

Patent and Market Court of Appeal rules on distinctiveness of position trademarks

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Introduction

In October 2020 the European Court of Justice (ECJ) rendered a preliminary ruling, in a case that originated in Sweden, on how to assess trademarks composed of colour motifs that are intended to be exclusively and systematically affixed to the goods used for the provision of the services for which protection was sought.

The case is notable not only because it concerns the assessment of position trademarks in general, but also because it specifically concerns the assessment of position marks used for services and not the goods on which the actual position marks will be affixed.

The ECJ ruled that the assessment must consider the relevant public's perception but not whether the trademark significantly departs from the norm or customs of the economic sector concerned. The Swedish referring court, the Patent and Market Court of Appeal (PMCA), has now decided on the merits of the case.

Facts

The appellant, a Swedish company that provided transport services, filed three trademark applications for various transport services, including services relating to transport. The trademarks consisted of figurative colour motifs that were to be placed on the vehicles used for these services (Figure 1). The trademarks were intended to be affixed to the sides and backs of the vehicles, without covering their actual shape.

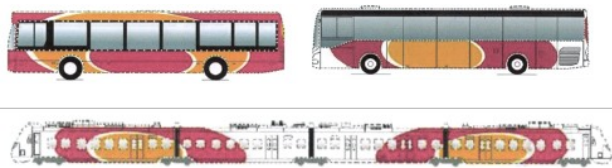


Figure 1: colour motif trademarks (side views of the three marks)

The Swedish Patent and Trademark Office (PTO) rejected the applications on the grounds that the motifs were merely decorative and non-distinguishable signs. On appeal, the Patent and Market Court found that the trademarks lacked distinctiveness as they did not sufficiently depart from how similar companies decorated their vehicles.

The company appealed to the PMCA, which decided to stay the proceedings and refer two questions to the ECJ. The ECJ concluded as follows:

- A trademark's distinctiveness must be assessed by reference to the goods or services for which protection is sought and the relevant sector of consumers' perception of the affixation of the trademark to the objects in question. To assess a trademark's distinctiveness, examinations should consider all of the relevant circumstances of the case, including the use of the mark (where appropriate).
- The position mark need not depart significantly from the norm or customs of the economic sector concerned for the sign to be regarded as distinctive.

The ECJ declared that the trademarks in this case had to be considered distinctive if the national court found that the colour motifs on the vehicles would enable an average consumer to distinguish the appellant's services

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from those of other companies.

Decision

In the decision at hand, the PMCA stated that the applicant's marks consisted of slightly asymmetric ellipses in red, white and orange which had been affixed systematically (ie, in a specific pattern) to the bodies of buses and trains.

The PMCA declared that the perception of the relevant sector of consumers was crucial for the examination of the trademark's distinctiveness and that such examination had to consider the exclusive object on which the signs would be affixed (ie, trains and buses).

In its examination of distinctiveness, the PMCA divided the services covered by the trademark applications into three categories – namely:

- transport of passengers and goods;
- certain services closely relating to such transport; and
- vehicle rental.

The PMCA concluded that not only the colours themselves, but also the figurative presentation of such colours – along with the services in question – were relevant factors to consider in the examination. The court found that the larger the mark affixed to the relevant object and the larger the object, the harder it would be for the public to perceive the mark in its entirety. However, the court recognised that there were many situations in which the public would observe buses and trains from a distance, thereby facilitating an overall perception of the trademarks in this case. The PMCA further concluded that the asymmetric ellipses of the marks in three different colours created a signal effect which, notwithstanding the difficulties in perceiving the entire marks, could designate a commercial origin.

The PMCA found, without detailed analysis, that the trademark enjoyed distinctiveness regarding the first of the aforementioned three categories of service (ie, transport of passengers and goods). Although the vehicles in question were not used to provide the second category of services (ie, services relating to transport), the PMCA found that they could be used for marketing such services (eg, where they appeared in photos or videos). Therefore, the PMCA also deemed the marks distinctive regarding the second category. The PMCA further found that the marks were distinctive regarding the third category of services (ie, vehicle rental). The PMCA found that the trademarks in question created a sufficient recollection of the operator that provided the services even regarding the rental of buses and trains. Therefore, the trademarks implied the commercial origin of these services.

In conclusion, the court deemed the trademarks distinctive regarding the services covered by the applications, with the exception that the position marks affixed to buses were unacceptable for railway transport services and vice versa.

Comment

The main takeaway from the ECJ preliminary ruling and the Swedish judgment is that the assessment of distinctiveness differs between:

- position trademarks, where the goods' shape forms no part of the trademark other than to clarify the sign's position; and
- trademarks consisting of:
 - the actual shape or packaging of the goods covered by the application; or
 - the actual physical space (including store design) in which the services covered by the application are provided.

For position trademarks, the examination of distinctiveness need not assess whether the trademark significantly departs from the norm or customs of the economic sector concerned.

Consequently, the ECJ's decision indicates an easing of the applicant's burden of proof regarding the assessment of distinctiveness. It also indicates that colour motifs and other device marks, which are affixed to objects used to provide the services covered by the application, should be registrable if they are perceived as sufficiently distinctive to distinguish the services from those of others, even where affixed to the objects used for the provision of the services covered by the trademark application.

It is notable that the PMCA's judgment extended the conclusion of sufficient distinctiveness to services such as the packaging and storage of goods, booking of transport and parking services, given that the vehicles in question were not used for such services. This evidences the connection between ordinary device marks and

position trademarks, making the categorisation of trademark type less relevant in the examination of distinctiveness, provided that the trademark is perceived as such by the relevant public and considered sufficiently distinctive for the services covered, enabling them to be distinguished from those of others. This is the case where a trademark relates only to graphic elements and not the actual goods, objects or spatial areas used for the provision of the services covered by the trademark application.

The extent of protection for this kind of position mark remains to be seen. Moving forwards, a position mark may be considered an alternative to a 3D trademark where the trademark (including the shape) has not acquired distinctiveness through use.

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