**AG Szpunar confirms that there is a way out of invalidation for the Louboutin red sole trade mark**

Opinion of Advocate General Maciej Szpunar in *Christian Louboutin, Christian Louboutin SAS v Van Haren Schoenen BV*, C-163/16, EU:C:2018:64, 6 February 2018

In his second Opinion in this case, Advocate General (AG) Szpunar has substantially confirmed the view taken in his first Opinion: the Louboutin red sole trade mark may potentially fall within the absolute ground for refusal concerning signs consisting exclusively of a shape that gives substantial value to the relevant goods, but the assessment required should not give account of the reputation of the trade mark at issue.

**Legal context**

This reference for a preliminary ruling concerns the interpretation of Article 3(1)(iii) of the former Trade Mark Directive (Directive 2008/95), in particular whether the notion of ‘shape’ within the meaning of such provision (‘Form’, ‘vorm’ and ‘forme’ in the German, Dutch and French language versions of the directive, respectively) is limited to the three-dimensional properties of the goods, such as their contours, measurements and volume (expressed three-dimensionally), or – instead – it includes other (non three-dimensional) properties of the goods, such as their colour.

It should be noted that under the current Trade Mark Directive (Article 4(1)(e)(iii) of Directive 2015/2436) registration is prohibited for signs consisting exclusively of the shape, or *another characteristic*, which gives a substantial value to the relevant goods.

**Facts**

In 2010 Louboutin obtained registration for a Benelux trade mark in Class 25 of the Nice Classifcation. Initially the registration was for footwear other than orthopaedic footwear, but in 2013 it was amended so as to limit the goods covered to high-heeled shoes (other than orthopaedic shoes). The trade mark consists "of the colour red (Pantone 18 1663TP) applied to the sole of a shoe as shown (the contour of the shoe is not part of the trade mark but is intended to show the positioning of the mark)":



Louboutin brought proceedings against the operator of Dutch shoe retail outlets (Van Haren) over the sale of high-heeled women’s shoes with red soles. Further to an initial judgment in favour of Louboutin, the defendant's is now challenging the validity of Louboutin's trade mark on grounds that it would be a 2-dimensional mark (the colour red) which, when applied to the soles of shoes, conforms to the shape of the shoes and gives them substantial value.

The Rechtbank Den Haag decided to stay the proceedings and ask the CJEU whether the concept of ‘shape’ is limited to 3-dimensional properties of the goods, such as their contours, measurements and volume, thus excluding colours.

In June 2017 AG Szpunar issued his Opinion, whose conclusions are substantially those of the second Opinion which is subject to the present commentary.

Following the reopening of the procedure and the assignment of the reference for a preliminary ruling from the 11th Chamber to the Grand Chamber of the Court of Justice of the European Union (CJEU) on grounds that the case at issue requires consideration of fundamental aspects of EU trade mark law, Advocate General (AG) Szpunar issued a second Opinion.

**Analysis**

In his second Opinion the AG considered a number of issues, including: classification of the Louboutin trade mark; change in the language of the 2008 and 2015 directives; the understanding and assessment of what amounts to the ‘substantial value’ of goods; and the notion of distinctiveness when this is indissociable from the appearance of the goods in question.

***Classification of the mark at issue***

First, the AG confirmed his view that the mark at issue should not be considered a colour mark. Rather, what is at stake is not protection of a colour as such (which, on its own, would not be possibly even capable of performing the essential trade mark function as badge of origin), but rather a colour that has a certain spatial delimitation (that of the shoe sole to which it is attached).

The AG also tackled the issue of classifying the Louboutin trade mark as a ‘position mark’ within the meaning of Article 3(3)(d) of Implementing Regulation 2017/1431 (which in any case applies with effect from 1 October 2017). Also taking into account the reformed language of the absolute ground for refusal for signs consisting exclusively of shapes *or other characteristics* that give a substantial value, the AG concluded that classification of a sign as a ‘position mark’ does not exclude that a mark of this kind could fall within the scope of such ground.

***Change in the language of the absolute ground***

The AG then turned to consider the change in language between Article 3(1)(e)(iii) of the previous Trade Mark Directive and Article 4(1)(e)(iii) of Directive 2015/2436. He reiterated his view that the change is merely formal, in the sense of clarifying the law as it was already under the 2008 directive. The rationale of this ground is (and was) to ensure that certain signs remain available to use and do not result in anti-competitive restrictions. Hence, Article 3(1)(e)(iii) of Directive 2008/95 can be potentially interpreted as meaning that it applies in the case of a sign consisting of the shape (or another characteristic) of the goods and which seeks protection for a certain colour.

***The ‘substantial value’ given by a shape may change over time***

The AG achieved the conclusion above but with an important caveat (also discernible in his first Opinion). Recalling his earlier Opinion in *Hauck GmbH & Co. KG v Stokke A/S, Stokke Nederland BV, Peter Opsvik and Peter Opsvik A/S*, C-205/13, EU:C:2014:322, the AG highlighted that in assessing the ground in Article 3(1)(e)(iii) of the 2008 directive, “account must be taken both of the perception of the sign at issue by the relevant public and the economic effects which will result from reserving that sign to a single undertaking.” (para 48)

The AG also stressed that not all absolute grounds for refusal for shapes should be intended in the same way. In particular, when it comes to the ‘substantial value’ ground, he noted how the rationale may be such that a shape (or another characteristic) remains “available for all market participants over the period during which that characteristic has a particular effect on the value of the goods.” However,

“From the point at which that is no longer the case — inter alia, as certain interested parties allege, because the public’s preferences have changed and that characteristic is no longer sought and valued by the public –, the trade mark at issue would no longer potentially be caught by the prohibition laid down in Article 3(1)(e)(iii) of Directive 2008/95.

Under those circumstances, it would follow that — unlike the grounds for refusal or invalidity laid down in Article 3(1)(e)(i) and (ii) of Directive 2008/95 — Article 3(1)(e)(iii) of that directive would relate to characteristics which are dependent on external factors.” (paras 51-52)

The AG continued by stressing that:

“the fact that the characteristics giving substantial value to the goods are, in part, determined by the public’s perception does not, in my view, mean that account may be taken of the reputation of the trade mark or its proprietor as part of the assessment to determine whether the shape at issue ‘gives substantial value to the goods’ within the meaning of Article 3(1)(e)(iii) of Directive 2008/95. Indeed, if the concept of a ‘shape [giving] substantial value to the goods’ were to be acknowledged as being, even in part, determined by characteristics which are perceived as attractive by the public, it would then be necessary to exclude the characteristics linked to the reputation of the trade mark or its proprietor, in order to prevent the appeal created by that reputation being attributed to a shape which, taken on its own, would not be attractive. Otherwise, the ground for refusal or invalidity laid down in Article 3(1)(e)(iii) of Directive 2008/95 could be interpreted very broadly and improperly having regard to its objective” (para 54)

The AG ruled out that the trade mark’s reputation is to be considered as part of the assessment for this ground for refusal.

***Distinctiveness of signs indissociable from the appearance of the goods***

This part of the Opinion is considered useful “in the event that the Court were to take the view in its future judgment that, in the present case, Article 3(1)(e)(iii) of Directive 2008/95 cannot be applied.” (para 59) By referring – as he had done in his first Opinion – to *Libertel Groep BV v Benelux-Merkenbureau*, C-104/01, EU:C:2003:244, the AG reiterated that public policy considerations (including pre-competitive ones) underpin the decision whether to allow registration of signs of this kind.

In a case like the one at issue, the correct approach would be one that also takes into account case law on three-dimensional signs, and acknowledges the existence of a distinctive character only for those signs that depart significantly from the norm or customs of the sector.I n addition, if a sign has acquired a distinctive character following a normal process of familiarization of the public concerned, then Article 3(1)(b) of the 2008 directive, read in conjunction with Article 3(3) thereof, would not apply.

**Practical significance**

Both Opinions of AG Szpunar in this case suggest that, while the Louboutin trade mark may potentially fall within the absolute ground for refusal within Article 3(1)(iii) of the 2008 directive (as well as the current wording of this provision, ie Article 4(1)(e)(iii) of the 2015 directive), it would be incorrect to factor the (indisputable) reputation of the sign in the assessment of whether the shape/characteristic confers a substantial value to the goods in question.

By suggesting an ‘evolutionary’ interpretation of the ‘substantial value’ ground and rejecting the idea that a sign’s reputation (and distinctive character) matters, it would appear that – similarly to his previous Opinion – the AG tried implicitly to ‘save’ the Louboutin trade mark. In other words, in a case like Louboutin, the question to ask would be: is the red sole sign which gives substantial to the shoe, or is it rather the reputation of the trade mark represented by that particular sign that confers such value? If the latter – as it seems – is the correct answer, then a trade mark like the Louboutin red sole should be found to be validly registered.

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