

Case C-456/19**Request for a preliminary ruling****Date lodged:**

14 June 2019

Referring court:

Svea Hovrätt, Patent- och marknadsöverdomstolen (Sweden)

Date of the decision to refer:

14 June 2019

Appellant:

Östgötatrafiken AB

Other party to the proceedings:

Patent- och registreringsverket

SVEA HOVRÄTT **MINUTES** [...]

Patent-och 2019-06-13 [...]

marknadsöverdomstolen [...]

[...]

Appellant

Aktiebolaget Östgötatrafiken [...]

Linköping

[...]

Other party to the proceedings

Patent- och registreringsverket

[...]

MATTER

Registration of a trade mark; now, inter alia, a request for a preliminary ruling from the Court of Justice of the European Union

DECISION UNDER APPEAL

Decision of the Patent- och marknadsdomstolen (Patent and Market Court, Sweden) of 29 March 2018 [...]

[Or 2] ORDER (to be served on 14 June 2019)

1. The Patent- och marknadsöverdomstolen (Patent and Market Court of Appeal) decides to obtain a preliminary ruling from the Court of Justice of the European Union under Article 267 of the Treaty on the Functioning of the European Union and to submit a request for a preliminary ruling to the Court of Justice in accordance with Annex A to these minutes.

[...]

[Or 3] Request for a preliminary ruling under Article 267 of the Treaty on the Functioning of the European Union

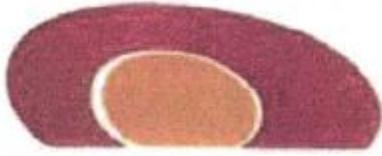
Background

1. Östgötatrafiken AB ('Östgötatrafiken') has exclusive rights to certain figurative marks by registration in the national trade mark register, including the following figurative marks with registration numbers 363521 to 363523 for vehicle and transport services in Class 39 of the Nice Agreement concerning the international classification of goods and services for the purposes of the registration of trade marks.

No 363521



No 363522



No 363523



[Or 4] The case before the Patent- och registreringsverket (Patent and Registration Office)

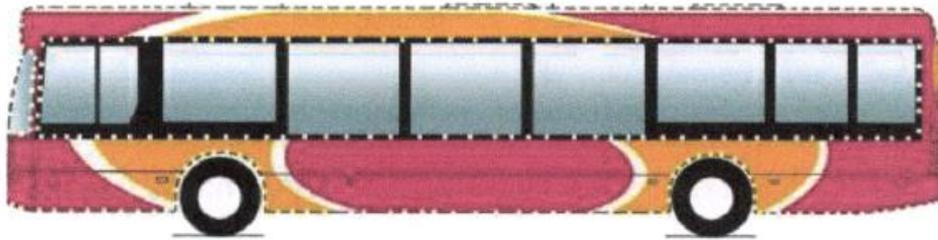
2. On 23 November 2016, Östgötatrafiken applied to the Patent- och registreringsverket (Swedish Patent and Registration Office; 'PRV'), which is the national authority handling the registration of trade marks in Sweden, for registration of three trade marks, which were described in the applications as 'the colouring of vehicles in the colours red, white and orange as shown'. Östgötatrafiken pointed out that the company did not assert any exclusivity for the shape of the vehicles itself or the black/grey surfaces of the vehicles. The applications concerned various vehicle and transport services in Class 39 of the Nice Agreement concerning the international classification of goods and services for the purposes of the registration of marks.
3. The PRV rejected the applications for registration in its decisions of 29 August 2017 on the basis, in summary, that the marks applied for are merely decorative in nature, that they are not perceived as designating the services applied for and that they therefore have no distinctive character.

The case before the Patent- och marknadsdomstolen (Patent and Market Court)

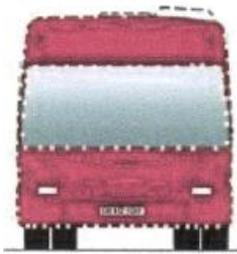
4. Östgötatrafiken appealed against the PRV's decisions to the Patent- och marknadsdomstolen (Patent and Market Court) and clarified its application as follows. The marks applied for are known as 'position trade marks' and consist of elliptical bands of different sizes in red, white and orange placed in a given position, size and relative to each other, on buses and trains used to perform the services.

5. Östgötatrafiken submitted the following images of the marks applied for, in which, as shown in the images, the contours of the vehicles were reproduced as dotted lines in order to make it clear that the shapes of the vehicles are not to be covered by the protection of the trade mark.

[Or 5]



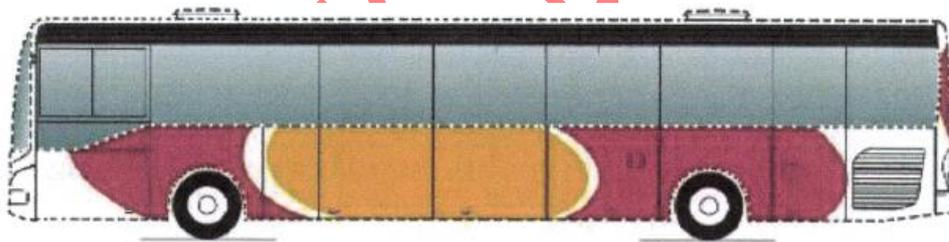
Side view



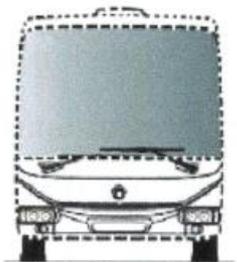
Front view



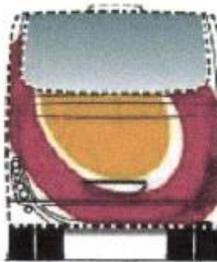
Rear view



Side view



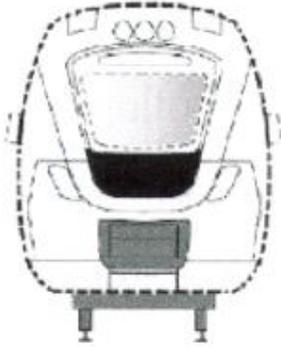
Front view



Rear view



Side view



Front and rear views

6. **[Or 6]** In summary, Östgötatrafiken submitted as follows. The marks applied for have a style corresponding to those figurative marks already registered under registration Nos 363520 to 363623. The fact that the elements of the marks now applied for are placed on vehicles and are of a certain size and breadth and appear in specific places on those vehicles should not give rise to a different assessment of the distinctive character of the marks now applied for. Transport companies paint their vehicles in different ways and it can be deemed to be widely recognised that, to a great extent, all people who have come into contact with public transport [vehicles] also understand that painting or graphics on public transport [vehicles] indicate a particular commercial origin.
7. In summary, PRV submitted as follows. The protection of the figurative elements of the marks applied for has not been sought in the abstract, but [for figurative elements] placed on vehicles as set out in the application, or in any case in a corresponding manner if it is a position mark. The assessment of the distinctive character must therefore be based on the marks as a whole and not on the figurative elements in isolation that are reproduced on the vehicles. It is widely known that commercial transport vehicles such as trains and buses are often decorated and painted in different ways. Therefore, consumers cannot, without it first being necessary that they become accustomed to the marks, immediately perceive them as a sign of a commercial origin, but will rather perceive them as pure decoration. Taking into account the variety of painting and decoration of transport vehicles present in the industry concerned, the applicant's marks cannot be regarded as departing sufficiently from the norm or customs of the economic sector concerned.
8. The Patent- och marknadsdomstolen (Patent and Market Court) dismissed Östgötatrafiken's appeals. In the view of the Patent- och marknadsdomstolen (Patent and Market Court), the marks applied for were, by their placing on trains or buses respectively, so strongly linked to the transport services in Class 39 for

which protection was sought that they were to be regarded as coinciding with the appearance of the goods or embodying the services in question. The Patent- och marknadsdomstolen (Patent and Market Court) found that since, under such conditions, consumers are not regarded as being used to making assumptions about the commercial origin of goods, it is necessary that, to have distinctive character, [Or 7] the marks depart significantly from the norm or customs of the economic sector concerned.

9. In the view of the Patent- och marknadsdomstolen (Patent and Market Court), neither the evidence relied on nor any other submissions made in the case provided sufficient proof that the colour and shape of the marks differ so much from the manner in which other companies choose to decorate their vehicles that the relevant public can be assumed to understand the marks as an indication of commercial origin. On the contrary, the Patent- och marknadsdomstolen (Patent and Market Court) found that, on an overall assessment, the signs should be understood as being decorative.

The case before the Patent- och marknadsöverdomstolen (Patent and Market Court of Appeal)

10. Östgötatrafiken has appealed against the decision of the Patent- och marknadsdomstolen (Patent and Market Court) to the Patent- och marknadsöverdomstolen (Patent and Market Court of Appeal) and claimed that the Patent- och marknadsdomstolen should set aside the decision of the lower court and remit the applications to the PRV for further examination.
11. The parties relied essentially on the same facts before the Patent- och marknadsöverdomstolen (Patent and Market Court of Appeal) as before the Patent- och marknadsdomstolen (Patent and Market Court).

Law

EU law

12. Under Article 3 of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (the Trade Marks Directive), a trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:
 - (a) distinguishing the goods or services of one undertaking from those of other undertakings; and
 - [Or 8] (b) being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

13. Under Article 4(1)(b) of the Trade Marks Directive, trade marks which are devoid of any distinctive character may not be registered.

Swedish law

14. Under the first subparagraph of Chapter 1, Paragraph 4, of the varumärkeslagen (2010:1877) (Trade Marks Act (2010:1877); 'the VML'), which implements the provisions of the directive, a trade mark may consist of any sign that has distinctive character and which can be clearly reproduced in the Register of Trade Marks of the PRV. In accordance with the second subparagraph thereof, signs means in particular words, including personal names, and designs, letters, numerals, colours, sounds and the shape or layout of goods or its packaging.
15. Under Chapter 2, Paragraph 5, of the VML, a trade mark to be registered must have distinctive character in relation to the goods or services which the mark covers.
16. Under the first subparagraph of Chapter 1, Paragraph 5, of the VML, a trademark is to be deemed to have distinctive character if it is able to distinguish goods or services supplied in one trade from those supplied in another.

The need for a preliminary ruling

17. It follows from Article 3 of the directive that a basic requirement in order that a sign may constitute a mark is that it is capable of distinguishing the goods or services of one undertaking from those of other undertakings. In accordance with the case law of the Court of Justice of the European Union, a trade mark's distinctiveness must be assessed by reference to the goods or services in respect of which registration is sought and how the relevant public, which consists of average consumers of [Or 9] those goods or services, who are reasonably well informed and reasonably observant and circumspect, perceive the trade mark (see, for example, Joined Cases C-53/01 to C-55/01, *Linde and Others*, EU:C:2003:206, paragraph 41, and Case C-363/99, *Koninklijke KPN Nederland*, EU:C:2004:86, paragraph 34).
18. It also follows from the case-law of the Court of Justice that, when applying those criteria, regard must be had to the fact that the average consumer's perception is not necessarily the same in the case of a three-dimensional mark consisting of the appearance of the product itself as it is in the case of a word or figurative mark consisting of a sign which is unrelated to the appearance of the products it denotes. That is the case since average consumers are not in the habit of making assumptions about the origin of goods on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark. (See, for

example, C-456/01 P and C-457/01 P, *Henkel v OHIM*, EU:C:2004:258, paragraph 38, and C-136/02 P, *Mag Instrument v OHIM*, EU:C:2004:592, paragraph 30.)

19. In that context, the Court of Justice has held that, with regard to three-dimensional trade marks, the trade mark must depart significantly from the norm or customs of the economic sector concerned in order for the mark to be regarded as having a distinctive character (see, for example, C-456/01 P and C-457/01 P, *Henkel v OHIM*, EU:C:2004:258, paragraph 39, C-136/02 P, *Mag Instrument v OHIM*, EU:C:2004:592, paragraph 31, and C-473/01 P and C-474/01 P *Procter & Gamble v OHIM*, EU:C:2004:260, paragraph 37).
20. The Court of Justice has applied the principles developed in the case-law referred to in paragraphs 18 and 19 above not only to three-dimensional trade marks, but also to figurative marks in the form of a two-dimensional representation of the product concerned (see C-144/06 P, *Henkel v OHIM*, EU:C:2007:577, paragraph 37, C-25/05 P, *Storck v OHIM*, EU:C:2006:422, paragraph 29 and C-417/16 P, *Storck v EUIPO*, EU:C:2017:340, paragraphs 36 to 43), as well as to signs composed of the appearance of the surface of the packaging of a liquid product (see C-344/10 P and **[Or 10]** C-345/10 P, *Freixenet v OHIM*, EU:C:2011:680, paragraph 48), and to a sign in the form of a design affixed to the surface of a product (see C 445/02 P, *Glaverbel v OHIM*, EU:C:2004:393, paragraphs 23 to 24).
21. The principles have also been applied by the General Court in a great number of cases on so-called ‘position brands’ (see, inter alia, T-547/08, *X Technology Swiss v OHIM*, EU:T:2010:235, paragraphs 25 to 27, T-331/12, *Sartorius Lab Instruments v OHIM*, EU:T:2014:87, paragraphs 20 to 22, T-85/13 and *K-Swiss v OHIM*, EU:T:2014:509, paragraphs 16 to 20).
22. The principles have also been applied by the Court of Justice, by analogy, to a trade mark consisting of a representation of the layout of a retail store, for services consisting in services relating to those goods but which do not form an integral part of the offer for sale thereof (see C-421/13, *Apple*, EU:C:2014:2070). The Court of Justice ruled that such a sign may be capable of distinguishing the goods or services of one undertaking from those of another undertaking when the depicted layout departs significantly from the norm or customs of the economic sector concerned (see paragraph 20).
23. With the exception of Case C-421/13 (*Apple*), the Court of Justice has applied the principles developed as regards three-dimensional trademarks only to trade marks designating goods. The case C-421/13 (*Apple*) does not specify under which conditions the requirement for a significant departure from the norm or customs of the economic sector concerned must be applied in the case of a trade mark which designates a service.

24. The decisive factor for the applicability of the case-law referred to in paragraphs 18 to 21 above is whether the sign is not independent of the appearance of the goods which the sign covers. As regards trade marks which designate services, those services, according to the Patent- och marknadsöverdomstolen (Patent and Market Court of Appeal), have by their nature no form or packaging. It is not apparent from the abovementioned case of *Apple* whether [Or 11] the Court of Justice has considered whether or not the mark coincided with or was not independent of the appearance of specific physical items of relevance to the services covered by the mark.
25. According to Östgötatrafiken, the marks applied for are so-called 'position marks' and have been described as ellipses of different sizes in red, white and orange placed in a particular position, size and with a particular relation to each other, on buses and trains that are used to perform the services. Östgötatrafiken has not claimed exclusive rights to the form of the vehicles as such. As is apparent from the images of the marks applied for - see point 5 above - the marks applied for cover large areas of the vehicles.
26. The question is whether Article 4(1)(b) of the Trade Marks Directive is to be interpreted as meaning that, in the circumstances of the present case, the trade marks must depart significantly from the norm or customs of the economic sector concerned in order for the mark to be regarded as having distinctive character.
27. In order for the Patent- och marknadsöverdomstolen (Patent and Market Court of Appeal) to be able to rule in the case, that court needs to have answers to the following questions.

Request for a preliminary ruling

28. The questions concern the application of Article 4(1)(b) of Directive 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks and are as follows.
 - I. Must Article 4(1)(b) of the Trade Marks Directive be interpreted as meaning that, in the case of an application for registration of a trade mark which designates services and where the application relates to a sign, placed in a particular position, which covers large areas of the physical objects used to perform the services, it must be assessed whether the mark is not independent of the appearance of the objects concerned?
 - II. [Or 12] If question I is answered in the affirmative, is it necessary for the trade mark to depart significantly from the norm or customs of the economic sector concerned in order for the mark to be regarded as having distinctive character?

[...]