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This talk will deal with the subject of “Three-dimensional branding” and specifically, the way it can be applied to the gold and jewellery sector, its application to jewellery, and its relationship with other safeguards, such as registered designs and copyright, in the light of current regulations and standards and of recent national and EU legal interpretations.

Three-dimensional branding in the latest EU case-law

The tools traditionally made available by intellectual property rights to the creator of a piece of jewellery are registered design, as it is commonly known, and copyright. Naturally I am referring to the means to safeguard the external appearance of a piece, since the technical factors can be protected by patent for industrial invention and for utility model, in the same way as for any other manufactured item. Alongside these traditional means, Directive 89/104/EEC (the so-called 'Trademarks Directive') has introduced the institution of the form trademark or three-dimensional trademark, coinciding with the shape or packaging of the product itself. This characteristic of a shape trademark is different from the traditional one, which consists of a distinctly different mark on the product and which, for this reason, can also be separated from the product. For shape trademarks, however, the principle of separating the trademark and the product with the marking is rather clouded.

In actual fact, the experience of the 3D or shape trademark, although only on the increase during the last few years, has roots going back a long way, since the documents drawn up as part of the World Intellectual Property Organisation (WIPO) shows that French courts, as far back as the mid-19th century, authorised the possibility to register trademarks of this type; for example, a trademark consisting of the shape of a chocolate bar was registered in 1858.

In principle, in EU countries (and many others) it is possible to combine protection based on registering the trademark with protection based on other intellectual property rights. Therefore, in the jewellery trade too, registering a model does not exclude copyrighting the same 3D shape, even as a trademark, as long as the conditions for registering the trademark are in place. We should note that the aim of the copyright system is to guarantee fair competition by boosting the transparency of the marketplace; while on the other hand, the system protecting registered design patents serves to support the innovation and creativity of businesses. These different objectives explain why protection through trademark registration has no expiry, while legislators have imposed a limited time period for other intellectual property rights. This limit is the result of weighting public interest, consisting of protecting innovation and creativity, while also considering economic interest based on the possibility to make use of other people's intellectual acquisitions in order to support further social and economic growth.

In the light of the possibility to register a product as a trademark, with resulting possibility to monopolise and safeguard it for an unlimited time, it is evident that businesses will seek to use this means instead of the alternative registered design with its limited timeframe, extending to a maximum of 25 years.

To guarantee compliance with the different aims that the trademark and design set at a social and economic level, the Trademarks Directive has issued an extremely important standard. Its formulation is in many ways generic and vague, and since the time of its translation to national legislation - both in terms of industrial property codes and EU trademark regulations - it has heavily involved those interpreting the law, as well as national and EU judges. This standard is art. 3, section 1, of directive 89/104, entitled "grounds for refusal or invalidity", which states: "*The following shall not be registered or if registered, shall be liable to be declared invalid: ...*

e) signs which consist exclusively of:

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

This standard aims to set limits to the registration of shape trademarks and therefore, it is especially important to identify the meaning as clearly as possible. In fact, businesses must be familiar with the cases in which it is possible to safeguard their jewellery (even) using a trademark, with potentially unlimited duration of this protection as a result, and when, on the other hand, the sole means of protection possible is the registered design or model, which is subject to a limited amount of time (without prejudice to cases - not frequent occurrences - in which a piece of jewellery can be considered an authentic work of art, subjected to the regulations and protection of copyright laws).

The concluding remarks of Advocate General, Maciej Szpunar, presented on 14 May 2014 in the action C-205/13 by German company Hauck GmbH & Co KG against Norwegian company Stokke A/S and other affiliates are of great use in this context. The action concerns an application submitted by Hauck to declare the 3D trademark registered by Stokke for the well-known children's seat, the 'Tripp Trapp' null and void. In this context, the Supreme Court in the Netherlands submitted an application to the EU Court of Justice to make a preliminary ruling for the purposes of clarifying the meaning of the above standard.

Coming to the interpretation of the first absolute grounds for refusal to register the shape trademark (art. 3, section 1, first indent, of directive 89/104), i.e.: "the shape which results from the nature of the goods themselves" we should say that there are two positions concerning the way in which this provision is interpreted.

The first, which is more restrictive, limits this impediment to products that have no alternative form and therefore, to natural products (one example of this is the exclusion of the possibility to register the shape of a banana for bananas), as well as products whose characteristic shapes are imposed by regulations (for example, the form of a rugby ball).

The second interpretation, which is more extensive, considers the exclusion from trademark registration of those shapes expressing the substance of a given product as faithfully as possible, i.e. marks that are a typical example of a given product category. According to this line of thought, it should not be possible to register those shapes formed exclusively by characteristics usually permitted for a given product, such as, for example, a parallelepiped shape for a brick, the shape of a container with spout, lid and handle for a teapot, and even prongs arranged in the shape of a fork for forks.

The Advocate General is decidedly on the side of the more extensive interpretation. Since the Court of Justice found for the opinion of the Advocate General, it is currently correct to interpret the grounds of “the shape which results from the nature of the goods themselves” as precluding the possibility to register not only the shapes of natural products or products with a shape strictly imposed by regulations as trademarks, but also the standard or habitual characteristics of a given product. It is therefore not possible to register a shape where all of the essential characteristics are the result of the nature of a given product and therefore, predetermined by the uses ensured by a given product.

The Advocate General -focusing on the functional aspect of the good as linked to its nature, also stated that in his opinion, this standard does not permit the registration of shapes whose essential characteristics are the result of the function of a given product; he gave, as an example, that of legs together with a horizontal top making a table; an orthopaedic insole and a V-shaped lace making flip-flops and even more complex product shapes, such as the hull of a sailing ship and the propellers of a plane. To sum up the Advocate General’s interpretive stance, there are no grounds to register those shapes where fundamental properties are exclusively due to the use of a given product. Vice versa, in the opinion of the Advocate General, this standard allows the registration of trademarks where the shapes, as well as the abovementioned generic functional properties, also contain other essential characteristics. The example given is a toothbrush handle in the shape of a fairy-tale figure and the soundbox of a guitar, designed in a different manner to the usual picture we have of this instrument.

In the light of this, according to the most accredited interpretation of this standard, the directive prevents registration of a shape where all of the essential, utilitarian features are imposed by the nature of a given product, while the fact that this product may also take on different, alternative shapes is irrelevant.

Now we can consider the grounds for refusal stated in art. 3, section 1, letter e), second indent of directive 89/104, i.e., the “the shape of goods which is necessary to obtain a technical result”, this is the least uncertain of the three cases in point being considered here, since it was the subject of the well-known ‘Philips verdict’, from the Court of Justice on 18 June 2002, concerning the famous electric shaver with three circular heads set out in the form of a triangle. The Advocate General, referring to this impediment to registration, adhered to the decision of the Court in the aforementioned case, considering that the “necessary shapes to achieve a technical result” that will prevent a trademark from being registered, are the shapes in which the essential characteristics perform a technical function. Therefore, in the event that the basic operating characteristics of a product’s shape can be attributed exclusively to the technical result, the provision of article 3, section 1, letter e), second indent, excludes the registration of a mark formed by this shape, even if the technical result in question can be achieved with other shapes.

With regard to the interpretation of article 3, paragraph 1, letter e) third indent of the directive 89/104, it should first be pointed out that this standard was not drawn up in a clear manner, as all legal specialists who have dealt with the question have unanimously pointed out.

With regard to this standard, there are two trains of legal opinion. Looking at the case-law of the German Federal Supreme Court, the provision in question excludes the registration of shapes if the aesthetic value of the product is so important that the main function of the trademark, i.e., the indication of a specific origin, loses its importance. If, on the other hand - from the viewpoint of turnover - the aesthetic shape does not exclusively create a given product, but only an “element” of the whole, the usage function or destination is the result of other properties; in this case, the shape can be registered as a three-dimensional trademark. According to this line of thought, the impediment of the “substantial value” would first and foremost concern works of art and applied art, as well as products with an exclusively decorative function. This type of jurisprudence does not exclude the possibility of registering product shapes when, as well as a decorative function, there is a utilitarian function, as would be the case of a chair or armchair.

The second line of interpretation is represented by the case-law of the OHIM, as well as the General Court of the European Union, as confirmed by *Bang & Olufsen vs OHIM* (portrayal of a speaker). According to this approach, the observation that a shape gives a substantial value to a product does not exclude the possibility that a substantial value can also be given to a product from its other features, i.e. - as in the case of the speaker - from its technical qualities. The fact that a product’s design is a very important element from the point of view of the consumer shows that a product’s shape gives it a substantial value. For this purpose, it is irrelevant for the consumer to take other aspects of the given product into consideration.

According to German case-law, as cited above, the criteria set in the third indent of the standard is only applicable when the aesthetic values of a specific shape are so important that the main function of the trademark becomes less relevant. This happens when the economic value of a given product is based exclusively on its design, as in the case of a work of applied art or of some manufactured collectors' items.

According to the Advocate General, the preferred argument is the "European" one of the OHIM, as only this interpretation respects the purpose of the directive to exclude the external features of a product that increase its attraction and exert a great influence over consumer preferences from monopolisation. The conclusion of the Advocate General is that the range of this impediment (third indent) is not limited to works of art or applied art, but also all other items of use for which design is one of the essential elements deciding attractiveness and therefore, the success of a product on the market. In the abovementioned document, it is written that the areas to which grounds for refusal apply could be, in general, costume jewellery, decorated cutlery, and designer furniture.

In cases where the product can serve multiple purposes (aesthetic function combined, for example with use), according to the Advocate General, this does not exclude the possibility to apply art. 3, section 1, letter e), third indent, of the directive. This is the case in specific design products for which the aesthetic qualities of the shape are the main or at least, one of the main motives that influence the consumer in their choice of purchase.

At the decisional level of the actual case, the Advocate General recommends considering both the manner in which a given trademark is perceived by the public as relevant, as well as the economic effects possible from allowing a single company to reserve this trademark. In other words, the request is to evaluate whether or not the registration of the trademark will negatively influence the possibility to introduce competing products onto the market.

Passing from an examination of the factual circumstances to take into consideration when assessing any "substantial value" of a shape, the Advocate General indicates the consumer's perception of a trademark not as a decisive element but in any case, as a useful evaluation element. Other factual circumstances that in principle can show that the aesthetic characteristics of a given shape have such a great influence over its attractiveness that the fact of reserving this for one business only would disturb market competition, include, for example: the nature of product category in question, the artistic value of a shape, its diversity from other shapes usually found on the market in question, the relevant difference in price compared to competing products with similar characteristics, and the manufacturer's development of a promotional strategy underlining the main aesthetic features of a given product.

In conclusion, concerning the grounds for refusal where it is the shape that gives a substantial value to the goods, the Advocate General concludes that it must be a question of a shape whose aesthetic characteristics are one of the main elements deciding the market value of a given product, since at the same time, it is one of the reasons why a consumer purchases the item. This interpretation does not mean that the product cannot have other relevant characteristics for the consumer.

In its verdict on 18 September 2014 for the abovementioned case of Hauck vs Stokke, the Court of Justice, substantially accepted the opinions of the Advocate General, even if, with regard to the impediment as stated in the third indent, it was slightly more vague with regard to the definition of the terms 'substantial value', clearly pointing out, on the other hand, how the same product can have different inherent substantial values and how the public's perception of a product is just one of the elements appraised when deciding the applicability of the impediment in question, together with all of the others already stated above by the Advocate General.

Italian case-law has already found itself having to decide in cases of three-dimensional trademarks. Since the interpretation of the concept "the shape which gives substantial value to the goods" is not simple and in any case, has not yet been properly clarified by case-law (see opinion of Prof. S. Sandri), all of the facts of the case are of particular importance.

For example, in the precautionary procedure of Ferrero s.p.a. vs Sanges & Associai s.p.a., decided in 2014 by the Business Court, Milan, the shape trademark for a confectionary product (Ferrero "Rocher"), a praline formed by two wafer half shells with a filling and covered with chocolate and flakes, was judged null and void. In this case, the Milan court decided that the shape gives a substantial value to the product and that the registration of the relevant trademark is null and void.

In the same sentence however, the Milan court decided that the (different) three-dimensional trademark, consisting of a "Wafer bar" by Ferrero was valid since in this case, even if the "dips" on top of the wafer bar serve to contain a cream filling, the overall shape of the product and therefore, the trademark was considered 'arbitrary' and 'capricious', since the number of dips was not set and they also have a special shape, plus a decoration featured on the registered trademark.

It is easy to see how the actual outcome of a dispute involving a three-dimensional trademark often depends on flimsy assessments; the case of Ferrero is a glaring example of this, since two marks that are quite similar were judged null in one case and valid in the other, during the same procedure.

Another Italian sentence concerning a three-dimensional trademark comes from the Turin Law Courts for Cosci F.lli di F. e S. & C. s.a.s vs Bottega Veneta International s.a.r.l., in 2009. This involved a 3D trademark consisting of a leather- and/or hide-braiding

process (so-called, braided). In this case, the Turin court found for breach of the principle of separation between the trademark and the product “braided leather”, since it was considered obvious that imagining withdrawing the trademark for this product would mean removing the product itself. Secondly, the court found that this trademark consisted exclusively of the shape imposed by the very nature of the product, since the standard has a wide reference and also includes, as well as the shape of the finished goods per se, also the shape of the raw materials used to make them, when the nature of this material is such that the shape is the same as it needs to have at the end of the production process. Since the “braided leather” shape is the shape that the product needs to have at the end of the leather braiding process, we should conclude that the shape is the one imposed by the very nature of the product.

The court also decided that the braided shape of the leather was necessary to add specific functional advantages linked to the increased flexibility and resistance of the material and that this contrasts the prohibition to register trademarks based exclusively on the shape of the goods needed to achieve a technical result.

Finally, I feel it is important to stress how Turin’s law courts considered that the “braided leather” shape trademark did not integrate a shape that would give a substantial value to the good, since braided leather is not to be considered as giving the finished item a significant competitive advantage, i.e., one which causes consumers to prefer products made only with this material.

The “Bottega Veneta” sentence shows how factual aspects heavily influence all of the circumstances that, in the end will induce a judge to decide that one of the three impediments to registration of a three-dimensional trademark does or does not exist.

Applying the above concepts to three-dimensional trademarks in jewellery, it is obvious that registering a shape trademark in this sector is doubtless an interesting initiative for business but it is by no means simple. The fact, indeed that this is a design sector makes this impediment, consisting of shape which gives substantial value to the goods a potentially insidious element. It will certainly be necessary to assess these issues on a case-by-case basis, but I feel that the larger risks will arise where the registration of a shape trademark is requested for a piece of jewellery as a whole, while it will be easier to register a 3D trademark not for the whole jewel, but for a constituent element. This would remove the exception of breaching the principle of separation between trademark and product and at the same time, make it easier to demonstrate non breach of the absolute grounds for refusal considered above, since it is difficult for a single element of a piece of jewellery to be considered as having a shape imposed by the nature of the product and not even a shape needed to achieve a technical result and finally, not even a shape which gives substantial value to the goods.

In any case, it is evident that the hermeneutic path of the standard considered here, is probably incomplete and the contribution that case-law and doctrine will provide to this regard will be the subject of attention by the interpreters and operators in the sectors concerned.