketing of the shavers or failed to withdraw the promotion materials. Imporaudio responded and requested the injunctions not to be granted.

3.25.2 The Court's Findings of Fact

Regarding the legal preconditions for an unspecified injunction³⁰¹, it followed from the relevant provisions that there must be a well-grounded fear that the other party may cause serious harm, difficult to repair, to the claimant's right, and that the injunction requests shall be appropriate for enforcing the threatened right.

3.25.2.1 Trademark Law

The court established that Philips was the owner³⁰² of international trademark registrations IR 587.254, IR 638.663 and IR 430.837, all three comprising a device representing the head of an electric shaver (see Appendix A for illustrations). As grounds for Philips' request for injunction, it held that those trademark rights had been infringed by Imporaudio. The court established that Article 231 of the Portuguese Industrial Property Code prohibits the registration as a trademark of devices consisting of the form of products which are necessary in order to obtain a technical result, and of forms which give a substantial value to products. Furthermore, the court held that it was in order to avoid the perpetuation of private rights over designs necessary for obtaining a given technical result and, at the same time, to protect and guarantee the return on investment in the development of new technical methods and

²⁹⁸ Injunction proceedings no. 594/03.9TVNG.

²⁹⁹ According to the German decision from Cologne District Court on November 5, 2002.

³⁰⁰ Koninklijke Philips Electronics, N.V. and Philips Portuguesa, S.A..

³⁰¹ According to Articles 381, paras. 1 and 2, and 387, para. 1 of the Portuguese Code of Civil Procedure.

³⁰² Koninklijke Philips Electronics, N.V. was the owner of the trademarks, and Philips Portuguesa, S.A. had been granted a non-exclusive license to use and exploit the trademarks.

inventions, that the law established other instruments such as patent or the registration of designs and utility models.

The court established that registration of trademarks was intended to protect the products or services of an undertaking by distinguishing them from others, but that devices comprising “the form of the product necessary to obtain a technical result” were excluded from such protection.³⁰³ Thus, the appropriate process for protecting the “form of the product necessary for obtaining a technical result” was not by means of a trademark, but through patenting or registration of drawings or utility models, which were the appropriate instruments designed to protect new inventions with the potential for industrial application. The court continued and clarified that by their nature, patents and the registration of drawings or models only provided protection during a limited period of time, in order to assure free competition, the development of markets and technological progress, guaranteeing, during such period, a return on the investment made in development. The court found that in the present case, by registering the trademarks at issue, Philips sought to perpetuate the protection of something that, due to its nature, may only benefit from the temporary protection of patents or the registration of models or drawings. Moreover, the court clarified that trademark law could not be used to prolong other rights artificially, namely rights deriving from patents or the right to drawings and models. Instead, it served merely to protect the products or services of an undertaking, by ensuring that they can be distinguished from other products or services. Consequently, the court held that the exclusive right invoked by Philips was, at the very least, disputed.

The court further established that the drawing of the head of Philips’ shavers with three rotating heads had been patented because it was considered functional and to possess potential for industrial use. Therefore, it could not be subsequently registered as a trademark, as that would amount to perpetuation of a private right, to which the law assigned a temporary character.

3.25.2.2 Unfair Competition Law

Philips argued that even if the trademarks were not deemed to having been infringed, the activity of importation and marketing of Remington shavers by Imporaudio constituted an act of unfair competition. The court disagreed and concluded that Imporaudio had not committed any act constituting unfair competition, insofar as it had not infringed any private right of Philips, either with regard to trademark law, or with regard to the rules on non-typified industrial property rights, for which there was no legal protection³⁰⁴.

The court established that it was common knowledge that the specific purpose of an injunction was to avoid serious injury, difficulty to repair, deriving from a delay in the issuing of protection for a legal situation. The Portuguese Supreme Court of Justice had stated that injunctions were designed to remove the danger of imminent legal damage resulting from the delay to which the main proceedings are subject.³⁰⁵ The court found that in the present case, in view of the length of time for which the situation had subsisted, none of the conditions for an injunction were fulfilled, as there was neither any reason for urgency nor any fear for a

³⁰³ According to Article 223 of the Portuguese Industrial Property Code, corresponding to Article 3(1)(e) second indent of the Directive.

³⁰⁴ Unfortunately, the court did not further explain what was meant with “non-typified IPRs”.

³⁰⁵ Decision of the Portuguese Supreme Court of Justice on May 28, 1986.

serious injury difficult to remedy. Philips had invoked an alleged injury, but the court found that Philips was incapable of determining the gravity of that injury.

Philips had also invoked damage to image and damage related to return on investments made. The damage to image would derive from the shavers distributed by Imperaudio being of inferior quality. The court found, however, that Imperaudio's shavers possessed the same quality certificates as Philips' shavers. Also the damages relating to a drop in sales and consequent alteration to projected returns on investment failed to convince the court to issue an injunction. The court finally concluded that:

...even if this injunction were to be issued, the alleged rights which the claimants are seeking to safeguard would lack adequate protection. In effect, it would only be enforceable against the respondent. Now, the respondent is merely a distributor. If the respondent is prevented from selling the articles in question in the proceedings, there will be nothing to prevent another distributor from taking its place, and distributing the same products. In reality, nothing will stop Remington Products, the next day, from entering into new distribution contracts with one or more Portuguese distributors who would import and market the products which the respondent had been prohibited from distributing, meaning that the proposed injunction would be of little or no use on the terms on which it was proposed, and against the respondent against which it is sought. In other words, the result of the injunction would not be appropriate to protect any rights which the claimants may have to be protected.³⁰⁶

Accordingly, in view of what it had stated and without the need for any further considerations, the court rejected the application for an unspecified injunction brought by Philips against Imperaudio. The costs were to be borne by Philips.

3.25.3 Comments

It find it interesting that the court emphasized the fact that that the drawing of the head of Philips' shavers with three rotating heads had been patented and registered, and obviously had been considered functional. The court found that as a consequence of that, it could not be subsequently registered as a trademark, since that would amount to perpetuation of a private right, to which the law assigned a temporary character. The court thus found Philips' conduct blameworthy and held that trademark law could not be used to prolong other rights artificially, such as rights deriving from patents or the right to drawings and models. The court therefore meant that Philips could not claim any exclusive rights to its functionally determined trademarks.

3.26 Other Countries

In all the countries where Philips is no longer the only supplier of triple-headed shavers and the Izumi-made shavers have entered the market³⁰⁷, the change on the market has been the result of court proceedings, as described in the previous chapters. The companies selling Izumi-made shavers, such as British Rayovac, Remington and Swedish Rotary Shaver have

³⁰⁶ Page 6 of the decision.

³⁰⁷ Izumi-made shavers are currently sold in the U.S.A., Canada, Australia, New Zealand, the UK, Ireland, Sweden, France, Italy, Spain and Portugal. Hence, the only country where there have been court proceedings but yet no sale of Izumi-made shavers is Germany, where Remington is still restrained by an interlocutory injunction.

obviously not been willing to take the risk of starting to sell Izumi-made triple-headed shavers in countries where Philips still has valid trademarks protecting the shaver's shape. The evident risk of trademark infringement claims from Philips has thus affected the competitors' business considerations as to which countries or markets they choose to expand their sales of triple-headed shavers to. As a result, Rayovac has filed nullity actions against Philips' trademarks in several countries, requesting the cancellation of trademark registrations identical to those that have been invalidated by courts of other countries. So far, Rayovac has filed cancellation requests against Philips' trademarks in Norway, Switzerland, Holland, Denmark and Austria. The only two countries I have access to the summons filings from are Norway and Switzerland.

In Norway, Rayovac filed a nullity action against Philips on December 23, 2004. Oslo District Court was requested to declare the invalidity and deletion of four Norwegian trademark registrations, all corresponding to international IR trademark registrations³⁰⁸ (see notes below and Appendix A). The grounds for the request for invalidation was that the shape of the marks were determined by functional features and could not constitute trademarks as they lacked capability of distinguishing the goods of Philips from those of others. Rayovac argued that the trademarks never would be perceived as anything else than pictorial representations of a shaver, not as a sign denoting commercial origin. For the same reasons, Rayovac submitted that the trademarks failed to meet the requirement for distinctiveness as the trademarks were descriptive of the registered goods and exclusively indicated the kind and use of the goods. Further grounds for invalidation were that the shape of the trademarks resulted from the nature of the goods themselves, were necessary to obtain a technical result and that they gave substantial value to the goods.³⁰⁹ Rayovac clarified that case law from the ECJ and from other EEA³¹⁰ member states was of significance when interpreting the relevant provisions of the Norwegian trademark legislation. The outcome of the Swedish, English, French, Italian, Spanish and German litigations were brought up to show that except for the two rulings in Germany, the Philips trademarks have been held invalid in all the European cases. Furthermore, Rayovac observed that the trademark shapes had been the subject of four patents; two in the UK, one in the USA and one European patent³¹¹, which proved their technical function.

In Switzerland, Rayovac filed a nullity action against Philips to Bern Commercial Court on December 21, 2004. Rayovac requested the cancellation of the Swiss portions of five international trademark registrations³¹². The referred grounds for exclusion of the registered trademarks from protection were because they were not perceived as trademarks (indication of origin), because they were mere representations of the technically necessary product shape and because they were not used as trademarks. Rayovac further requested that if necessary, a declaratory judgment should be made that Rayovac neither infringes the Swiss portions of the international registered trademarks nor commits any other infringement of the law by having triple-headed shavers manufactured or by importing such shavers to Switzerland and offering,

³⁰⁸ Norwegian Trademarks Nos. 100 221 corresponding to IR 430.836; 103 733 corresponding to IR 430.837; 179 254 corresponding to IR 587.254 and 198 607 corresponding to IR 638.663. See Appendix A for illustrations.

³⁰⁹ According to Section 13 of the Norwegian Trademarks Act, mainly corresponding to Article 3 of the Directive. Even though Norway is not a member of the EC, the Directive was implemented into Norwegian law by the Act of 27 November 1992 No. 113.

³¹⁰ The European Economic Area.

³¹¹ UK Patent 836 346; UK Patent 1 348 023; US Patent 4 250 617 (UK 2 011 819B) and EP Patent 0719 203.

³¹² Picture marks IR 430.836; IR 430.837; IR 436.097 and IR 638.663, and shape mark IR 587.254. See Appendix A for illustrations of all marks except IR 436.097.

distributing, or selling them. Another interesting matter brought up in Rayovac's quite extensive nullity filing was the recent decision from July 30, 2004 by the OHIM to refuse the well-known LEGO building brick shape mark protection. The Revocation Division of OHIM had explicitly referred to the ECJ decision as a "leading case", and the OHIM's reasoning corresponded largely to that of the ECJ decision and was based mainly on the technical or functional necessity of the product shape. Rayovac deduced from the decision that, in practical terms, it meant that the registration of technically necessary product shapes applying for protection in the entire EU area as shape marks will be refused by the OHIM in the future and can thus no longer be protected.

In Ireland Philips quite recently tried to get a three-dimensional trademark depicting the head of the shaver registered. The application was opposed by Rayovac, and the case is still pending at the time of writing this.

4 Legal Analysis: Trademark Law Matters

This chapter is intended to give an overview of the trademark law issues from the starting-point of each particular matter of law. I will present all the different trademark matters that was brought up in the various proceedings and discuss how the parties and the courts chose to deal with them by means of claims, argumentation, findings of facts and final judgments. In order to make it easier to follow the development of the parties' argumentation and the courts' findings, the judgments or court decisions of each sub-chapter are presented in chronological order. I have described the common trends as well as the deviations where a parties' argumentation was unusual or where the court's findings differed substantially from other courts'. In some of the chapters I give my own comments to the development of the parties' argumentation and courts' findings and decisions.³¹³ For reasons of clarity, the country³¹⁴ from where the described judgment derives is marked with extra bold type.

4.1 Capability of Trademark Protection

In almost all of the court proceedings, the registrability of the contested trademarks was discussed, and if any obstacles for protection were found, there was reason for invalidating the registered trademarks. There are several criteria a trademark has to fulfill in order to obtain protection; in most jurisdictions there are requirements of capability of distinguishing the product and proof of sufficient distinctiveness. A trademark can have an inherent distinctiveness, but distinctiveness can also be acquired through extensive use of the trademark (obtain secondary meaning). However, regardless of any inherent or acquired distinctiveness, a shape trademark that is subject to one or more absolute grounds for refusal can never obtain trademark protection. In the following chapters I will go through the criteria for trademark protection one by one, observing the parties' main claims and arguments as well as the courts' reasoning and assessments of the legal matters. I have also tried to notice if the parties' arguments or the courts' adjudication has changed over time during the ten years of dispute I have analyzed.

4.2 Capability of Distinguishing

As described in Chapter 2.2.6, Canadian law offers protection of a product's shape or packaging as a *distinguishing guise*, and as the name reveals, the decisive requirement for registration is that the purpose of the shaping or packaging is to distinguish the goods or services from those of other manufacturers. The requirement is central in trademark law³¹⁵, as it represents the whole purpose with trademark protection: to distinguish products by indicating and guaranteeing the corporate origin. In its preliminary ruling, the **ECJ** established that:

[...] according to the case-law of the Court, the essential function of a trade mark is to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to *distinguish* [my italics] the product or service from others which have another origin, and for the trade mark to fulfill its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods or services

³¹³ More of my own comments are found in relation to the judgments described in Chapter 2.

³¹⁴ With the exception of the ECJ judgment and the Opinion of the General-Advocate, which naturally represent the whole European Union and no particular countries.

³¹⁵ In the Directive, the requirement is found in Article 2. The other fundamental requirement found in the same Article is that the sign is capable of being represented graphically.

bearing it have originated under the control of a single undertaking which is responsible for their quality [...].³¹⁶

Philips has consistently argued that its trademarks are capable of distinguishing the shaver, while its counterparties³¹⁷ have contested that the Philips trademarks are *not* capable of distinguishing. In the appeal judgment from **Sweden**, Philips held that except two of the shape elements (the cutting head grids and the linear reference surface surrounding those), all the shape elements were arbitrarily chosen and reflected an aesthetic thinking intended to distinguish the Philips shavers. In the **Australian** proceedings, Philips submitted that even though the shape of electric shavers of all brands had changed significantly over time, the configuration of the head of the Philips rotary shaver had been constant and therefore emphasized in the marketing as distinguishing Philips' shavers from those of others. The arguments of Philips' different counterparties have usually corresponded with the court's opinion of the trademarks' capability of distinguishing. In the first of the three **UK** decisions, the court concluded that since the capability to distinguish was a fundamental requirement for protection, a sign like Philips' trademark that did not denote trade origin but instead primarily denoted function could not be regarded as capable of distinguishing. The UK court accordingly established that the Philips sign could never denote only shavers made by Philips and no one else, because the sign primarily showed a triple-headed shaver and was thus not capable of denoting only Philips goods.

The **UK** appeal court agreed, and concluded that the capability of distinguishing depended upon the features of the trademark itself, not on the result of its use. It was therefore irrelevant if the trademark of a monopoly holder denoted his goods exclusively, since that did not mean that its features could distinguish the goods from those of a competitor who came into the market. The UK appeal court further established that the more a trademark described the goods, whether the mark consisted of a word or a shape, the less likely it would be capable of distinguishing those goods from similar goods of another trader. The shape shown in the Philips trademark was a pictorial description of a product which other traders were entitled to make. The court thus concluded that the trademark was not capable of distinguishing Philips' shavers from those of other traders who produce shavers with a similar shaped head. These findings of the UK courts are very much similar to what other courts concluded regarding the trademarks' capability of distinguishing.

Also the **ECJ** discussed the matter in its preliminary ruling, and as an answer to the second of the referred questions, the ECJ clarified that in order to be capable of distinguishing a product for the purposes of Article 2 of the Directive, the shape of the product in respect of which the sign was registered did not require any capricious addition, such as an embellishment with no functional purpose. Hence, for a shape to be capable of distinguishing the product from those of others and thus guarantee the product's origin, there was no need for the shape to contain any arbitrary elements.

4.3 Distinctiveness

Whether Philips' trademarks had distinctiveness or not was discussed in many of the judgments. As mentioned above: for a sign that does not have any inherent distinctiveness it

³¹⁶ Paragraph 30 of the ECJ preliminary ruling (C-299/99).

³¹⁷ Philips has had several counterparties which all have in common that they have been selling triple-headed rotary shavers manufactured by Izumi: Remington, Windmere, Sears, Ide Line and later Rotary Shaver, River International, Rayovac and Imporaudio.

needs to be proved that the sign through the use made of it has acquired the distinctiveness it initially lacked, in order to be granted trademark protection³¹⁸. In most countries where Philips had registered trademarks depicting the head of a triple-headed shaver, the marks had been registered first after Philips had provided sufficient evidence that the mark had acquired distinctiveness by use, i.e. obtained secondary meaning. As described in the judgments in Chapter 2, almost all jurisdictions found the Philips trademarks that once had been accepted for registration to be invalid when the registrability was considered for the second time. In most jurisdictions a trademark's distinctiveness is irrelevant if the trademark is subject of any absolute ground for refusal, such as if the shape is necessary for obtaining a technical result (see the following chapter). In his opinion, the **Advocate-General** of the ECJ held that natural, functional or ornamental shapes³¹⁹ are incapable, by express intention of the legislature, of acquiring a distinctive character, and that it is unnecessary as well as contrary to the scheme of the Directive to consider whether or not such shapes had acquired distinctiveness.

In the first instance decision in **Sweden**, Philips held that the registered trademark consisted of non-functional, arbitrarily chosen features giving it an inherent distinctiveness. Philips' counterparty Ide Line AB held that the shape of the shaver was to such extent decided by technical demands that the mark lacked distinctiveness. The court found that a market survey presented by Philips showed that the electric shaver unit had been extensively used as a trademark by Philips and therefore had acquired distinctiveness. The judgment was appealed by Ide Line (later Rotary Shaver Sweden AB), but the case was kept pending before the Court of Appeal in order to await the ECJ preliminary ruling, which had the consequence that the appeal judgment came first seven years after the first instance judgment. In the appeal, Philips continued to claim that the mark had an inherent distinctiveness, or that it in any case had acquired distinctiveness as a result of the long-time and extensive exposure of it in marketing and sales. The appeal court came to a different conclusion than the first instance court, and did not even find reason to consider the possible inherent or acquired distinctiveness, since the trademark was found to be subject of an absolute ground for refusal of protection.

In the first **UK** decision, Philips claimed that the trademark had acquired distinctiveness through extensive advertising and argued that the top part of the shaver was distinctive of Philips as the "face of Philips". Regarding this, the court established that the presented evidence had not shown that Philips' advertising had been concentrated on promoting the trademark as such, but rather the shaver itself. Philips had called thirteen public witnesses to establish the trademark's acquired distinctiveness, and the witnesses' general reaction when being shown a Remington shaver was that they thought of Philips or would have thought it was a Philips shaver had it not been marked REMINGTON. The court concluded, however, that the sign was devoid of any distinctive character since it primarily showed a triple-headed shaver and was thus not capable of denoting only Philips' triple-headed shavers.

In the **UK** appeal court Remington argued that the trademark denoted the origin of the goods only because Philips had been the sole trader of rotary shavers, and since the mark was purely descriptive of the goods it represented, it could not acquire and it had not acquired a distinctive character by use. The appeal court found that the evidence clearly showed that the

³¹⁸ Article 3(1)(b) of the Directive provides that trademarks which are devoid of any distinctive character should not be registered or if registered should be declared invalid. According to Article 3(3), the requirement in Article 3(1)(b) can be overcome if the sign has acquired a distinctive character following the use which has been made of it.

³¹⁹ As set out in Article 3(1)(e) of the Directive.

shape of the mark was exclusively associated with Philips. However, the court further concluded that such a purely descriptive mark could not in any way acquire a secondary meaning, and in circumstances where Philips had been the sole supplier of rotary shavers in the UK, Philips' evidence on acquired distinctiveness fell short.

The Intellectual Property Office of **New Zealand** (the "IPONZ") held in its decision to refuse registration of Philips' trademark that in cases where the trademark applied for is a representation of the shape, or part of the shape, of goods, the shape is almost inevitably descriptive of the goods. Such a pictorial description of a character or quality of the goods usually means that there is no, or very little, inherent distinctiveness in the mark. The IPONZ found Philips' sign to be purely descriptive of the goods, and the possibility of different shapes for electric shavers did not mean that the mark had inherent capacity to distinguish. In this context, the court further added that Philips was seeking to prevent other manufacturers from making three-headed shavers, which was not the ambit of trademark law but of other intellectual property rights. In order to show evidence of use and acquired distinctiveness of the sign, Philips had submitted to the IPONZ advertising material such as a brochure and a catalogue. The IPONZ concluded that nowhere in the advertising material did the sign appear exactly as applied for; there were many pictures of the triple-headed shaver in total, but no representations of the top part other than as part of the goods. Philips had also submitted evidence of substantial sales and details of Philips having a significant portion of the market share of the shaver market. The IPONZ established that use is a factor in registrability, but that use does not equal registrability and cannot always create a secondary meaning. The IPONZ found that there had been a lot of use, but that "use" had been 100% descriptive of the goods. Consequently, the IPONZ concluded that the use in New Zealand did not give the mark any acquired distinctiveness, and did not convert the mark into something registrable.

In **Italy**, Milan District Court found that Philips had not in fact proved the existence of any intensive advertising focused on the shape trademarks –advertising of the overall image of the product was not sufficient. Furthermore, the evidence established that Philips had always and by preference used its own name as a trademark to such an extent that it seemed difficult to maintain that the shape had acquired a distinct capacity by itself.³²⁰ The Milan court also discussed the institution of secondary meaning and held that the acquired distinctiveness of a name or descriptive indicator had a different character than the secondary meaning that a functional shape could acquire. The court established that those two cases were not equivalent, as the restatement of generic and descriptive names simply leads to a monopolization of language, while the restatement of functional shapes may lead to a monopolization of the product. In the first case, the original meaning of the generic name is lost and a secondary meaning, that of the trademark, is acquired. In the second case, secondary meaning would come to be acquired simply by preserving the original functional value. The court thus concluded that in the case of a functional shape mark acquiring distinctiveness by use, the sign can not be seen as having obtained any real *secondary* meaning, as the "meaning", or functional value of it, is the same as before.³²¹

³²⁰ To me, this discussion seem unnecessary, as the court had already established that the shapes were necessary for the technical result, and being an absolute ground for refusal, the exclusion could not be overcome by proof of an acquired distinctiveness.

³²¹ I find this discussion quite interesting and it is undoubtedly so that, even if shape trademarks are to be treated in the same way as other trademarks, some difficulties arise due to the different character of various types of trademarks.

4.4 Refusal of Trademark Protection of certain Three-Dimensional Signs

4.4.1 Overview

All the jurisdictions I have read judgments from have one or more absolute grounds for refusal from registration, which cannot be overcome by proof of any acquired distinctiveness. In the USA, there is an extensive functionality doctrine that prohibits trademark registration of functional product features, which evidence of acquired distinctiveness cannot alter. In the USA, a feature is considered functional as a matter of law if it is essential to the use or purpose of the product or if it affects the cost or quality of the product. In Canada, a trademark or distinguishing guise, which is primarily functional from either an ornamental or utilitarian point of view, is excluded from registration if the functionality primarily or essentially relates to the goods or services covered by the application. This exclusion of aesthetically functional shapes corresponds to the EC legislation expressed in the third indent of Article 3(1)(e) of the Directive, which excludes from protection shapes that give the product “substantial value”, a provision intended to exclude exclusively ornamental shapes³²². The “utilitarian functionality” discussed in Canadian law can be seen as corresponding to the second indent of Article 3(1)(e), which excludes technically determined shapes from registration. Hence, in EC law, Article 3(1)(e) of the Directive provides three exclusions from registration of signs which are not such as to constitute trademarks and is a preliminary obstacle liable to prevent a certain sign consisting exclusively of the shape of the product to be registered. The provision excludes from registration signs consisting exclusively of the shape which results from the nature of the goods themselves (natural shapes), the shape of goods which is necessary to obtain a technical result (functional shapes) and the shape which gives substantial value to the goods (ornamental shapes). These grounds for refusal must be interpreted in the light of the public interest underlying them; to prevent that trademark protection grants its proprietor an unfair monopoly on a certain shape, which would deprive competitors of the possibility to use that shape freely. In this thesis, I have focused mostly on shapes with technical features, since that has been the most common reason for invalidation of Philips’ trademarks. I will start with the parties’ and courts’ holdings regarding natural shapes; I will then discuss functional shapes and finally the ornamental shapes.

4.4.2 Shapes Resulting from the Nature of the Goods Themselves³²³

The **Advocate-General** established in his opinion that natural shapes were incapable, by express intention of the legislature, of acquiring a distinctive character. The exclusion reflected the legitimate concern to prevent that natural shapes would not be free for all to use.

In the first **UK** judgment, the court found that in order to apply the provision, the “goods themselves” needed to be defined, preferably by assessing how the goods are viewed in practice as articles of commerce. The court came to the conclusion that the right definition when applying the provision on Philips’ trademark must be “electric shavers”, since such shavers generally are seen as one type of commercial article, even though there are different kinds. The first instance court therefore concluded that the Philips trademark did *not* result from the nature of the goods themselves, since the “goods themselves” referred to electric

³²² It is unfortunate that the wording of the Directive does not expressly explain that the intended “substantial value” is supposed to be interpreted as the substantial *aesthetical* value; the word ‘value’ has many other meanings.

³²³ First indent of Article 3(1)(e) of the Directive.

shavers in general, of any kind, i.e. both rotary shavers and vibrating shavers. Thus, the court found no reason to invalidate the existing registration on this ground, and a few years later the UK Court of Appeal came to the same conclusion.

4.4.3 Shapes Necessary to Obtain a Technical Result³²⁴

As I concluded above, this ground for invalidation of Philips' trademarks was the most common in all the jurisdictions, and also what came to be the main question of the whole dispute; the registrability of shapes with features necessary for achieving a technical result. The purpose of the exclusion from protection of merely functional shapes is obviously to prevent the exclusive and permanent right which a trade mark confers from serving to extend the life of other rights which the legislature has sought to make subject to limited periods, such as patent or utility model protection. The exclusion of technically necessary shapes is thus clearly motivated by the public interest to balance the reward of innovation by granting exclusive but time-limited protection and thereby encouraging industrial development, with the purpose of making the goods or the design freely available once that time-limit expires.

Regarding the courts' assessments of the trademarks' technical features, it was undoubtedly the ECJ preliminary ruling that came to affect the dispute the most, as it provided guidance for the EU member states on the interpretation of Article 3(1)(e) of the Directive. Before the ECJ ruling the EU national courts interpreted the relevant provisions of the Directive in their own particular way, which is clearly illustrated by the judgment of the Swedish first instance court in comparison to the completely different judgments by the UK first instance and appeal courts. However, after the guidance provided by the ECJ decision most of the European courts showed conformity in their legal assessments of the interpretation and application of the Directive. Because of the strong effects of the ECJ preliminary ruling, it is a natural division to separate the judgments into two groups: the judgments pronounced before the ECJ ruling and the judgments pronounced after it.

4.4.3.1 Judgments and Decisions before the ECJ Preliminary Ruling

In **Canada**, two kinds of trademarks were contested: a design trademark and a distinguishing guise. Regarding the design mark, the Federal Court of Appeal referred to what had been established by case law and held that if a mark is primarily functional by being a part of the goods, registering such trademark would give the applicant a monopoly on functional elements or characteristics of their goods. That would mean that the applicant would actually get a kind of patent granted, under the guise of a trademark. The court found that to be the case if Philips were to keep the registration of the electric rotary head assembly, as the contested design mark was primarily functional by clearly depicting the functional elements consisting of the triple-headed equilateral triangular configuration and the actual shaver heads. The court further established that whatever the portion of the sales market in question, registration of a primarily functional mark is a restraint on manufacturing and trade, since it effectively amounts to a patent or industrial design in the guise of a trademark. Accordingly, the registration of the design mark was declared invalid and expunged. Regarding the distinguishing guise, the court established that the public policy basis is the same as for every form of trademark, i.e. to distinguish goods from those of competitors by monopolizing not the goods but the mark used in relation to them. If the functionality of a distinguishing guise relates primarily or essentially to the goods themselves, it will invalidate the trademark. That

³²⁴ Second indent of Article 3(1)(e) of the Directive.

was the case with Philips' registered distinguishing guise, which was expunged since the court found it to be invalid as extending to the functional aspects of the Philips shaver.

The first European country where the dispute was brought to court was **Sweden**, where the company Ide Line AB wanted to start importing Izumi-made triple-headed shavers. Before starting to import, Ide Line sought to expunge Philips' trademark or otherwise to get a declaratory judgment stating that the import and sale of triple-headed shavers would not infringe Philips' trademark rights. The ground Ide Line referred for the revocation claim was that the electric shaver unit according to the registration consisted exclusively of a shape that was necessary to obtain a technical result. Philips argued that its trademark consisted of a non-functional, arbitrarily chosen shape, which did *not* exclusively consist of a shape which was necessary to obtain a technical result: the only features of the trademark that were functional elements were the three rotary heads as such. The other elements of the mark were arbitrarily chosen, and Philips meant that the chosen design did not give the shaver any actual technical advantages. Philips also argued that since the shape of the registered trademark was not technically optimal, others could not freely use exactly that shape. Stockholm District Court held that when applying the provision, it was not enough that the shape serves a functional purpose; it also needs to be *necessary* for obtaining the technical result. The court therefore found it necessary to assess whether there were alternative ways to obtain the same technical result; if such alternatives existed, the 'Philips shape' was not *necessary* for obtaining the technical result. The majority of the court held that it had been convinced by a limited test of a Philips prototype with the three cutting heads placed in a different angle than on the trademark, that the same technical result could be obtained with an alternative shape. Accordingly, the court found that Philips' registered shape of goods was not necessary to obtain the technical result, and Ide Line's claim to revoke the registered trademark was not accepted. One of the judges dissented, and held that the Directive did not aim to hinder the competition by accepting that trademark protection was used to create production monopolies for technical solutions that could not be protected otherwise. He had come to the opposite conclusion than the majority; holding that all of the trademark's shape elements were necessary to obtain the technical result. The Swedish appeal decision came first seven years later, after the ECJ had given its preliminary ruling on the matter. I will describe the appeal judgment further down, as I intend to stick to the chronological order in this chapter to better show the differences in the courts' assessments before and after the ECJ ruling.

In the **UK**, which was the second European country where the shaver dispute was taken to court, Philips sued Remington for trademark infringement. Remington counterclaimed that Philips' trademark registration was invalid for several reasons, one of them being that the trademark consisted of the shape of goods necessary to obtain a technical result. The court found this ground for invalidation to be the most important issue to decide upon. Just like in the Swedish proceeding, Philips had argued that since there were alternative ways of obtaining the same technical result, the registered sign was not within the exclusion, even if the sign was functional as such. The court noted that this doctrine on alternative shapes had found favor with the majority of the Swedish first instance court, but that there had been one dissenting judge. The UK court agreed with the dissenting Swedish judge that it seemed unlikely that the Council and the Commission when writing the Directive had any intentions of making it possible to obtain permanent monopolies in matters of significant engineering design. When applying the provision, the court proposed that a test should be used asking: In substance, does the shape solely achieve the technical result? The court found the answer to the question to be positive and established that the shape registered as a trademark consisted exclusively of a shape which was necessary to obtain a technical result. Since defeated,

Philips appealed the judgment and the case was referred to the Court of Appeal in London. The appeal court decided to refer questions for a preliminary ruling by the ECJ. The court nevertheless gave its opinion on the matters of the case. Before the appeal court, Philips stressed the findings of the Swedish majority and argued, just like in the first instance, that there were alternative shapes giving an equal technical result, and that the shape depicted in the trademark therefore was not *necessary* for obtaining the technical result. Remington, on the other hand, submitted that the evidence established that the *essential features*³²⁵ of the shape of the Philips trademark was designed to achieve, and did achieve, a technical result, and thus should be invalidated. The UK appeal court held that the provision must be interpreted in the light of its purpose, being to exclude merely functional shapes from registration. The court established that to enable monopolies granted in respect of patents, registered designs and the like to be extended by trademark registrations would be contrary to the public interest. Therefore, shapes having a technical character should not be monopolized for an unlimited period by reason of trademark registration, since that would stifle the competition and be contrary to the public good. Furthermore, the court rejected Philips' argument of alternative shapes, and held that if the existence of alternative shapes would matter, a trader would be enabled to obtain registration of all possible alternative shapes that could achieve the same technical result. That would be to give the provision a meaning that would not at all be in accordance with the purpose for which it was intended, as it would enable unfair monopolies and stifle competition. Accordingly, the court concluded that the Philips trademark was a combination of technical features produced to achieve a good practical design, and therefore should be invalidated. A few months later, the court referred seven questions regarding the interpretation of the Directive to the ECJ.

The **Advocate-General** of the ECJ, Mr. Ruiz-Jarabo, pronounced his opinion on the referred questions in January 2001, and he had held that “a trademark having the characteristics of that at issue [...] seems to be the perfect example of a merely functional shape. Indeed, at least in appearance, its essential features fulfill a function and are there only in so far as they perform that function”. The Advocate-General also rejected the relevance of alternative shapes, since that would, just like the UK appeal court had held, enable an undertaking to register as trademarks all imaginable shapes which obtained technical results, thus obtaining a permanent monopoly over a particular technical solution. Moreover, the Advocate-General held that it would also be an unreasonable task for trademark courts to carry out comprehensive assessments concerning advanced technical matters.

The Advocate-General's opinion was seen as a partial victory for Remington, and in the light of the opinion, Remington filed a complaint for invalidation of one Philips trademarks to the German Patent and Trademark Office (PTO). Hence, **Germany** was the last European country to be introduced to the dispute before the ECJ decided upon the matter. One of the grounds for invalidation referred by Remington was that the shape of the trademark was necessary for obtaining the technical result. Philips petitioned that the element “necessary” was to be interpreted narrowly and that the provision therefore did not apply since there were alternative shapes, and further stressed the point that the trademark had acquired market recognition. The PTO found Remington's petition to be unfounded and dismissed it, as the contested Philips trademark did not lack capacity for trademark protection and thus was not exclusively necessary for obtaining a technical result. The PTO stressed that a large number

³²⁵ I find it interesting to note that this was the very first time the phrase ‘essential features’ was used, and later those two words would play a central role in the ECJ decision, as the ECJ adopted the term from the referred questions of the UK Court of Appeal. Thus, it was Remington who first used the expression, which later would be established to be the correct way of interpreting the second indent of Article 3(1)(e) of the Directive.

of alternative shapes were conceivable, why a shape comprising a triangular shaver head with three cutters was not *necessary* for achieving the technical result. Remington had pointed out several shape features of the trademark that served technical purposes, but the PTO disagreed and dismissed Remington's claim for cancellation.

4.4.3.2 The ECJ Preliminary Ruling

On June 12, 2002, the ECJ pronounced its ruling, which would be a very important precedent for the national courts of the EU member states. The fourth of the UK Court of Appeal's referred questions concerned the interpretation of the second indent of Article 3(1)(e) of the Directive; whether the exclusion of technical shapes could be overcome by establishing the existence of alternative shapes; whether the provision was to be interpreted to exclude from protection shapes which essential features were attributable only to the technical result; and whether there was any other appropriate test for determining whether the restriction applied. The ECJ concluded that the provision must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the *essential functional features* of that shape are *attributable only to the technical result*. The court also established that the ground for refusal or invalidity of a registration imposed by that provision could *not* be overcome by establishing that other shapes could achieve the same technical result. Moreover, the ECJ held that the provision must be interpreted in the light of the public interest underlying it, which is to prevent trademark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product. Hence, exclusive rights to technical functions given by trademark protection would clearly limit the competitors' freedom of choice in regard to which technical solution they wish to adopt to perform the desired function. Accordingly, the court concluded that for the application of Article 3(1)(e) it was irrelevant if there were alternative shapes that could fulfill the technical function; the competitors' freedom of choice would still be limited since the registered technical solution could not be used.³²⁶

4.4.3.3 Judgments and Decisions after the ECJ Preliminary Ruling

The only country outside Europe where the dispute was brought to court after the ECJ decision was New Zealand, so after the ECJ ruling the dispute was, with that only exception, concentrated to Europe and the EU member states.³²⁷ The first country to rule after the ECJ decision had been announced was **Germany**, where Cologne District Court confirmed an interlocutory injunction restraining Remington from selling or marketing triple-headed shavers in Germany on the grounds of unfair competition. Hence, the court had found trademark law to be inapplicable and was not affected by the ECJ precedent. Remington appealed the judgment, and contrary to the first instance court, the Superior District Court of Cologne found trademark law to apply instead of competition law. The court established that Philips' trademarks were distinctive of Philips, and that Remington's shavers infringed the trademarks since they were confusingly similar. Remington had referred to the fresh ECJ ruling and claimed the trademarks to be invalid since necessary for the technical result, but the court established that it could not take any matters of trademark registrability or

³²⁶ My personal opinion, which you can read more about in Chapter 3.17, is that the ECJ judgment could have provided an even clearer guidance on the interpretation of the Directive.

³²⁷ Before the ECJ preliminary ruling, judgments or court decisions from the following countries had been pronounced (in chronological order): Canada, USA, Sweden (first instance), UK (first instance), UK (appeal, referred questions to the ECJ), Australia, (Opinion of the General-Advocate of the ECJ), and Germany (the first PTO cancellation case).

invalidation into account. This was because of the separation of powers in German law between the registration instance on the one hand and the infringement courts on the other, and the binding effect of trademark registration. Hence, in Germany only the PTO can decide on the registration or cancellation of trademarks, and as long as the PTO has not cancelled the particular trademark, the ordinary courts in an infringement dispute are bound by the registration as it is and have no review powers of their own. Accordingly, the examination of the likelihood of confusion has to be based on the trademarks as they were registered, *even if* that assessment must include features that are exclusively determined by technical considerations. The Superior District Court of Cologne thus concluded that there was a likelihood of confusion in the legal sense between Philips' trademarks and Remington's shaver, when basing the assessment on the trademarks as registered, disregarding that the registrations perhaps included solely technical features which were not capable of trademark protection. Hence, the court upheld the interlocutory injunction restraining Remington from selling and marketing triple-headed shavers in Germany. The judgment was appealed, but at the time of writing this, in May 2005, the injunction is still in force.

The next country where the dispute ended up in court was **France**, which was the first country to really take into account the precedent ECJ decision. Before Paris First Instance Court Remington sought the annulment of seven Philips trademark registrations, mainly on the ground that their shapes were necessary for the technical result. The defendant Philips argued that the ECJ precedent excluded only the essential characteristics of the shape that were attributed only to a technical result. Philips inferred from this that the ECJ acknowledged that a shape fell outside the exclusion either when the essential characteristics of the shape were not functional, or when they were functional but not solely attributable to the technical result performed by the product. Remington, on the other hand, inferred from the ECJ decision that a trademark was not valid when the characteristic shape elements forming the sign were functional, even when the trademark possessed other features that were not functional. Remington further submitted that the OHIM's case law as well as French case law established that the mere addition of arbitrary elements was not sufficient to make a sign distinctive, when the sign without those additions would appear as essentially functional. The court established that, contrary to what Philips had claimed, it could not be inferred that a shape whose essential characteristics were functional but not *only* attributable to the technical result would fall outside the exception. The court concluded that a sign formed of shapes whose characteristics were functional and attributable to the technical result could only avoid the exclusion from registration if it was *also* formed of other shapes that were non-functional, independent from the technical result and sufficiently distinctive to enable the public to distinguish the product with the sign from competing products. That presupposed, however, that such non-functional shapes were not secondary, as they must be capable, even when taken alone, of distinguishing the sign in the eyes of the public. Consequently, the court found it necessary to examine whether or not the shapes forming Philips' trademarks contained such non-functional elements that were capable of distinguishing them. Philips claimed three shape elements of its shaver to be non-functional: the arrangement in an equilateral triangle of the three grids (i.e. the round rotary cutting heads), the shape of the external triangular outline (i.e. the cutting base) and the shape of the edge of the faceplate. Regarding the choice of the arrangement of the three heads in an equilateral triangle, Philips claimed that it was an attractive result of extended design work and not a result of a functional solution. Philips also held that there was no proof that the arrangement of the cutting heads in a circle or rectangle would not fulfill their function just as well. Furthermore, Philips argued that the choice of a visually balanced equilateral triangle with rounded angles was made to "soften" the shaver's appearance, thus was the result of marketing and industrial aesthetics concerns. The French

court established that a single shaving head would be an insufficient solution, and held that efficiency of the shave was presupposed by use of several cutting heads arranged in a close formation. The arrangement in a triangle easily allowed the user to angle the shaver in different ways in order to use only one, only two, or all three of the heads dependant on the width of the part of the face to be shaved. The court further stated that the rounded nature of the angles was of functional matter, since angles on facial shaver preferably are rounded to prevent having sharp angles that might bother or even harm the user. Accordingly, the court concluded that even though aesthetic preoccupations might have led to emphasizing the rounded shape of the angles and the triangular shape, those considerations appeared only secondary with respect to the technical results to which the shapes at issue were mainly dedicated. Also the two other shape elements that Philips contended to be non-functional was found functional by the court; the triangular external outline necessarily followed the shape of the configuration of the base of the heads, and the clover-leaf shaped rim fulfilled the technical function of stretching the skin and raising the hairs. The court concluded that it had not found any non-functional features of the Philips trademarks which were capable of distinguishing them, and therefore invalidated six of the trademarks³²⁸. The judgment was appealed by Philips and decided by Paris Court of Appeals on February 16, 2005. The French appeal judgment was the very last judgment that was pronounced before I finished the work with this thesis, and I will come back to it further down to keep the chronological order.

In **Spain**, Remington's exclusive distributor River International S.A. started to sell the Izumi-made, Remington branded triple-headed shavers in June 2001, but was in January 2003 restrained by a preliminary resolution forbidding the import, sale and marketing of the shavers in Spain on the grounds of trademark infringement and unfair competition. River International appealed the resolution, and in July 2003 Barcelona First Instance Court No. 48 concluded, in the light of the harmonized national law, the Directive and the ECJ decision, that Philips' ownership of the trademark registration was tainted by violation of the absolute prohibition on registration of signs consisting exclusively of the shape necessary to obtain the technical result. The court elucidated that the provision was intended to avoid protection of a trademark right that grants its owner a monopoly over technical solutions. Accordingly, the restraining measures imposed upon River International were taken away. In a later Spanish judgment from May 6, 2004, further described below, the Spanish extensions of six Philips international trademark registrations were expunged after a request by Remington.

In **Sweden**, the appeal judgment had been kept pending to await the ECJ decision, and before Svea Court of Appeal, the appellant Rotary Shaver Sweden AB (former Ide Line AB) claimed the trademark to be invalid, *inter alia* on the ground of technical function. Philips argued, just like in the first instance, that the registered trademark consisted of mainly non-functional, arbitrarily chosen features. Philips thus claimed that the mark did not consist of essentially functional shape elements, and that the shape elements were in any case not *exclusively* determined by the technical result. The appeal court took a completely different position than the first instance court had seven years earlier, which is not too remarkable when considering all the litigation there had been since then, and in particular the ECJ judgment. The appeal court noted that the ECJ had stressed the importance of the *purpose* of the exclusion from registration of technical shapes and that a common interest was that such functional features or technical solutions should be free for all to use. The court declared that it had to determine whether the essential features of the registered shape were functional and chosen to fulfill the

³²⁸ The court invalidated the French extensions of six international IR registrations, but did not invalidate the French semi-figurative trademark, as it also comprised the denomination PHILISHAVE and therefore had distinctiveness.

technical result. If arbitrary considerations could be shown in the design of the essential shape elements, there was no reason for revocation of the trademark. The court found three essential shape features; the three cutting heads placed in each corner of an equilateral triangle, the triangular faceplate with rounded angles and the raised cloverleaf shaped rim surrounding the cutting heads on the faceplate. The findings of the court was that the most essential shape feature was the three cutting heads, and that the cloverleaf shaped rim was so obviously insignificant with no individual importance for the visual impression of the shaver that it should not be considered to be an essential feature of the shaver unit. For the assessment whether the two remaining essential features (the cutting heads and the triangular faceplate) were attributable solely to the technical result, the technical result was defined as an efficient and comfortable shave of hair on a human's face. The court concluded that there was no evidence of any arbitrary considerations of the three cutting heads arranged in an equilateral triangle, and the cutters and their placement were declared to be attributable solely to the technical result; to avoid skin damage and to create a compact and efficient shaver. Also the triangular faceplate with rounded angles served the technical function to hold the cutting heads on place and to constitute a reference surface for the cutting heads so that the skin did not get pinched, and the shape of the faceplate just followed the shape of the rotary cutting heads. The court further found that the rounded angles and the slightly bent sides were obviously chosen to give a comfortable, close, and efficient shave also of parts of the face that could be difficult to reach. Hence, the court concluded that all the essential shape elements of the shaver unit were solely attributable to the achievement of the technical result and accordingly Philips three-dimensional trademark registration was declared invalid and revoked.³²⁹

In **Italy**, Milan District Court declared the invalidity of the Italian extensions of six Philips trademarks, on the ground that they represented functional elements necessary for obtaining essential technical effects. The court found that all the details of the shaver performed a precise function: the dimensions of the head as well as the number of heads and their arrangement. The court further held that it would not seem redundant to note that the equilateral triangular arrangement, among other things, was found in a U.S. patent from 1972 as well as in other patents indicated by Philips itself. The court found that the former existence of a patent comprising the three-headed triangular shape proved the obvious technical value of the illustrated solution, even if the shape of the trademark did not constitute the main technical solution that was the object of the patent.³³⁰

In the second judgment from **Spain**, Remington used as an argument for invalidation of the trademarks because of their technical function that the triple-headed shaver unit had been the subject of several patents and patent applications. The court held that when determining whether a shape trademark consists of technically necessary shape elements, the first circumstance to be taken into account is whether the shape of the product has been the object of the filing or granting of a patent or utility model. If it has, the conclusion to be drawn is that the corresponding shape of the trademark is technically necessary and thus unregistrable as a trademark. However, the court did not specifically express any findings of the “patent

³²⁹ As you can see in my comments to the Swedish appeal judgment in Chapter 3.5, I think the court made a logical interpretation of the ECJ decision when first determining which the essential shape features were, and then one by one assessing whether those were necessary for the technical result. Many other courts did not distinguish the being of several different shape elements.

³³⁰ The matter of former patents of Philips' shaver was later also brought up by the Spanish, Portuguese and French courts, which you will see below.

history” of the shape of Philips’ contested trademarks, but seemed to have taken account to it in the overall assessment leading to the invalidation of the six Philips trademarks.

In **Portugal**, Philips requested an injunction to be issued, ordering Remington’s distributor Imporaudio, Lda. to stop importing, selling and marketing triple-headed shavers in Portugal. The Portuguese court rejected Philips’ request both on trademark and competition law grounds, and established that features necessary for the technical result was to be protected as a patent and not as a trademark. Furthermore, the court established that the drawing of the head of Philips’ shavers with three rotating heads had been patented since it was considered to be functional and to possess potential for industrial use. Therefore, it could not be subsequently registered as a trademark, as that would amount to perpetuation of a private right, to which the law assigned a temporary character. The court thus found Philips’ conduct to be blameworthy and held that trademark law could not be used to prolong other rights artificially, such as rights deriving from patents or utility models. Except rejecting Philips’ claim for an injunction, the court also held that Philips could not claim any exclusive trademark rights to its functionally determined trademarks.

In the most recent of the decisions from **Germany**, dated November 12, 2004, the German PTO cancelled one of Philips three-dimensional trademarks³³¹ because its shape was deemed necessary for the technical result. The PTO found that the ‘main’ feature, the arrangement of three cutting heads in the form of an equilateral triangle ensured that all the areas of the skin were passed over by the cutter heads during the shave, with the result that no unshaven areas could remain on the skin after the shave, irrespective of how the shaver was guided over the skin. Philips had argued that the essential functional features of the shape were mainly based on aesthetic considerations and that those features were at least not only ascribable to the technical result. Philips had thus relied on the wording in the ECJ’s answer to the fourth question that the term “only” were to be interpreted as “exclusively”, i.e. that features which also have functions other than purely technical functions are not covered by Article 3(1)(e) of the Directive. The PTO disagreed with the strict interpretation of the word “only”, and established that:

[t]he wording “only [ascribable to] the technical result” in this context can, however, not mean that capacity for registration is established if an aesthetic result is also present. Such a view would be in conflict with the purpose of the provision in question, rendering it practically meaningless, since every technically determined shape has probably also an aesthetic effect of whatever kind.³³²

Hence, the reason for the obstacle to protection was to prevent the protection of a trademark right giving its holder a monopoly in technical solutions or utility characteristics of a product that the user could also expect in the goods of competitors. The PTO asserted that the fact that all the essential features of the shape were determined by technical considerations could not be altered by the fact that the shape or its essential features also produced an attractive design. Thus, a shape whose essential features were only determined by technical considerations must accordingly be excluded from trademark protection *even if* the shape was *also* selected on the basis of aesthetic considerations. Consequently, the PTO decided to cancel Philips’ three-dimensional trademark registration.

³³¹ German Trademark no. 39408350, which corresponds exactly with international trademark registration IR 587.254 illustrated in Appendix A.

³³² Page 4 of the judgment.

Just like in the judgments from Italy, Spain and Portugal described above, the appeal court in **France** noted that Philips had claimed the equilateral triangle arrangement in both a British patent³³³ and in an American patent³³⁴. The rounded shape of the angles, in addition to the fact that it was claimed in the two patents, was found dictated by the concern to avoid sharp edges that could injure the user or make the shave uncomfortable. The court held that it was indifferent that the rounded shape gave the shaver a more aesthetic aspect, since it contributed to the intended technical result. Also the functional nature of the rim surrounding the faceplate was supported by the fact that it was described in a European patent³³⁵ as skin stretching and to control the pressure on the cutting heads to avoid skin cuts. Accordingly, the court found the functional nature of the rim to be confirmed by the patent evidence, as the shape was exclusively determined by the intended technical result being to stretch the skin and prevent skin cuts. Because of the functional nature of the shapes of the trademarks, the court decided to cancel the French parts of all six of Philips' contested international trademarks.

4.4.4 Shapes which Give Substantial Value to the Goods³³⁶

This is the last of the grounds for exclusion from protection set out in Article 3(1)(e) of the Directive, and seems to be intended to exclude from trademark protection ornamental shapes which give the product a substantial decorative value and thus rather should be protected by design protection. The **Advocate-General** held in his opinion before the ECJ that while trademarks protect the goods' identity, origin and goodwill, designs protect the substantial value of the goods, which makes it easier to give protection to designs that combine functional and aesthetic features than to trademarks. In the opinion, the Advocate-General also clarified that the provision was aiming at excluding ornamental shapes from protection, which gave the EU national courts helpful guidance on the interpretation. However, the intended meaning of the exclusion has, particularly before the General-Advocate's opinion, been rather unclear and the EU national courts have interpreted the provision in their own ways, which is clearly illustrated by the UK courts' different assessments described below.

In the first **UK** judgment, the substantial value of the shape was one of Remington's grounds for invalidation of Philips' trademark. The court established that adding value to the goods is the main function of a good trademark, but proposed that the purpose of the provision was to exclude shapes which exclusively added some sort of value which was not attributable to the trademark function, i.e. the source identification. The first instance court concluded that the triple-headed shape was primarily recognized by the public as having an engineering function³³⁷, and for that reason it added substantial value to the product. Therefore, the registered trademark was declared invalid on this ground as well. However, the UK appeal court dissented with the first instance court and held that the provision was intended to exclude aesthetic-type shapes, not functional shapes as in the previous provision, even though the two provisions might overlap. The court established that the fact that the technical result of a shape was excellent and the product therefore could command a high price did not mean that it was excluded from registration by this provision. An assessment was required in order to determine whether the value was substantial, and a comparison had to be made between the shape sought to be registered (or invalidated), and the shapes of equivalent products. It was

³³³ British patent No. 1 348 023.

³³⁴ American patent No. 4 310 968.

³³⁵ European patent No. 0 719 203.

³³⁶ Third indent of Article 3(1)(e) of the Directive.

³³⁷ The court found that Philips in its advertising over the years had clearly focused on educating the public in how well its rotary shaver and its triple-headed shape works.

only if the shape sought to be registered had, in relative terms, substantial value, that it would be excluded from registration. It was therefore irrelevant that Philips' registered shape had a substantial reputation built up by advertising. The UK appeal court came to the conclusion that the registered shape did *not* have any more value than other shapes which were established to be as good as, and as cheap to produce as, the shape which was registered. Accordingly, the court decided that there was no reason for invalidation of the trademark on this ground, and thus changed the decision of the First Instance Court on this matter.

In the second judgment from **Spain** (the first "real" judgment) where six Philips trademark registrations were cancelled, the court held that the exclusion from trademark protection of shapes giving substantial value to the goods was due to the shape's effect on the intrinsic value of the product. The aim of the provision was, according to the court, to establish a border between the trademarks system and the system of designs or industrial models, as the systems had different purposes; the trademark system granted protection for reasons of indicating business origin, while the design system aimed at promoting efforts directed at obtaining new product looks and decorative shapes. Thus, the exclusion from trademark protection of shapes giving substantial value to the product had a particular effect on products of which the aesthetic appearance had a direct impact on the consumers' positive valuation of the product. If it happened that the shape made the product more attractive and therefore more saleable, the shape probably affected the intrinsic value of the product and thus could not be registered as a trademark. This was, according to the court, because the function of the shape did not contribute to identifying the product's business origin but instead the shape was a factor functioning to satisfy the consumers' aesthetic demands. The shape was then aesthetically functional and would represent one of the factors, which would contribute to the commercial success of the product. The Spanish court concluded that the more attractive a three-dimensional shape was, the less likely it would be that the shape would be granted trademark protection. The court noted though that an aesthetic design could instead enjoy design or industrial model protection. Unfortunately, the court did not express how it applied these findings of law on the contested trademarks.

4.4.5 Comments

The exclusion from trademark protection of shapes necessary to obtain a technical result has been the focal issue for the various courts to decide on. Obviously, protection of shapes incorporating technical functions rather belongs in the world of patents and utility models, and the purpose of the provision is clearly intended to constitute a demarcation against those forms of time-limited protection of technical functions. Because of the proximity to patent matters, the character of much of the argumentation and the courts' assessments have rather reminded of those of patent proceedings than trademark litigations. And, as the courts of Italy, Spain, Portugal and France emphasized, the triangular shaver head had been the subject of several patents, in the UK, the USA and in Europe, which according to those courts proved the shape's technical character. It was held in many judgments that it is not the purpose of trademark law to enable undertakings to resort to trademark protection once other IP rights have expired and thus prolonging the rights deriving from other IPRs artificially.

As stated earlier, there was a clear change in the European courts' assessments after the ECJ ruling compared to before. Naturally, much of the considerations and findings of the courts have after the ECJ decision been quite conform, with the exception of a few judgments. Almost all the courts elucidated the *purpose* of the exclusion of technically determined shapes, being to enable a fair competition on the market by avoiding granting a trader an

eternal production monopoly on technical features. It is undoubtedly so, that all EC law shall be interpreted in the light of the main objective of the European Union, which ultimately is to ensure free movement within the Union of goods, persons, services and capital. Hence, enabling and stimulating a free and fair competition on the European market is one of the focal purposes of the European Union, which naturally also has effects on the application of all harmonized Community law, which all member states are bound to comply with.

Regarding the parties' argumentation and the development of it, it can be inferred that it did not change significantly during the ten years of dispute I have analyzed. When it comes to the claims and argumentation of Philips' various counterparties³³⁸, it has essentially focused on the technical character of Philips' trademarks as grounds for invalidation. Very often the courts agreed with the assertions of Philips' counterparty, so that the court's view corresponded with that of Philips' counterparty.

While its counterparties' argumentation did not vary considerably during the course of the dispute, Philips' argumentation has changed a bit more. Before the ECJ ruling, Philips consistently argued that since there were alternative shapes of shaver heads that could obtain an equal technical result, the shape of its trademarks were not *necessary* for achieving the technical result. Philips claimed that the trademark shape was mainly non-functional and consisting of arbitrarily chosen shape elements, but held that even if the shape was shown to comprise functional features, the existence of alternative shapes entailed that the particular Philips shape was not *necessary* to obtain the technical result. Hence, Philips applied a narrow interpretation on the Directive's wording 'exclusive', and referred to what has been called the 'doctrine on alternative shapes', which is originally a German practice that had spread to several other European countries. From being a widely accepted doctrine in some jurisdictions, the Advocate-General and the ECJ rejected that any relevance should be given to the existence of alternative shapes, since the competitors' would still be limited as they could not use the particular technical solution that the registered shape comprised. The Advocate-General also held that nothing would stop an undertaking from registering all possible shapes, which would clearly limit the competitors' freedom and stifle the competition. Even though the doctrine on alternative shapes was expressly rejected when assessing trademark registrability, it is still a relevant doctrine to use in relation to design protection. However, even after the ECJ's ruling, Philips continued to claim in some courts that the shape was not necessary for the technical result since there were other shapes that could fulfill the same technical result which.

Even if the Advocate-General and the ECJ preliminary ruling was interpreted to establish that the essential features of the shape of Philips' trademark was attributable solely to the technical result, Philips kept on arguing that the shape of its trademarks was mainly non-functional and arbitrarily chosen for aesthetic reasons. In the Swedish appeal court, Philips argued that the shape elements were not essentially functional, and that they in any case were not *exclusively* determined by the technical result. The Swedish appeal court found no evidence of any arbitrary elements of the shape's essential features. Paris First Instance Court found it necessary to assess the non-functional shape features, and held that if those were so distinctive that they were capable of distinguishing the shaver, even when taken alone, the shape could obtain protection. No such non-functional features were found though, since the few non-functional arbitrarily chosen features were so minor and secondary that they made no

³³⁸ There have been several counterparties, which all have in common that they have sold triple-headed shavers manufactured by Izumi: Windmere, Sears Roebuck & Company, Ide Line AB and later Rotary Shaver Sweden AB, Remington, River International, Imporaudio, Rayovac and of course, Izumi.

difference for the visual impression of the shaver. However, Philips has kept holding that the essential features of the trademarks are mainly aesthetic also in the most recent proceedings.

When analyzing the development of Philips' argumentation, it is interesting to see Philips current view on the matter in order to compare it with earlier submissions. In the most current judgment, pronounced on February 16, 2005 by Paris Court of Appeals, Philips held that the chosen shapes of its trademarks, such as the upside-down equilateral triangle shape, were the result of a combination of functional and non-functional features that were not exclusively related to the technical result. Philips argued that the exception of the Directive was to be construed narrowly and that a complex shape may be considered as non-necessary to the technical result, even though its features, when considered separately, have a functional role and even though its non-functional elements do not in themselves constitute its essential characteristics. The appeal court did not agree, and held that the signs consisted exclusively of a shape that was necessary to achieve the technical result and that protection of the trademarks would result in depriving competitors of the possibility of using the shape freely. The conclusion to be drawn from this is that Philips has kept mainly the same argumentation, but has adjusted it to better correspond to the last years' court findings on the matter. In a way you could also say that Philips has tried to benefit from the weaknesses of the somewhat unclear wording of the ECJ ruling, by inferring from it the possibility of a narrower interpretation of the Directive than the various national courts have construed.

Regarding the deviations, the most different legal assessments have undoubtedly come from Germany. A main reason has been the separation of powers in German law between the registration authorities on the one hand and the infringement courts on the other, in combination with the principle of binding effect of a German trademark registration. In Germany only the PTO can decide on the registration or cancellation of trademarks, and as long as the PTO has not cancelled the particular trademark, the ordinary courts in an infringement dispute are bound by the registration as it is, and have no review powers of their own. The Superior District Court of Cologne held that even if the Philips trademarks may include features that are exclusively necessary for the technical result and thus is not capable of trademark protection as registered contrary to the provisions of the Directive, the infringement assessment must still include all those features, as originally registered. The court concluded that there was a likelihood of confusion in the legal sense between Philips' trademarks and Remington's shaver, when basing the assessment on the trademarks as (perhaps wrongfully) registered, and the court upheld the interlocutory injunction restraining Remington from selling and marketing triple-headed shavers in Germany. The judgment was appealed, but at the time of writing this, in May 2005, the injunction is still in force. Perhaps because of the separation of powers in German law, Germany is the only country in the world where Remington is restricted by a court decision to sell Izumi-made triple-headed shavers. Moreover, until now three of Philips' international trademarks have been cancelled in Germany on the grounds of functionality.³³⁹

4.5 Trademark Infringement

It is important to separate the trademark registrability or invalidation matters from the trademark infringement matters, as those two areas of trademark law represents completely different components of the legal protection of trademarks. In many countries Philips sued the

³³⁹ Two other trademarks have been contested but held still valid by the German Federal Patent Court, which handles the appealed PTO decisions.

company selling Izumi-made triple-headed shavers for trademark infringement, and in most cases that company counterclaimed Philips' trademarks to be invalid. Alternatively, the company selling Izumi-made shavers requested the cancellation of Philips trademark, whereupon Philips replied by suing for infringement. However, often the courts found no reason to investigate the alleged infringement, since the trademarks was declared invalid on grounds of functionality and, obviously, could not be infringed. In some cases, for example in the UK judgments, the court chose to comment the alleged infringement even though it had already invalidated the trademarks and an assessment of the infringement claim was unnecessary.³⁴⁰ In some countries, such as Sweden, Italy and Switzerland, the company selling Izumi-made shavers filed a request to the court for a declaratory judgment declaring that the company's sale of triple-headed shavers was not an infringement of Philips trademark rights, as the trademarks were technically determined.

Article 5(1) of the Directive provides that a trademark is infringed if an identical or similar sign is used in the course of trade for identical or similar goods, and there is likelihood for confusion and/or association with the trademark. In the first UK judgment, Philips had held that the Remington shaver was identical with Philips' registered trademark. The court found the argument to be "hopeless", as even though the registration covered a three-dimensional shape, the actual mark registered was only a picture. The court's Judge Jacob J made his point clear when concluding that "I think a consumer would notice the difference between shaving with the [Remington shaver] than doing so with a picture". However, the court established that there were visual differences between the trademark picture and the top part of the Remington shaver, and even though the differences were slight, the Philips trademark and the Remington shaver were *not* identical and no infringement had occurred on that ground. As to if the Remington shaver and the trademark were similar, the same court found the top part of the shaver to be confusingly similar to the registered trademark, but held that it was so in a "non-trademark manner".³⁴¹ When it came to Remington's infringement defense under Article 6(1)³⁴², the court found that the Remington shaver's top part was an indication as to the kind, quality, intended purpose etc. of the goods. The court concluded that Remington's use of its shaver was merely descriptive, since it just denoted a triple-headed shaver. Hence, the top part of Remington's DT55 model did not denote trade origin and accordingly was within the legal scope of non-infringement. The UK appeal court noted the first instance court's findings that Remington had not used the top part of its shaver as denoting trade origin, but held that any use of a sign in the course of trade could constitute an infringement, not just "trademark use". Consequently, the appeal court disagreed with the first instance court and rejected Remington's defense of non-trademark use, which meant that Remington would have been guilty of infringement if the trademark had not been declared invalid.

In **Australia**, Remington's alleged trademark infringement of Philips' trademarks was the main question, and the court had to determine whether or not Remington had used its shaver as a trademark, which in Australia is a decisive factor when assessing a trademark infringement. Philips contended that its two trademarks were infringed by the use of the triple-head configuration of the Remington shaver, as well as the use of photographs or

³⁴⁰ Hence, even if the infringement claim was irrelevant, the court found that since evidence from the parties had been submitted on the matter, a declaratory comment was motivated.

³⁴¹ Since the registration was already declared invalid, the court saw no reason to get into whether the infringement provisions also covered such "non-trademark" similarity. I find it a bit unfortunate that the court gave no explanation to its expression "non-trademark manner", which at least I would have welcomed.

³⁴² Article 6(1) of the Directive provides that "The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, (a) his own name or address; (b) indications concerning the kind, quality, quantity, intended purpose, value [...] or other characteristics of the goods or services [...]"

images of the three-headed faceplate on packages and in brochures and advertisements. Philips argued that all those matters were to be seen as use as a trademark of a sign that is substantially identical with or deceptively similar to one or both of Philips' registered trademarks. Remington disagreed that Philips would have such exclusive rights to the triple-headed shaver design, and further contended that in any event the design of the head of the Remington shaver had not been used as a trademark of the triple-headed shaver. The court established that depicting and describing the shaver head was common use in shaver advertising and the emphasis on the shaver head was *not* intended to suggest a distinctive association with the shaver's origin, Remington.³⁴³ Accordingly, the court concluded that the use by Remington was not a use of either of Philips' marks as a trademark, and Remington had thus not infringed Philips' trademark rights.

Neither the **Advocate-General** nor the **ECJ** found any need to comment the three last questions that had been referred to the court concerning trademark infringement, since that was irrelevant due to the interpretation and application of Article 3. In the third **UK** judgment from June 2004 (the second UK first instance judgment), the court invalidated the contested trademark but nevertheless commented the alleged infringement. Regarding the use of the sign, Remington had argued that the use complained of by Philips might well have been a use by it of a "sign" but not of "trademark use" as required for infringement. Remington held that it had simply used the shaver head to convey the message that it was part of a rotary shaver, as distinguished from a foil shaver, and was not used to denote origin. The court found that the heads of the Remington shavers were not used in the trademark sense as an indication of origin of the shavers, since they only promoted themselves as the working heads of triple-headed rotary shavers. The court further found that neither the advertisements of the heads on Remington's packaging had any purpose of denoting origin. Finally, the court stated that Remington had made no attempt to emphasize the 'cloverleaf' design on its shaver heads. Even if the question did not arise, the court also concluded that there was no exact identity between Remington's signs and Philips' trademark, even though the differences were minor. The court further chose to assess whether the allegedly infringing sign was confusingly similar to the Philips' trademark. Remington had argued that even though Philips might have shown that the public associated three-headed shavers with Philips, it had not shown that the public attached any significance to the cloverleaf when making the association. The court held that if it would hypothetically assume that Philips' trademark had become distinctive in the eyes of the public as a trademark denoting the Philips' origin, the heads of Remington's offending shavers would have been confusingly similar to Philips' mark. Hence, these findings did not matter, since the trademark was invalidated and revoked as being attributable solely to the technical result.

³⁴³ The court also declared that to state in the advertising that the shaver was "the quickest, smoothest thing on three wheels" was *not* to suggest that three "wheels" were an exclusive or distinctive characteristic of Remington shavers. Furthermore, the court found that much more emphasis was put on the feature of the Remington "dual track" cutters and the wet/dry function than on the fact that the faceplate was triangular and had three rotary cutting heads.

5 Legal Analysis: Design and Competition Law Matters

5.1 Design Law

Design protection was only claimed and discussed in two of the judgments: the first UK judgment from December 1997 and the Australian judgment from June 1999. In the UK, Philips was the proprietor of a registered design representing a whole triple-headed rotary shaver from four different angles. Philips claimed that Remington's DT55 shaver model was within the scope of protection of its registered design, and thus infringed it. Remington denied any infringement and counterclaimed for revocation of the registered design on the grounds of invalidity. In the infringement assessment, the court took guidance in previous case law and described and compared in detail the various elements of the two designs. The court concluded that the designs were different, and those differences excluded the possibility of infringement of the registered design. Regarding the validity, the court concluded that even if the scope of the protection of the registered design did not cover the Remington shaver, there was no reason to invalidate the registration. Hence, the design registration was considered still valid but of limited scope.

In **Australia**, Philips was the owner of a design representing a triple-headed shaver. Philips had sought orders consisting of permanent injunction and a declaration that Remington had infringed Philips' registered design. Philips claimed that the Remington shaver was nothing but an obvious or fraudulent imitation of the registered design, inconsistent with the relevant provisions of the Australian *Designs Act*. Remington cross-claimed for rectification of the Register of Design by expunging Philips' design registration. Remington's primary case was that Philips' design was valid but that the Remington shaver was not infringing it. Remington sought an order to expunge the registered design only in the event that it was held that, assuming validity, there was infringement. The court declared that the essential questions were, first, whether the allegedly infringing design was based on or derived from the registered design and, second, whether the differences were so substantial that the result was not to be described as an imitation. The court found that Remington had had knowledge of the Philips shavers when designing the Remington model DT45, the model on which the DT55 was based. There had been samples of Philips shavers in the Izumi factory, and on internal notes and drawings from Izumi the Philips shavers were mentioned and compared with. It was also clear that Remington was aware of the United States registered design equivalent of the design in suit. The court held that it was not an infringement to produce a product that was close in design to a registered design, if the design of the product was not an imitation. It would, however, be an imitation if the element of "fraud" was proved, which it could be even if the copy showed apparent differences as long as it could be shown that the differences had been made merely to disguise the copying.³⁴⁴ However, if there were substantial differences of a material kind between the article and the registered design, there was no imitation and no infringement. The court concluded that there were some significant similarities between the design in suit and the Remington shaver, but that there were also strikingly different features. The court found substantial differences of a material kind between the registered design and the Remington shaver, which gave the latter a distinctively different appearance from the former³⁴⁵. Accordingly, the court concluded that there had been no imitation, neither

³⁴⁴ The evidence in the case established that Remington would have preferred a smaller head of the DT55 but could not achieve it because of the size of the internal components and the need to waterproof the machinery. The court found that that difference, the size of the head, existed not because Remington wished to disguise any copying but because the character of the particular machine dictated it.

³⁴⁵ The differences found were principally the size of the head base, the size and shape of the handle and the look of the faceplate.

fraudulent nor obvious, of Philips' registered design. Philips design was considered still valid but had *not* been infringed by the Remington shaver.

5.2 Competition Law

In almost half of the countries where the dispute (so far) has been brought to court, Philips has alleged its new competitor on the triple-headed shaver market of breaches of competition law. In the USA, Australia, Germany, Spain, Italy and Portugal the judgments have included competition law matters. In three of the countries; Australia, Germany and Spain, Remington respective River International was restrained by interlocutory injunctions from selling and marketing triple-headed shavers. In Germany the injunction is still in force but is appealed by Remington; the Australian injunction was in force for two years between June 1997 and June 1999, and the Spanish injunction was in force only between January and July 2003. In this chapter I will refer the parties' claims and argumentation and the courts' findings regarding the raised competition law matters.

In the **USA**, Philips filed its first suit in Florida in October 1984, charging the American company Windmere with unfair competition regarding the Philips design impression, after finding out that Windmere was going to sell Izumi-made triple-headed shavers in the USA. Philips lost the case, as the jury found that Philips did not possess any cognizable trade dress right³⁴⁶. Philips won a motion for a new trial, but also the second jury's decision resulted in a defeat for Philips. While the Florida litigation was pending, Philips filed a suit in Illinois, charging another American company, Sears Roebuck & Company, for unfair competition on the same grounds as in the Florida litigation. Since Philips had been unsuccessful in its earlier litigations concerning the same matter, the Illinois court advised Philips to settle. Philips refused, the court dealt with the case and Philips lost its case once again. The Illinois court had found that Philips did not prove any cognizable trade dress claims that could rebut Sears' strong evidence on functionality³⁴⁷, and thus rejected Philips' allegations of unfair competition.

In **Australia**, Remington had been restrained by an interlocutory injunction for two years, and Philips sought orders consisting of permanent injunctions and a declaration that Remington had infringed Philips' registered design and trademarks. Philips sought the relief on the basis that Remington's conduct to sell or import for sale Izumi-made triple-headed shavers in Australia, as well as infringing the registered design and trademarks, amounted to passing off³⁴⁸ and infringed Sections 52 and 53³⁴⁹ of the Australian *Trade Practices Act* 1974. Philips alleged in its claims that either by reason of the appearance and/or the packaging or marketing, the Remington shaver was likely to be taken by the trade and by the public as being the shaver of Philips, manufactured and distributed either by Philips or with the license or approval from Philips. The court established that Philips until 1997 had been the only supplier of triple-headed rotary shavers on the Australian market, and that Philips had made extensive advertising in Australia mainly consisting of a picture showing the shaver head in connection with the name "Philips" or the trademark PHILISHAVE. It was undisputed that these facts had made consumers very likely to associate the triangular shape of the shaving head with Philips shavers. Remington had been a well-known brand in Australia for many

³⁴⁶ An introduction to the matter of trade dress is given in Chapter 2.2.5.

³⁴⁷ The essence of the American functionality doctrine is described in Chapter 2.2.5.

³⁴⁸ The tort of passing off is further explained in Chapter 2.3.3.

³⁴⁹ These provisions are described under "passing off" in Chapter 2.3.3 as well as in the Australian judgment in Chapter 3.8.

years. The evidence showed that Remington at the time in Australia had a larger share than Philips of the overall “personal care” products market, but had a substantially lesser share of the total electric shaver market. The court found that the evidence showed that Philips’ triangular shaver head through intense marketing was strongly associated with Philips by the consumers. The evidence did *not*, however, establish that the Remington shaver was likely to be taken by the trade and the public as being neither the shaver of Philips nor manufactured and distributed by Philips. The last of Philips’ claims was the possibility that the Remington shaver was likely to be taken as produced with the license or approval of Philips. The court concluded that even though the image of the shaver head was powerful and associated with Philips, its use in the particular context in relation to a shaver visibly marked with the well-known name REMINGTON would make it clear that, of the products of two substantial competitors, this was a Remington. The court thus found that Remington’s conduct was not calculated to mislead or deceive consumers, particularly since it was very likely that the consumer would be faced with a display of shavers including both brands. Accordingly, the case based on the *Trade Practices Act* failed. The claim of passing off had the same basis as the *Trade Practices Act* claim, and the alleged misrepresentations which is an essential element of passing off was hence found non-existing by the court. Accordingly, the passing off claim failed as well.

As already expressed above, a German court issued an interlocutory injunction in **Germany** on the grounds of unfair competition and forbade Remington from offering for sale, advertising or putting into circulation triple-headed electric shavers in Germany. The legal grounds referred were four sections of the German *Act against Unfair Competition*. Remington lodged an objection to the interlocutory injunction, and the matter ended up in Cologne District Court, which would come to completely different conclusions concerning unfair competition than the Australian court. Philips claimed that Remington’s sale of triple-headed shavers was a breach of competition law from the point of view of avoidable deception of origin and exploitation of reputation. Remington petitioned that competition law was not applicable as the provisions of trademark law applied and were exhaustive.³⁵⁰ However, contrary to Remington’s submission and what the Cologne appeal court later would establish, the court found trademark law non-applicable to the case and instead permitted supplementary protection through competition law.³⁵¹ The court found that Remington’s design was an imitation of Philips’, and that Remington had committed an avoidable deception of origin, without having done everything possible and reasonable to prevent that the public gets misled. Hence, there was a risk for confusion of the business origin for the consumers, and the denomination REMINGTON on the shaver made no difference, since the public might believe that Remington was commercially or organizationally linked to Philips. A requirement in German unfair competition law is that the product that is claimed to be imitated has competitive individuality, i.e. features capable of enabling the public to distinguish it from similar products of other manufacturers. The court established that Philips’ shavers had such competitive individuality, which related to the external aesthetic design of the cutting surface, which through the interaction of several individual shape elements of the Philips shaver acquired a character indicating origin. The court agreed with Remington that features that must necessarily be used for technical reasons in similar products do not

³⁵⁰ Remington contended that account should be taken to the recent ECJ decision from which it followed that the three-cutter-head shape was exclusively determined by technical reasons, and accordingly should be denied trademark protection.

³⁵¹ Interesting to note is that the Superior District Court of Cologne, where the case later ended up on appeal, made the opposite finding than the first instance court and thus agreed with Remington on the correct source of law; it found that trademark law applied, which excluded the application of competition law.

establish competitive individuality in the light of the principle of the freedom of the state of the art. But contrary to Remington's view, the court held that the design of the cutting surface of the Philips shaver was *not* necessary for technical reasons so as to deny competitive individuality. This was because the individual design of the cutting surface selected by Philips was not the only technical solution to achieve the same shaving effect. Furthermore, Remington was found guilty of unfair conduct since it had acted in knowledge of Philips' products without taking suitable measures to exclude confusion, and so attempting to dishonestly attach itself to the good reputation of Philips' products. Accordingly, the court upheld the interlocutory injunction on the grounds of unfair competition. Remington appealed the judgment, and also the Superior District Court of Cologne upheld the injunction but on the grounds of trademark law instead of competition law.

In **Spain**, River International Ltd., which is Remington's Spanish distributor, was restrained by an interlocutory injunction from importing, distributing and selling the Izumi-made triple-headed shavers in Spain. The injunction was, however, withdrawn six months later after a decision by Barcelona First Instance Court No. 48. When requesting the injunction, Philips had, except claiming trademark infringement, contended that River International was guilty of unfair conduct consisting of the launching on the Spanish market of electric shavers incorporating an imitation of the shaving surface of Philips' distinctive triple-headed shaver, which was also registered as a three-dimensional trademark. The court rejected this claim and held that the shape of the shaving surface could not be considered as a sign, but must be considered as a part of the product. Philips had claimed that the alleged imitation created a likelihood of confusion among consumers regarding the corporate origin of the products, by which River International took advantage of Philips' repute. The court established that the likelihood of confusion should be considered by taking into account all factors of the specific case that may be pertinent, in relation to the prototype of a consumer which the ECJ had drawn up in its decision on June 22, 1999³⁵². The consumer prototype applied to all relations in the market and was described as the average consumer of the category goods or services in question, who is presumed to be normally informed and reasonable, alert and perspicacious. The court established that River International's shavers indeed contained the three rotary heads registered as a three-dimensional mark by Philips, but that the shavers also visibly incorporated the distinctive denominative sign of the product, REMINGTON, which was clearly intended to identify the corporate origin. The court concluded that, considering the differentiating function of the Remington sign displayed on the body of the shaver, the principal actions exercised by Philips would probably not succeed, whereas the resolution ordering the injunction was annulled.

In **Italy**, which was the fifth country to deal with competition law aspects of the dispute, Remington sought a declaratory judgment confirming that the import and marketing of triple-headed shavers in Italy was neither trademark infringement of Philips' trademarks nor any act of unfair competition. Philips first responded by filing a precautionary petition requesting the court to restrain Remington from any further marketing of the triple-headed shavers and confiscation of all imported shavers, but later withdrew the petition. In the court proceedings, Philips submitted a counterclaim for obtaining a judgment that the trademarks had been infringed and that Remington's conduct constituted unfair competition. The court established that even if there were no EC directives aimed at harmonization of the field of competition, the exclusion from trademark protection on the basis of functionality had the capability to exclude recognition of illegality under unfair competition law. Concerning the alleged

³⁵² *Lloyd Schuhfabrik Meyer & Co. GmbH vs Klijsen Handel BV* (C-342/97).

confusingly similarity of the products, the court found all such confusability to be excluded after comparing the general impressions of the shavers and making a direct examination of the shavers and their packaging, with recognition of both parties' constant use of different denominations on their shavers and packaging.³⁵³ Hence, there was no evidence of unfair conduct and thus no breach of competition law.

Portugal is, so far, the last country where Philips has resorted to competition law to try to stop its competitor from selling triple-headed shavers. Philips requested an injunction to be issued, prohibiting Imporaudio Lda., Remington's distributor, to import, sell and market triple-headed shavers in Portugal on the grounds of trademark infringement and acts of unfair competition. Philips contended that even if the trademarks were not deemed to having been infringed, the activity of importation and marketing of Remington shavers by Imporaudio constituted an act of unfair competition. The court disagreed and concluded that Imporaudio had not committed any act constituting unfair competition, insofar as it had not infringed any private right of Philips, either with regard to trademark law, or with regard to the rules on non-typified industrial property rights for which there was no legal protection. Furthermore, the court established that it was common knowledge that the specific purpose of an injunction was to avoid serious injury that was difficult to repair, deriving from a delay in the issuing of protection for a legal situation. The court found that in the present case, in view of the length of time for which the situation had subsisted, none of the conditions for an injunction were fulfilled, as there was neither any reason for urgency nor any fear for a serious injury difficult to remedy. Accordingly, the court rejected Philips' application for an injunction.

Finally, it can be noted that all the courts except the German first instance court established that there had been no infringement of competition law. Most of the courts have discussed essentially the same matters in their assessments of the alleged unfair competition. All the courts considered whether there was a likelihood of confusion of the corporate origin and if the Izumi-made shaver was calculated to mislead or deceive the consumers and thus exploit Philips' reputation. All courts but one found that the visible incorporation of the REMINGTON sign on the shavers and the packaging was clearly intended to identify the corporate origin of the shaver. The German court disagreed and found that Remington had not taken suitable measures to avoid confusability since the differentiating function of the REMINGTON brand on the shaver was not sufficient. Another disparity was that the Australian court held that the Philips and Remington shavers would be sold in a specialty shops where it was very likely that the consumers would be faced with a display including both brands with good possibilities for comparison, while the German court held that the shavers would be seen in isolation to each other.

³⁵³ In the direct examination, the court compared the products' different variants such as the base, contour, double twin heads instead of single, overall shape, and color, and the respective packages' different text, illustrations, colors, and overall impression.

6 Philips' Strategy and the Market Effects

6.1 The Strategy

Except analyzing the dispute from a legal point of view, it has also been my ambition to determine Philips' strategy for enforcing its valid or invalid IPRs. It is interesting that Philips despite repetitious expensive losses has continued to initiate litigations and take other legal actions. I have therefore tried to assess how successful or unsuccessful the strategy has been for Philips and what consequences the strategy has had for Philips' competitors and the competition on the global electric shaver market. I have also tried to determine how well the purpose of intellectual property law has been fulfilled during the course of this dispute.

Philips had been the sole supplier in the world of triple-headed shavers, which have given enormous market advantages in form of no competition at all. Both in the USA and in Europe Philips had patents covering technical functions of its rotary shaver, such as the skin-stretching clover-leaf shaped rim surrounding the rotary cutting heads.³⁵⁴ By the beginning of the 1990s, all the patents were expired. In order to keep some kind of protection, Philips applied in numerous jurisdictions for obtaining trademark registrations comprising the three-dimensional shape of the shaver head, and thus increasing the great number of shaver trademarks it had already registered. Most jurisdictions agreed to register the marks after proof of acquired distinctiveness, and Philips also registered the shaver as a design in some countries. When a competitor showed up trying to enter the market, Philips realized that its monopoly status on the triple-headed shaver market was threatened, and had to take immediate action and do whatever possible to keep any competitor out of the market. I suppose it was by that time Philips developed the offensive litigation strategy that is still in force today. In order to stop the new competitor, Philips initiated litigations in two states in the USA on the grounds of unfair competition and trademark infringement. All ready in the USA Philips was defeated several times, and when the dispute spread to other continents, Philips kept on losing its cases. Philips was only successful in the first Swedish litigation and in some of the German cases³⁵⁵, and has had repetitive defeats in first instance as well as appeal courts all over Europe. In the wake of Philips' setback in the ECJ, it was Philips' main competitor Remington that initiated the litigations in France and Italy for invalidation of Philips' trademarks to eliminate the risk of infringement suits. However, Philips has obviously not abandoned its offensive litigation strategy, as demonstrated by the most recent lawsuits. Philips was as late as June 2004 denied a recently submitted request for an interlocutory injunction against the Portuguese distributor of Remington triple-headed shavers. In the last UK judgment, from October 2004, Philips had sued Remington for trademark infringement, but lost and instead got the trademark invalidated on several grounds. In the most recent judgment from Paris Court of Appeals on February 16, 2005, Philips had in its appeal *inter alia* claimed trademark infringement of six (already invalidated) trademarks, a declaration forbidding Remington to sell triple-headed shavers, destruction of all shavers, packaging, leaflets and other promotion material as well as compensation of €950,000 for the loss Philips had had due to the alleged trademark infringement. These not too modest claims

³⁵⁴ However, the mere configuration with three rotary cutting heads arranged on a triangularly shaped faceplate has not been the subject of any patent.

³⁵⁵ Even though the decision is appealed, Germany is the only country in the world where a Philips' competitor is still restrained by a court decision from selling triple-headed shavers. The interlocutory injunction was upheld because of the separation of powers between the registration authorities and the infringement courts, and the principle of binding registration. Thus, the infringement court was not allowed to review the trademark registrability but could only assess the infringement based on the (perhaps invalid) registration.

clearly illustrates that Philips in no way has abandoned its strategy to give its new competitors on the market a hard time.

Philips' strategy has thus consisted in claiming rights inferred by competition law as well as enforcing trademark rights, which in one country after another has been invalidated and cancelled. As early as after the USA litigations, Philips must have suspected that more defeats were to come and that sooner or later its monopoly position would fall. The objective of Philips during the remainder of the dispute must have been –and still today is– to try to delay the competitors' entering on the market as much as possible. However, litigating is expensive, and Philips' combined litigation costs have been roughly estimated to amount to approximately 50 million US dollars.³⁵⁶ This is undeniably a large sum, and at first one might wonder why a company would spend an amount like that on court cases that mostly are doomed to be lost. However, when assessing what Philips has actually gained on all the litigating and the strong enforcement of its soon-to-be invalidated trademark rights, one realizes that the strategy in several ways has been successful.

One cannot underestimate the enormous value of being the only supplier in the world to provide a highly demanded product, which also has a shape that is subject of trademark protection in numerous jurisdictions even though it incorporates advantageous technical features. The profit of keeping such a valuable monopoly for as long as possible must have covered all the litigation costs. Every day that Philips has managed to keep competitors out of the triple-headed shaver market has been highly profitable, and in a way it is therefore understandable that Philips has tried so hard to keep its monopoly position on the triple-headed shaver market. It is also worth mentioning that out of all the electric equipment that Philips manufactures, it has always made a big profit on the electric shavers³⁵⁷. This might explain why Philips reacted so strongly when realizing that the profitable income from sales of triple-headed shavers was threatened. It is impossible to say how many years of maintained monopoly Philips has gained in different countries on its, in a legal sense, unsuccessful litigations. In most countries the competitor's launch has been delayed for several years; for instance it took ten years for the Swedish importer of triple-headed Izumi shavers from the first filing for a non-infringement declaration in 1994 until the company was actually allowed to sell the shavers in 2004. During those ten years Philips maintained the advantageous position of being the only trader of triple-headed shavers in Sweden.

Another advantage of delaying the competitors' launch is that Philips has had plenty of time to prepare for the coming competition. Philips has used the lead to increase its range of shavers and offering a wider selection of shavers by developing new models. The shavers have different looks and features, and also represent various price levels. The purpose of this kind of marketing strategy is to get more shelf space in the stores than the competitors. Hence, by getting more shelf space with a wider range of products, the competitors' shelf space will be reduced. On many markets, Philips has been ready with a wider selection of shavers when the competitor could finally enter the market. As the Izumi-manufactured shavers are considerably cheaper than the Philips shavers, Philips also had time to develop cheaper models so to meet Izumi's lower prices.

³⁵⁶ The estimation has been made by William Androlia, who is Izumi's external legal supervisor.

³⁵⁷ Bohman, Bengt, telephone interview. April 29, 2005.

6.2 Market Effects

In all the countries where Philips is no longer the only supplier of triple-headed shavers and the Izumi-manufactured shavers have entered the market, the change on the market has been the result of court proceedings, as described in previous chapters. The companies selling Izumi-made shavers, such as British Rayovac, Remington and Swedish Rotary Shaver have in many cases not been willing to take the risk of starting to sell Izumi-made triple-headed shavers in countries where Philips still has valid trademarks protecting the shaver's shape. The evident risk of trademark infringement claims from Philips has thus affected the competitors' business considerations as to which countries or markets they choose to expand their sales of triple-headed shavers to. As a result of this, Rayovac has filed nullity actions against Philips' trademarks in several countries, requesting the cancellation of trademark registrations identical to those that have been invalidated by courts of other countries.³⁵⁸ However, the countries where there is now competition and Izumi-made triple-headed shavers are being sold are: the USA, Canada, Australia, New Zealand, Sweden, the UK, Ireland, France, Italy, Spain and Portugal.³⁵⁹

By suing companies selling Izumi-made shavers, Philips managed to create an uncertainty amongst the possible competitors, making them reluctant to getting into the business of rotary shavers as it seemed risky and could entail high litigation costs. Hence, the message sent to the other actors on the market was that Philips intended to actively defend its market position from any company trying to enter the triple-headed shaver market. Izumi was the first manufacturer who dared to challenge Philips' monopoly, and still today it is only companies selling Izumi-manufactured shavers that are competing with Philips on the triple-headed shaver market. It seems like all other companies are still scared away, reasoning that a try to enter the market would not be worth the risk of being sued by Philips. Since Izumi and its related parties have taken the fight with Philips and the market has now opened up in many countries, we will probably see more competitors on the triple-headed market in the future.

To illustrate the significant change on the market when Philips' monopoly position could no longer be upheld, the following example is descriptive. In 1989 there was approximately 59,000 Izumi-made shavers of the vibration kind sold in the USA. After the triple-headed rotary shaver market has been opened up, there are now in the USA over one million Izumi shavers sold per year, which is as much as seventeen times more than before.³⁶⁰ Purely hypothetically, it is likely that a quite large part of that million shavers would have been sold by Philips if there had still not been any competition on the triple-headed rotary shaver market. Obviously, not being the sole supplier anymore has been quite a setback for Philips.

It is therefore interesting to see how Philips has dealt with the new competition. In the USA, after Philips had lost both the Florida and the Illinois cases, Izumi and Philips have been competing on price and features of the shavers. After the launch of Izumi-manufactured shavers in the USA, Canada and Australia, Philips has had to reduce its prices and develop new models. There are now low price models of Philips' triple-headed shavers, which are significantly cheaper than ever before. In these countries, Philips and the Izumi-made shavers are often demonstrated side by side in the same product catalogues. In the UK, France, Italy

³⁵⁸ Rayovac has so far filed cancellation requests against Philips' trademarks in Norway, Switzerland, Holland, Denmark and Austria.

³⁵⁹ The only country where there has been court proceedings but yet no sale of Izumi-made shavers is Germany, where Remington is still restrained by an interlocutory injunction.

³⁶⁰ Androlia, William, 2005, telephone interview. May 11, 2005.

and Spain Philips has offered retailers advertising money and margin guarantees as long as the retailers do not buy much Izumi-made shavers.³⁶¹

6.3 Final Words

One can conclude that it is interesting from a legal point of view that Philips ultimately has not been able to stop the use of the triple-headed design by any legislation or legal protection. In a legal context, Philips has lost big since numerous trademarks have been invalidated and no infringement claims has been successful. It is, however, a fact that Philips' actions from a strategic marketing point of view has been a success, as the temporarily maintained monopoly position obviously has given satisfactory return of the money 'invested' in legal actions.

When analyzing Philips' quite aggressive legal strategy, which has been upheld despite repetitious defeats, it is difficult to avoid thinking of this conduct from a moral point of view. In the last US judgment, the Illinois court held that Philips since the late 1970s has attempted to stop competition in the market and harass and intimidate those who posed a threat to its strong position on the electric shaver market. The US court further concluded that Philips' motives and actions clearly constituted a malicious, fraudulent, deliberate and willful behavior, as Philips had forced other companies into spending large sums of money to defend themselves against Philips' unsupported claims. Other courts have expressed similar opinions of Philips' actions. Philips itself held in the Spanish judgment from 2004 that the defense of its trademarks were not to be seen as any monopolistic urge but a necessary precaution to protect its consumers from the risk of confusion and association.

Royal Philips Electronics is one of the world's biggest electronics companies, and the largest in Europe, with 160,900 employees in over 60 countries and sales in 2004 of €30.3 billion.³⁶² For the moment Philips owns 115,000 patents, 22,000 trademark registrations, 11,000 registered designs and over 2,000 domain name registrations.³⁶³ Thus, Philips is a huge company with an advanced IP organization guaranteeing a strong enforcement of its IPRs. Our economy is becoming more and more intellectualized, and IPRs play a greater role today than ever before. There is, however, a negative side of IPRs, namely that it is generally expensive to enforce them or for a competitor to challenge them. As a consequence, it is often money that decides which companies can enforce their IPRs or which companies can afford to challenge the validity of other companies' IPRs.

Philips has had sufficient monetary and organizational resources to use the existing IP and legal systems to uphold a monopoly position by enforcing rights inferred by trademarks that have ultimately been declared invalid and cancelled. Hence, Philips has managed to keep competition out of the market for a long period by enforcing the rights of trademarks, which were wrongfully registered in the first place –registered contrary to the law. It is also so, that when you have a trademark registration you can initiate litigations to defend it without risking having to pay damages, even when the chances of winning are obviously small. It is well motivated to ask whom the IP system benefits if it can be used in this way, for a strong actor to maintain a monopoly position on a particular market by enforcing an 'illegally' registered trademark. This possibility is not consistent with the purpose of trademark protection, being to

³⁶¹ This information of the market effects has been given by William Androlia.

³⁶² Philips: "Global Profile". Published in 2004-2005, available at <http://www.philips.com/about/company/article-14054.html> (2005-06-14)

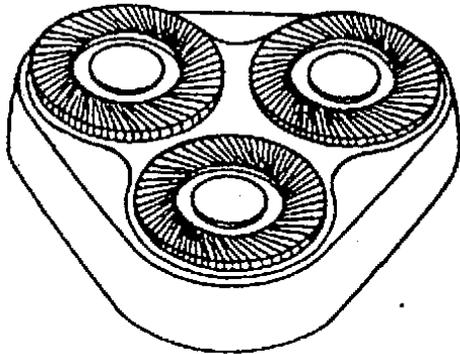
³⁶³ Philips: "Company Profile, Other activities". Published in 2004-2005, available at <http://www.philips.com/about/company/businesses/section-14159/> (2005-06-14)

ensure fair competition by guaranteeing products' trade origin to prevent the public's risk for confusion, while protecting the economical value of the trademark. Healthy competition is a heavy cornerstone in a market economy system, and for the European Union free competition on the European market is a main objective. Instead of facilitating a fair competition on the market, the trademark protection in the cases described in this thesis has served, and still serves, to uphold a monopoly position on a technical feature, which seriously stifles the competition. The main problem, as I see it, is that the trademarks managed to become registered in the first place. They were registered despite the legislators' express wish to avoid registrations of technical features, which was one of the conditions for allowing trademark protection for product shapes in the first place. Hence, it is exactly this kind of situations that provisions like Article 3(1)(e) are intended to prevent. It seems to be quite often so, that the registration authorities' examination practices when investigating the registrability of a sign is not very thorough, and that it is not until the mark is contested by a competitor that there is a proper assessment of its registrability. The conclusion to be drawn from this is that registration authorities ought to be much more careful in the initial assessment of a sign's registrability, as a wrongful registration can have fatal consequences for the competing companies and the overall competition on that particular market. The global dispute analyzed in this thesis is strong evidence for how the competition on the triple-headed shaver market has been seriously stifled primarily because of wrongfully registered trademarks. It is an undisputed fact that it is not the object of trademark law to provide protection for technical features of a product's shape.

Appendix A – Illustrations of the trademarks

IR 638.663 (figure trademark)

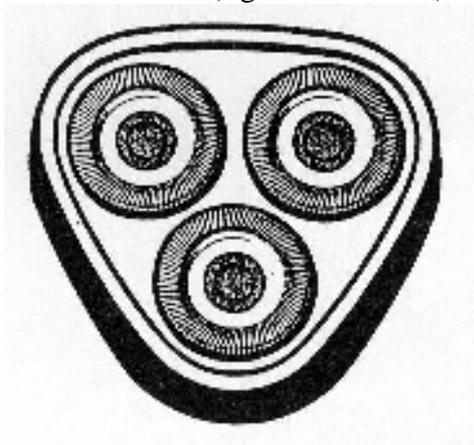
IR 587.254 (shape/3D trademark)



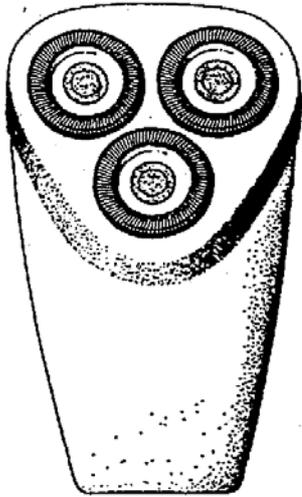
IR 430.836 (figure trademark)



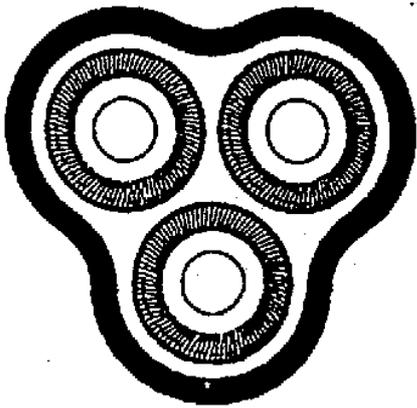
IR 430.837 (figure trademark)



IR 430.839 (figure trademark)

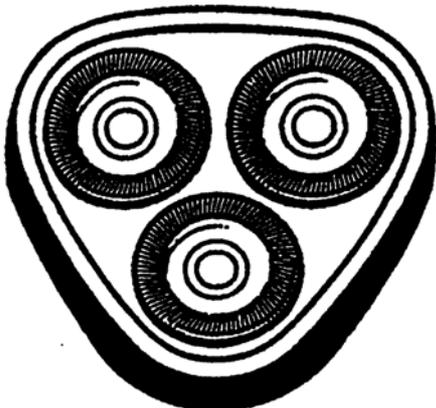


IR 439.559 (figure trademark)



Germany: 1034262 (figure trademark)

United Kingdom: 1243208

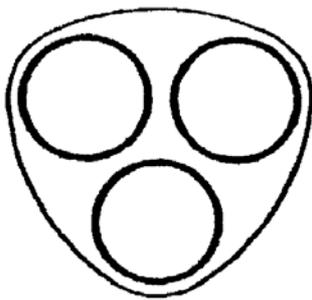


France: 95/563.306 (semi-figurative mark)

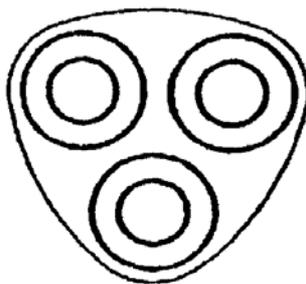


United Kingdom:

1124415



1087357



1080316



All three marks are also part of registration **1203652**.

Reference List

Treaties and Conventions

Paris Convention

Treaty on European Union

TRIPS (Agreement of Trade-Related Intellectual Property Rights)

Madrid Agreement (1891)

Madrid Protocol (1989)

EC Secondary Legislation

Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark

First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks

Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs

Council Regulation (EC) No 6/2002 of 12 December, 2001 on Community Designs

National Legislation

Australian Trade Practices Act 1974.

Australian Trade Marks Act 1995

Australian Designs Act 2003

Canadian Trademarks Act

French Intellectual Property Code

German Trademark Act

New Zealand Trade Marks Act 1953

New Zealand Trade Marks Act 2002

Portuguese Code of Civil Procedure

Portuguese Industrial Property Code

Spanish Trademarks Act.

Swedish Trademarks Act (1960:644)

UK Trademarks Act 1994

United States Lanham Act (trademark law)

European Court of Justice

Costa v. ENEL (Case 6/64)

Springenheide and Tusky. Case C-210/96 (1998) ECR I-4657

Lloyd Schuhfabrik Meyer & Co. GmbH vs Klijsen Handel BV (C-342/97)

Windsurfing Chiemsee. Joined Cases C-108/97 and C-109/97 (1999) ECR I-2779

Philips Electronics N.V. v. Remington Consumer Products Limited. Preliminary ruling of the European Court of Justice of the European Communities. Case C-299/99. June 18, 2002

Opinion of Advocate-General of the ECJ

Philips Electronics N.V. v. Remington Consumer Products Limited, delivered on January 23, 2001, Case No. C-299/99. Opinion of General-Advocate Ruiz-Jarabo Colomer

National Case Law –the Judgments Analyzed

Australia

Philips v. Remington. Federal Court of Australia –New South Wales District Registry (Sydney). Case No. NG 637 OF 1997. June 18, 1999

Canada

Remington v. Philips, Federal Court of Appeal, Ottawa, Ontario. Case No. A-633-93. December 12, 1995 (appeal)

France

France (1): Paris First Instance Court. Case No. 01/13079. June 13, 2003

France (2): Paris Court of Appeals. Case No. 03/14961. February 16, 2005 (appeal)

Germany

Germany (1): German Patent and Trademark Office, Trademark Division. Ref. No. S 279/00 Lösch. October 18, 2001 (cancellation proceeding)

Germany (2): Cologne District Court. Case No. 33 O 325/02. November 5, 2002 (for the issue of an interlocutory injunction)

Germany (3): Superior District Court of Cologne. Case No. 6 U 192/02. May 9, 2003 (appeal)

Germany (4): Federal Patent Court, Trademark Appeal Division. April 14, 2004 (appeal of the non-cancellation decision of Germany (1))

Germany (5): Federal Patent Court, Trademark Appeal Division. Case No. 28 W (pat) 131/01. April 14, 2004 (appeal of a non-cancellation decision)

Germany (6 and 7): Federal Patent Court, Trademark Appeal Division. Case No. 28 W (pat) 147/02 concerning the IR 587 254 registration and Case No. 28 W (pat) 149/02 concerning the IR 638 663 registration. May 4, 2004 (appeals of non-cancellation decisions)

Germany (8): German Patent and Trademark Office, Trademark Division. Case No. S 198/03 Lösch, Register No. 394 08 350.4/08. November 12, 2004 (cancellation proceedings)

Italy

The Court of Milan. Case No. 31294/2000, Decision No. 5080/04, File No. 4364/04. February 26, 2004

New Zealand

Intellectual Property Office of New Zealand. Case No. T29/2003. August 4, 2003 (registration proceeding)

Portugal

Commercial Court of Vila Nova da Gaia, 2nd Division. Injunction proceedings No. 594/03.9TVNG. June 23, 2004 (injunction proceedings)

Spain

Spain (1): Barcelona First Instance Court No. 48. Roll no. 239/2003-1, Interim proceedings No. 892/2002. July 31, 2003 (interim decision)

Spain (2): Barcelona First Instance Court No. 13. Case No: Ordinary Proceeding 241/2003 Section 4, Judgment No. 89. May 6, 2004 (judgment)

Sweden

Sweden (1): *Ide Line v. Philips*. Stockholm District Court. Case No. T 7-1316-94 and T 7-249-97. June 25, 1997

Sweden (2 -appeal): Svea Court of Appeal, Stockholm. Case No. T 7-1316-94 and T 7-249-97. January 28, 2004

United Kingdom

United Kingdom (1): *Philips Electronics N.V. v. Remington Consumer Products*. Patents Court, Chancery Division, England & Wales. Case No: Ch. 1995-P-No.7585. December 22, 1997

United Kingdom (2 -appeal): *Philips Electronics N.V. v. Remington Consumer Products* (1999) Court of Appeal (England and Wales), London. Case No. 98/0103. (RCP 809) May 5, 1999

United Kingdom (3): High Court of Justice, Chancery Division, London. Case No. HC 2000 No. 00678. June 21, 2004

United States of America

Philips v. Sears, United States District Court, Northern District of Illinois. Case No. 85 C S366. May 21, 1996

National Case Law –Other

Australia

Parkdale Custom Built Furniture Pty Ltd v. Puxu Pty Ltd (1982)

Canada

Imperial Tobacco Company of Canada Limited v. The Registrar of Trade Marks (1939)

Parke, Davis & Company v. Empire Laboratories Limited (1964)

Pizza Pizza Limited v. the Registrar of Trade Marks (1989)

UK

Benchairs v. Chair Centre (1974)

USA

Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest. (D.C.Circuit 1985)

NuPulse. Inc. v. Schlueter Co. (7th Circuit 1988)

Qualitex Co. v. Jacobson Products Co., Inc. (1995)

TraFFix Devices, Inc. v. Marketing Displays, Inc. (2001)

Text Books

Bernitz, Ulf and Kjellgren, Anders: *Europarättens grunder*, 1st edition, Norstedts Juridik AB, Stockholm 1999

Koktvedgaard, Mogens and Levin, Marianne: *Lärobok i immaterialrätt*, 7th edition, Norstedts Juridik AB, Stockholm, 2002

Kylhammar, Anders: “Teknisk funktion som utesluter varumärkes- och mönsterskydd”, *Festskrift till Kaj Sandart (Sandart & partners advokatbyrå 50 år)*, Glossator Förlag, Stockholm, 2003

Tufegdžic, Goran: *EG-varumärke – en sammanställning av praxis avseende tolkningen av artikel 7(1) CTMR*. Skrifter utgivna av Institutet För Immaterialrätt och Marknadsrätt vid Stockholms Universitet, nr 105, Stockholm, 2000.

Wessman, Richard: *Varumärkeskonflikter: Förväxlingsrisk och anseendeskydd i varumärkesrätten*. Norstedts Juridik AB, Stockholm, 2002

Articles

Brand News 06/2002: “Svårare med design som varumärke”, page 16-19

Interviews

Androlia, William, telephone interview, May 11, 2005

Bohman, Bengt, telephone interview, April 29, 2005

Internet

Australian Government -IP Australia: “Designs”. Published in 2005, available at <http://www.ipaustralia.gov.au/designs/index.shtml> (2005-06-14)

Australian Government -IP Australia: “What is a design?” Published in 2005, available at http://www.ipaustralia.gov.au/designs/what_index.shtml (2005-06-14)

Australian Government -IP Australia: “Designs”. Published in 2005, available at <http://www.ipaustralia.gov.au/designs/index.shtml> (2005-06-14)

Australian Intellectual Property Locus: “Passing Off”. Published in 1995/6, available at http://members.ozemail.com.au/~pxc/iplocus/passing_off.html#materials (2005-06-14)

Canadian Intellectual Property Office: “A Guide to Trade-marks: The Basics.” Published on 2005-04-11, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/tm/tm_gd_basic-e.html#section01 (2005-06-14)

Canadian Intellectual Property Office: “Practice Notice: Three-dimensional Marks”. Published on 2004-06-14, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/tm/tm_notice/tmn2000-12-06-e.html (2005-06-14)

Canadian Intellectual Property Office: “A Guide to Industrial Designs: Introduction”. Published on 2004-06-14, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/id/id_gd_intro-e.html#section01 (2005-06-14)

Canadian Intellectual Property Office: “A Guide to Industrial Designs: the Process”. Published on 2004-06-14, available at http://strategis.ic.gc.ca/sc_mrksv/cipo/id/id_gd_process-e.html#section08 (2005-06-14)

Daley, Annamarie: “Supreme Court Defines Scope of Trade Dress Protection for Product Design” (Robins, Kaplan, Miller & Ciresi L.L.P.) Published in 2000, available at <http://www.rkmc.com/article.asp?articleId=108> (2005-06-14)

International Association for the Protection of Intellectual Property (AIPPI): “Three-dimensional Marks: the borderline between trademarks and industrial designs”. AIPPI Reports Q 148 (no publishing date), available at <http://www.aippi.org/reports/q148/gr-q148-e-usa.htm> (2005-06-14)

Izumi: “Izumi Products Company Electric Appliances Only Chronological Order”. Published in 2004, available at <http://www.izumishavers.com/about/history.asp> (2005-06-14)

Izumi: “About Izumi”. Published in 2004, available at <http://www.izumishavers.com/about/> (2005-06-14)
The sales number was measured in March 2004, but I assume it represents the total sales for 2003.

Izumi: “Izumi Products Company, Company Profile.” Published in 2004, available at http://www.izumi-products.co.jp/english/profile-e/profCompany_Profile1-e.htm (2005-05-14)

Managing Intellectual Property 04/2003: “Brand building the Dutch way” (cover story). Published in April 2003, available at http://www.multilaw.com/Template.cfm?Section=Legal_Specialties&template=/ContentManagement/ContentDisplay.cfm&ContentID=2070 (2005-06-14)

Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM): “Community design” (no publishing date), available at <http://www.ohim.eu.int/en/design/default.htm> (2005-06-14)

Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM): “The registered Community design –leaflet” (no publishing date), available at <http://www.ohim.eu.int/en/design/pdf/leaflet1.pdf> (2005-06-14)

Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM): “Community design” (no publishing date), available at <http://www.ohim.eu.int/en/design/default.htm> (2005-06-14)

Oz Netlaw: “Fact sheets: Trademarks, Domain Names and Passing Off”. Published on 2003-04-15, available at <http://www.oznetlaw.net/facts.asp?action=content&categoryid=239> (2005-06-14)

Philips: “History”. Published in 2004-2005, available at <http://www.philips.com/about/company/history/index.html> (2005-06-14)

Philips: “Global Profile”. Published in 2004-2005, available at <http://www.philips.com/about/company/article-14054.html> (2005-06-14)

Philips: “Company Profile, Other activities” Published in 2004-2005, available at <http://www.philips.com/about/company/businesses/section-14159/> (2005-06-14)

Wikipedia –The Free Encyclopedia: “passing off”. Published on 2005-04-01, available at http://en.wikipedia.org/wiki/Passing_off (2005-06-14)

WIPO: “Madrid System for the International Registration of Marks”, available on <http://www.wipo.int/madrid/en/> (2005-06-14)