

**European Court of Justice, 20 September 2007,
Benetton v G-Star**



TRADEMARK LAW

Shape which gives substantial value to goods

- The shape of a product which gives substantial value to that product cannot constitute a trade mark where attractiveness of a shape acquired prior to the date of application for registration on account of recognition of it as a distinctive sign.

That the third indent of Article 3(1)(e) of the Directive is to be interpreted as meaning that the shape of a product which gives substantial value to that product cannot constitute a trade mark under Article 3(3) of that directive where, prior to the application for registration, it acquired attractiveness as a result of its recognition as a distinctive sign following advertising campaigns presenting the specific characteristics of the product in question.

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European Court of Justice, 20 September 2007

(P. Kūris, K. Schiemann and L. Bay Larsen)
JUDGMENT OF THE COURT (Sixth Chamber)
20 September 2007 (*)

(Trade marks – Directive 89/104/EEC – Article 3(1)(e), third indent, and Article 3(3) – Sign – Shape which gives substantial value to goods – Use – Advertising campaigns – Attractiveness of a shape acquired prior to the date of application for registration on account of recognition of it as a distinctive sign)

In Case C-371/06,

REFERENCE for a preliminary ruling under Article 234 EC from the Hoge Raad der Nederlanden (Netherlands), made by decision of 8 September 2006, received at the Court on 12 September 2006, in the proceedings

Benetton Group SpA

v

G-Star International BV,

THE COURT (Sixth Chamber),

composed of P. Kūris, President of the Chamber, K. Schiemann and L. Bay Larsen (Rapporteur), Judges, Advocate General: D. Ruiz-Jarabo Colomer,

Registrar: R. Grass,

having regard to the written procedure,

after considering the observations submitted on behalf of:

- Benetton Group SpA, by N.W. Mulder, advocaat,
 - G-Star International BV, by G. van der Wal, advocaat,
 - the Italian Government, by I.M. Braguglia, acting as Agent, and S. Fiorentino, avvocato dello Stato,
 - the Commission of the European Communities, by W. Wils, acting as Agent,
- having decided, after hearing the Advocate General, to proceed to judgment without an Opinion, gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 3(1)(e), third indent, of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) ('the Directive').

2 The reference was made in the course of proceedings between Benetton Group Spa ('Benetton') and G-Star International BV ('G-Star') regarding the marketing by Benetton of an item of clothing which, by virtue of its shape, infringes two shape marks registered by G-Star.

Legal context

Community law

3 Article 2 of the Directive, headed 'Signs of which a trade mark may consist', provides:

'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.'

4 Article 3 of the Directive, headed 'Grounds for refusal or invalidity', states:

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

- (a) signs which cannot constitute a trade mark;
- (b) trade marks which are devoid of any distinctive character;
- (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;
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- (e) signs which consist 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;

...
3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.
...'

National legislation

5 Article 1 of the Uniform Benelux Law on Trade Marks of 19 March 1962 (Trb. 1962, 58), in the version applicable at the time of the facts in the main proceedings, provides:

'The following may be registered as individual marks: names, designs, imprints, stamps, letters, numerals, the shape of goods or their packaging, and any other signs which serve to distinguish the goods of an undertaking. However, shapes which result from the nature of the goods themselves, or which affect the substantial value of the goods, or which produce a result at a technical level may not be registered as trade marks.'

The dispute in the main proceedings and the questions referred for a preliminary ruling

6 G-Star designs, manufactures and markets clothing (in particular jeans) of the trade mark of the same name.

7 It is the proprietor of two shape marks for goods in Class 25 as defined by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as amended and revised, that is to say for clothing. Those two marks were registered on 7 August 1997 and 24 November 1999.

8 Protection was sought for each of them, respectively, on the basis of the following distinctive elements:

- sloping stitching from hip height to the crotch seam, kneepads, yoke on the seat of the trousers, horizontal stitching at knee height at the rear, band of a contrasting colour or of another material at the bottom of the trousers at the rear, all on one garment;
- seams, stitching and cuts on the kneepad of the trousers, slightly baggy kneepad.

9 Benetton manages textile trading undertakings. In the Netherlands it sells its products through franchisees.

10 On 25 May 2000, G-Star brought an action against Benetton before the Rechtbank te Amsterdam (Amsterdam District Court) in order to preclude any manufacture, marketing and/or distribution in the Netherlands of trousers with the mark Benetton. In support of its application, G-Star maintained that Benetton had infringed the trade mark rights attached to its Elwood design trousers by manufacturing and putting on the market, in the summer of 1999, trousers with, inter alia, an oval kneepad and two lines of sloping stitching from hip height to crotch height.

11 Benetton challenged the application and, as a counterclaim, sought the annulment of the registered marks on the basis of the second paragraph of Article 1 of the Uniform Benelux Law on Trade Marks on the ground that the shapes at issue determined the market value of the goods to a great extent as a result of their beauty or original character.

12 The first instance court dismissed G-Star's claims based on an infringement of its trade mark rights and Benetton's counterclaim.

13 Both parties lodged appeals before the Gerechtshof te Amsterdam (Amsterdam Regional Court of Appeal), which allowed G-Star's appeal and dismissed Benetton's application for annulment.

14 The Gerechtshof held that the Rechtbank was right to find, inter alia, that the Elwood trousers were a great commercial success, that G-Star had conducted intensive advertising campaigns to give those trousers, which have specific characteristics, recognition as a G-Star product, and that, as a result, the reputation of the Elwood trousers was largely attributable not to the aesthetic attractiveness of the shape but to the attractiveness resulting from recognition of the trade mark.

15 The Gerechtshof pointed out that, through the extensive advertising carried out by G-Star, it had drawn particular attention to the distinctive characteristics of the trousers and the kneepad.

16 Benetton lodged an appeal in cassation before the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) challenging that analysis by the Gerechtshof.

17 The Hoge Raad points out that the contested considerations of the Gerechtshof's decision are based on the idea that the prohibition laid down in the third indent of Article 3(1)(e) of the Directive does not have to preclude a lawful trade mark registration where, at a given time prior to the application for registration, the attractiveness of the shape was a consequence of its attractiveness linked to recognition of the shape as a mark.

18 The Hoge Raad points out that, in its judgment in [Case C-229/99 Philips \[2002\] ECR I-5475](#), the Court held that, pursuant to Article 3(3) of the Directive, signs which cannot be registered under Article 3(1)(e) thereof cannot acquire a distinctive character through the use made of them.

19 However, according to the Hoge Raad, the Court has not resolved the question at issue in the main proceedings, which does not relate to the distinctive character of the contested marks.

20 In those circumstances, the Hoge Raad der Nederlanden decided to stay the proceedings and refer the following questions to the Court of Justice for a preliminary ruling:

'(1) Must Article 3(1)(e), third indent, [of the Directive] be interpreted as meaning that the prohibition contained therein permanently precludes the registration of a shape as a trade mark where the nature of the product is such that its appearance and shaping determine its market value entirely or substantially as a

result of their beauty or original character, or does the prohibition not apply where, prior to the application for registration, the attractiveness of the relevant shape to the public has been determined predominantly by the recognition of it as a distinctive sign?

(2) If the answer to Question 1 is to the latter effect, to what extent must this attractiveness have prevailed for the prohibition no longer to apply?

The questions referred for a preliminary ruling

The first question

21 By its first question, the national court essentially asks whether the third indent of Article 3(1)(e) of the Directive is to be interpreted as meaning that the shape of a product which gives substantial value to that product can nevertheless constitute a trade mark under Article 3(3) of that Directive where, prior to the application for registration, it acquired attractiveness as a result of recognition of it as a distinctive sign following advertising campaigns presenting the specific characteristics of the product in question.

22 That question thus relates to a case in which a sign which initially consisted exclusively of a shape giving substantial value to the product subsequently and prior to application for registration acquired recognition following advertising campaigns, that is to say on account of the use made thereof.

23 In other words, it effectively asks whether the use made of a sign referred to in the third indent of Article 3(1)(e) of the Directive, prior to the application for registration, is capable of enabling it to be registered as a trade mark or of precluding its invalidity where the sign has been registered.

24 In that regard, it must be stated at the outset that Article 3(3) of the Directive is linked to the concept of 'distinctive character of a sign' for the purposes of Article 2 of the Directive. According to the wording of Article 3(3) of the Directive, the registration or validity of marks referred to in Article 3(1)(b), (c) or (d) is to be allowed by virtue of the use which has been made of them where, on account of that use, the marks have 'acquired a distinctive character'.

25 Furthermore, it must be stated that Article 3(3) of the Directive does not refer, for the purposes of establishing the extent of the exception laid down therein, to the signs referred to in Article 3(1)(e).

26 Lastly, it must be borne in mind that in Philips the Court has already held that:

- if a shape is refused registration pursuant to Article 3(1)(e) of the Directive, it can in no circumstances be registered by virtue of Article 3(3) (paragraph 57);
- a sign which is refused registration under Article 3(1)(e) can never acquire a distinctive character for the purposes of Article 3(3) by the use made of it (paragraph 75);
- Article 3(1)(e) concerns certain signs which are not such as to constitute trade marks and that it is a preliminary obstacle liable to prevent a sign consisting exclusively of the shape of a product from being registrable with the result that if any one of the criteria listed in Article 3(1)(e) is satisfied, a sign consisting exclu-

sively of the shape of the product cannot be registered as a trade mark (paragraph 76).

27 It follows from this that, in a case such as that described by the national court, the use made by advertising campaigns of a sign referred to in Article 3(1)(e) of the Directive does not make it possible to apply Article 3(3) of the Directive to that sign.

28 Therefore, the answer to the first question must be that the third indent of Article 3(1)(e) of the Directive is to be interpreted as meaning that the shape of a product which gives substantial value to that product cannot constitute a trade mark under Article 3(3) of that directive where, prior to the application for registration, it acquired attractiveness as a result of its recognition as a distinctive sign following advertising campaigns presenting the specific characteristics of the product in question.

The second question

29 In view of the reply given to the first question, there is no need to answer the second question.

Costs

30 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Sixth Chamber) hereby rules:

The third indent of Article 3(1)(e) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks is to be interpreted as meaning that the shape of a product which gives substantial value to that product cannot constitute a trade mark under Article 3(3) of that directive where, prior to the application for registration, it acquired attractiveness as a result of its recognition as a distinctive sign following advertising campaigns presenting the specific characteristics of the product in question.