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marks (Trade mark Directive - "TMD") and the *Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs* (Design Directive - "DD"). These two Directives are the joint legal basis in this respect for all Member States of the EU. Also, the CTM Regulation and the Community Design Regulation have the same or at least a very similar wording. Therefore, all I shall say hereinafter applies to both of them. As there is no "European or International Unfair Competition Act", I will use the Austrian Act against Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb - UWG*) as a reference.

I. What is principally protectable? "Physical" requirements

To start the present comparison, it is indispensable to analyse what kind of creations are principally capable of being protected as a trade mark or design.
Therefore, one has to examine, what a registrable sign or design shall consists of "physically", before proceeding to "non-physical" questions like the individual or distinctive character.

In order to verify this, we should have a look at the text of the Directives first:

Trade marks:

Article 2 TMD - Signs of which a trade mark may consist

A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

According to the aforesaid, we will begin concentrating our analysis on the first subset of Article 2 TMD for the simple reason that, if a creation does not comply with the first subset's conditions, the examination of registrability may already end at that stage.

The only indispensable *"physical"* requirement for a sign to be registered as a trade mark is the **capability of graphical representation**. Article 2 gives us a non-exhaustive enumeration of what a sign capable of being represented graphically might be, but in theory an unlimited number of signs with this capability might exist.

At first, it is obvious that everything expressly enumerated in Article 2, like **words** including the personal name, **letters, numerals** but also **designs**, the **shape of goods** and their **packaging** are capable of being graphically represented and, therefore, may be a trade mark. Already a first look at Article 2 TMD leads to the conclusion that there must be a certain overlap between design and trade mark protection, as even the word "design" is (at least in the English version of the TMD) expressly mentioned as something capable of being registered as a trade mark.

What else complying with the "physical" requirement may be protected as a trade mark, even though not expressly mentioned Article 3 TMD? As the enumeration of Article 3 is not exhaustive, other types of signs may also be protected. if they are capable of being represented graphically. According to ECJ case law, this means that there must be the possibility of a "clear, precise, self-contained, easily accessible, intelligible, durable and objective graphic representation".

Colours: Even if they are abstract, for instance just the colour "red" for a certain class of goods? The ECJ says basically yes. For the conditions of graphical representation and consequently of protection, see ECJ C-104/01 "Libertel".

Sounds: Yes. For the requirements of graphical representation of music and sounds, see OHIM 4th BoA R 781/1999 "Roar of a Lion".

Smells: An unambiguous and objective graphic representation is at present technically not possible, but this may change in the future. See ECJ C-273/00 "Sound Mark".

<u>Design:</u>

Article 1(a) DD

"design" means appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials and/or materials of the product itself and/or its ornamentation.

The "physical" requirement for being a design according to the DD therefore is that it corresponds as a whole or in part to the **appearance of the product.** Suchlike is definitely not a requirement for a trade mark. The "physical" requirements for constituting a design are obviously narrower than the corresponding "capability of graphic representation" which does not require any corporal relation to the product.

Can I register a **word** as a design? Yes, if it forms part of the appearance of a product. The same in principle applies to **colours** which are expressly mentioned by Article 1(a) DD. As the colour has to be part of the appearance of the product, the protection of abstract colours as it has been declared admissible in some trade mark cases due to the colour's acquired distinctiveness, is not possible as a design.

Music, Sounds and **Smells** are clearly not capable of design protection as they obviously cannot be part of a design. The simple notion of "design" (or "Muster" in German, for example) appears to exclude this possibility even more than its definition given by the DD. The notion "design" is clearly referring to something in solid state of aggregation, related corporally to the product. But Article 1(a) DD only mentions "appearance" and not "*visible* appearance". Therefore, the existence of designs which may be perceived by other sensory organs than the eye, for instance by the sense of touch, is also imaginable, but acoustic and olfactory designs cannot exist. If somebody wants to register his right on a melody regarding certain classes of goods and services he might get a trade mark, but no way a design. In case of smells and fragrances respectively, as a consequence of patent protection having been persistently denied, the perfume industry has to wait for the arrival of the technology permitting an objective and durable graphical representation of olfactory signs. The registered design cannot serve the purpose of an alternative protection in this regard.

II. “Non-physical” requirements of protection

Trade mark:

Apart from the “physical” requirements, there is a large amount of “non-physical” obstacles which may impede the registration of a creation as a trade mark.

First of all, let us look at some of the most important **absolute grounds for refusal** which, as well as the non-compliance with the aforementioned “physical” requirements, *impede registration* and have to be observed *ex officio* by the national trade mark authorities as well as by the OHIM:

- lack of **distinctiveness** (Art. 2 second subset, Art. 3(1)(b) TMD)
- **descriptiveness** (Art. 3 (1)(c) TMD)
- sign exclusively consists of the **shape** which results from the **nature of the goods** or which is necessary to obtain a **technical result** or which gives **substantial value** to the good (Art 3 (1)(e) TMD)
- contrary to **public policy** or to **morality** (Art. 3 (1)(f) TMD)
- nature as to **deceive the public** (Art. 3 (1)(g) TMD)
- containing **public emblems** without authorisation (Art. 3 (1)(h) TMD)

Design:

There are also several not purely “physical” obstacles to design protection, above all the **lack of individual character** or **novelty**.

Article 11 of the Directive leaves it to the Member States, whether or not to refuse the registration of a design that does not comply with all protection requirements or whether such design may only be declared invalid *a posteriori.*

In the case of the Community design, the **only reason for refusing registration *ex officio*** is, apart from the non-compliance with formal requirements and the “physical” requirements (appearance of a product), the **contrariety to public policy** and **morality** (Art. 47 (1)(b) Community Design Regulation).

Similar systems apply in most of the Member States.

This means that in general the registration of a design is quicker and less bureaucratic than the registration of a trade mark. Besides, it is also cheaper.

Therefore, in cases of uncertainty whether a design or shape of a product has a sufficiently distinctive character for being accepted as a trade mark, the design registration is a quick complementary or alternative solution that avoids waiting for the outcome of a lengthy trade mark examination procedure without having registered protection during this time. For this reason, at least at the OHIM in Alicante, there are more and more parallel registrations with the intent of already having a design protection while waiting for the end of the trade mark registration procedure.

III. Individual and Distinctive Character

The most essential aspect of comparing trade mark and design right is, without doubt, the difference between the concepts of the *individual character* of a design and the *distinctive character* of a trade mark. The *distinctive character* of a trade mark is an imperative requirement for the registration of a trade mark and has to be examined *a priori* and *ex officio* by the trade mark authority. As opposed to this, the lack of *individual character* cannot impede registration of a design, as it will not be examined a priori but may lead to invalidity.

Distinctive character means that trade marks as signs have to enable the consumer to *distinguish the goods or services of one undertaking from those of other undertakings.* Therefore, the necessary level of originality for a trade mark is reached, where the consumer, by seeing the trade mark, may recognise it as an *indication of origin*. This is quite easy in case of a non-descriptive word, whereas it is harder in case of designs, shapes and colours of products.

Individual character, on the other hand, only means that a design has to contain visibly original, non-functional elements, whereas it is *not necessary that it indicates an origin*.

A comparison of the two bottles represented below serves as an example:

individual character *distinctive character*

The appearance of the champaign bottle on the left hand side (when looking at it, please disregard the name written on it which might be a perfect trade mark, just look at the decorative elements) clearly contains some original, non-functional elements regarding the shape or its decoration. Nevertheless, it is not sure whether those elements are sufficiently distinctive in order to serve as an indication of origin for the consumer. Things are different with the Coco-Cola bottle: Only by looking at the shape without seeing any name written on the bottle, every normal - at least European or American - consumer may ascertain the origin of that bottle. We note that the *distinctive character* is clearly a requirement much more difficult to comply with than the *individual character*. Therefore, an overlap between these concepts only exists in one direction: Everything that has distinctive character also has individual character but not vice-versa. The Coca-Cola bottle could perfectly be a design, whereas the appearance of the champaign bottle probably cannot be a trade mark. This means that all designs that may be registered as a trade mark may also be registered as a design, but not every registered design may also be a trade mark.

Hence, an **overlap between trade mark and design protection** exists regarding **appearances of products with distinctive character**.

However, only because a trade mark registration is more difficult to obtain, not least due to the absolute requirement of distinctive character, does this mean that it is also stronger then a design right?

IV. Scope of protection of trade marks and design rights

Let us have a look again on the relevant wording of the Directives:

Trade mark:

Article 5 TMD

Rights conferred by a trade mark

1. *The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:*
   - *(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;*
   - *(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.*

[…..]

3. *The following, inter alia, may be prohibited under paragraphs l and 2:*
   - *(a) affixing the sign to the goods or to the packaging thereof;*
   - *(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;*
   - *(c) importing or exporting the goods under the sign;*

(d) using the sign on business papers and in advertising.

Design:

Article 9 DD

Scope of protection

1. *The scope of the protection conferred by a design right shall include any design which does not produce on the informed user a different overall impression (…)*

Article 12 DD

Rights conferred by the design right

1. *The registration of a design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes. (….)*

Looking at these provisions, one realises that both, trade mark and design, are **exclusive** and therefore strong rights. Both of them give the owner almost the same rights. The owner of the right on the appearance of the mentioned champaign bottle may exclude another person from using a similar looking bottle it being irrelevant, whether the appearance of the bottle is registered as a trade mark or as a design. A trade mark as well as a registered design right on the design of a bottle would entitle the owner to exclude others from the use of similar-looking champaign bottles in the market. Both, the Austrian Trade Mark and the Design Protection Act, make the infringer liable for his action and give the owner a range of legal instruments to apply for in a lawsuit, as *inter alia* an interim injunction, injunctive relief, compensation or publication of judgement.

So what actually is the difference in strength of protection?

It would certainly be interesting to analyse the difference between the meaning of the respective wording of TMD and DD. The DD allows the owner of a design to impede the use of other designs that “do not produce a different overall impression” to the “informed user” and the TMD entitles the owner of a trade mark to impede the use of other signs that are “likely to be confused” with his own right by the “public”. However, whereas differences between these concepts may be ascertained, they will remain abstract and of different character in every single case.

There are two more elements rendering the trade mark a clearly stronger right than the design:

1. The trade mark protection may principally last for eternity, while **design protection is limited to 25 years**

2. The **scope of protection of a trade mark** may **grow** as its distinctiveness is growing due to the **use** o**f the sign in the market**. It is, therefore, a *dynamic* right. The scope of protection of the registered design does not depend on its effective use. Hence, it is a *static* right.

As already said, the scope of protection of a trade mark permanently grows, provided that the trade mark is intensively used on the market, until it reaches the enormous protection of the so-called “well-known trade mark” which allows the owner to forbid the slightest allusion to his trade mark for products which have nothing to do with the goods of the classes his right is registered for. Again the famous example of the Coca-Cola bottle may be quoted here.

On the other hand, the dynamism of the trade mark right may also constitute a certain weakness. If, after the period of grace, the trade mark is not used in a perceivable way within a geographic area not too small, it will not have any value at all. From then on, it will not be possible anymore to exclude a third person from using even exactly the same sign. Beyond this, everybody may, without any special reason, initiate the cancellation of the trade mark in the register. In case of a registered design, on the other hand, this could never happen.

All this should be borne in mind when advising clients as to which kind of right to register in order to receive optimal protection for their creations.

V. Protection by unfair competition rules

At last, we will have a look at the protection, unfair competition rules can give regarding signs and designs. The Austrian Act against Unfair Competition contains a special provision regarding the protection of business signs, Article 9 UWG. It also protects non-registered signs, e.g. company names, business denominations, equipment, decoration and packages of goods provided that they have a distinguishing function for the relevant public. This being so, the UWG is covering more creations than trade marks and design rights do. Anyhow, the requirement of distinctiveness might cause a problem for the protection of non-distinctive registered designs against infringement. The so-called “blanket clause” of Article 1 UWG, which forbids any commercial activity *contra bonos mores*, might be helpful in this regard. Sanctions which may be applied for against the infringer under the UWG are almost identical to the sanctions provided by the Trade Mark or Design Protection Act. In a lawsuit, the owner usually bases his claims against the infringer on the respective Protection Act on the one hand, and on Article 9 and Article 1 UWG on the other hand.

Any infringement of a sign or design in which the owner has invested resources, registered or not, principally constitutes an act of unfair competition. The UWG is, therefore, necessary as “protective clothing” for all kinds of signs, names, designs etc. Its co-existence with the Trade Mark and Design and Protection Act is absolutely indispensable to ensure fair competition, having in mind that not all industrial property rights which should be protected can/will ever be registered. The UWG is particularly important for small and medium-sized enterprises (SME´s), as most of their signs are only of a rather local use and distinctiveness. This being so, they will never comply with the requirements of use of a trade mark which usually contains the obligation to use it in an at least significant part of the national market.

What the protection by unfair competition rules cannot substitute, is the higher safety of registered rights regarding important elements of evidence, above all regarding priority. Registering a trade mark or a design is also the only effective way to make them a valuable object of commerce, to sell them, to issue a licence, to use them as a security. After all, it is an economic decision of the owner of the right, whether he wants pay the fees for filing a trade mark or design application or accepts the mere protection by unfair competition rules without enjoying the ease of proving the existence and priority of his older right that a registration would provide him with, should there be a conflict with a younger right.

ABSTRACT:

There is an overlap between trade mark and design protection only with regard to appearances of products with distinctive character. In borderline cases, it makes sense to apply for a trade mark as well as for a design in order to avoid lengthy examination procedures without having a registered right at all. Although the design registration procedure is quicker and cheaper, the trade mark is the stronger right, as its duration is not limited and its scope of protection may grow by use. Unfair Competition Rules serve as “protecting clothing” covering all kinds of signs, not least the ones not registered.

KEY WORDS:

Trade mark, design, unfair competition rules, protectability, capability of being represented graphically, appearance of a product, scope of protection, individual character, distinctive character, Austria, Europe.