

EU General Court rules Adidas' three-stripe trade mark invalid

On 19 June 2019, the EU General Court (GC) ruled that the three-stripe EU trade mark (EUTM) owned by Adidas was invalid. It upheld the earlier decision of the EU Intellectual Property Office's (EUIPO) Second Board of Appeal, which had found that the trade mark at issue was 'extremely simple' and devoid of any distinctive character, both inherent and acquired through use.

Background

The trade mark in dispute was originally [registered](#) on 21 May 2014. It covered clothing, footwear and headgear (class 25 of the Nice Classification system) and was identified as a figurative mark, i.e. a trade mark where non-standard characters, stylisation or layout, or a graphic feature or a colour are used. It corresponded to the following description and is reproduced below: 'The mark consists of three parallel equidistant stripes of equal width applied to the product in whichever direction'.



In December 2014, a Belgian company named Shoe Branding Europe BVBA filed an application for declaration of invalidity of this mark pursuant to what is now known as Article 59(1)(a) of [EUTM Regulation 2017/1001](#) (absolute grounds for invalidity) in conjunction with Article 7(1)(b) of the same (absolute grounds for refusal). In June 2016, the Cancellation Division of the EUIPO granted the application on the grounds that the mark inherently lacked distinctive character.

Adidas challenged the decision in August of the same year, claiming that, although their EUTM was devoid of inherent distinctiveness, it had nevertheless acquired a distinctive character in relation to the goods for which it was registered in consequence of the use made of it throughout the EU after registration in accordance with Articles 7(3) and 59(2) of Regulation. After the Second Board of Appeal confirmed the Cancellation Division's assessment in March 2017, Adidas brought the matter before the GC.

In support of its action, the Germany-based company put forward a single plea in law, which consisted of two parts: first, that the Board of Appeal wrongly dismissed several items of evidence with the justification that they related to signs 'other than the mark at issue'; and second, that the Board of Appeal erred in holding that it was not established that the mark had acquired distinctive character following its use within the EU.

Unjustified dismissal of some of the evidence

In relation to the first part of its plea, Adidas submitted that the Board had misinterpreted the mark in question and misapplied the 'law of permissible variations'. Specifically, the applicant argued that the Board should not have assumed that the mark was only claimed in specific dimensions, i.e. that it was represented by three vertical, parallel black stripes of equal thickness against a white background with a ratio of approximately 5:1 between the total height and width of the mark. Instead, Adidas claimed, the Board should have treated the mark as a 'surface pattern' the proportions of which were not fixed, i.e. that the mark was constituted of three parallel equidistant stripes that could be extended in length or cut in different ways, including cut at a slanted angle, depending on the goods on which it was applied.

The GC however rejected this claim, concluding that the mark in question could not be regarded as a pattern mark and there were no indications that it should be intended as such. Adidas' mark had been registered as a figurative mark. Neither its registered graphic representation nor its description made it

clear that it consisted exclusively of a set of elements which were repeated regularly. Importantly, Adidas' claim was not consistent with the graphic representation of their registered mark, characterised by a rectangular configuration which was created by three stripes being cut at a right angle and of a specific ratio of height to width. In addition, the description of the mark on the register did not state that the length of the stripes could be modified or cut in different ways. The Board of Appeal's interpretation of the mark at issue as an 'ordinary figurative mark' was thus not erroneous. This conclusion could not be called into question by the ruling in *Apple Inc v Deutsches Patent- und Markenamt* [2014] EUECJ [C-421/13](#), which established that a design may be registered as a trade mark without indicating the size and proportions of the object it represents. This cannot be taken to suggest, however, that a mark can be registered without defining the proportions of the sign itself.

Adidas was not justified in pleading an infringement of the 'law of permissible variations' either. This principle, which is rooted in Article 5C(2) of the Paris Convention for the Protection of Industrial Property, allows immaterial differences between the form of the mark as it was registered and the form in which it is used by the proprietor, so long as these differences do not affect the distinctive character of that mark. The applicant had produced evidence (mainly consisting of images from catalogues and promotional materials, showing goods bearing various of their marks) which, in their opinion, related to forms of use of their three-stripe mark that did not alter the distinctive character of that mark as registered.

Confirming the Cancellation Division's assessment, the Board of Appeal had found that the 'vast majority' of the evidence produced related to signs other than the mark in dispute itself. The following examples of evidence, in particular, failed to show, according to the Board, genuine use of the mark:



The GC found that the Board was entitled to dismiss this evidence for several reasons: first, the 'extremely simple character' of the mark – which was not disputed by the applicant – meant that minor alterations to the mark could amount to significant changes. As such, its amended form may not be regarded as broadly equivalent to its registered one. The GC emphasised that 'the simpler the mark, the less likely it is to have a distinctive character and the more likely it is for an alteration to that mark to affect one of its essential characteristics and the perception of that mark by the relevant public'.

Second, the evidence did not show the mark at issue, but 'other signs' consisting of three light stripes against a dark background. The act of reversing the colour scheme, namely showing white stripes against a black background, did not conform with the initial contrast between the three black stripes against the white background, including the white spaces separating those stripes. In light of the extreme simplicity of the mark in question, the failure to respect this specific contrast resulted in a significant variation of the registered form of the mark, despite the fact that the sharp contrast between the three stripes and the background was preserved.

Third, the first nine images produced by Adidas showed signs which had only two – not three – parallel black stripes contrasting with a white background. Even if these images could be taken to show signs consisting of three white (or light) stripes against a black (or dark) background, they nevertheless presented the mark in dispute in forms where the original colour scheme was inverted. As such, they had to be dismissed for the reasons presented in the previous paragraph.

Fourth, the use of sloping stripes on the clothing of the athlete in motion shown in the tenth image above was found to have affected the distinctive character of the mark. This was not only because of the reversed colour scheme, but also because it did not meet the dimensions of the mark as registered with its vertical and parallel stripes. The applicant's argument that their direction depended on the athlete's movement and the way the items were folded or displayed did not seem to persuade the Court.

As regards the remaining images produced in evidence, the photographs of footwear broadly suffered the same disadvantage in that the modification to the thickness and length of the stripes, as well as their cut at a slanted angle, noticeably affected several characteristics of the mark and as such related to forms of use that differed from the form in which the mark had been registered. Finally, Adidas acknowledged at the hearing the irrelevance of the last four images showing more complex signs. Overall, the GC, siding with the Board, concluded that the signs appearing in most of the images submitted by the applicant were rightly dismissed, as they 'differed significantly' from the registered form of the three-stripe mark. Consequently, there was no violation of the law of permissible variations.

Assessment concerning the acquisition of distinctive character through use

The second part of Adidas' plea was that the Board erroneously found that the applicant had failed to show that the mark in question had acquired distinctive character in consequence of the use that had been made of it within the EU. The evidence adduced by Adidas included: images (discussed in the examination of the first part of the plea above); figures concerning its turnover as well as figures showing the amount invested in promoting the mark; and market surveys.

However, the relevance of these items was questioned by the GC. It followed from the assessment of the first part of the plea that the applicant could not rely on all the evidence demonstrating a mark consisting of three parallel equidistant stripes. The GC observed from the very start that:

the relevant evidence is only that which shows the mark at issue in its registered form or, failing that, in forms which are broadly equivalent, which excludes forms of use where the colour scheme is reversed, or which fail to respect the other essential characteristics of the mark at issue.

Before reviewing the evidence submitted by Adidas, the Court also recalled well-established principles regarding acquired distinctiveness. It follows from the unitary character of the EUTM (i.e. the EUTM extends to the territory in which the EU Treaties apply and has an equal effect throughout the EU, including uniform protection, invalidity, revocation and transfers of ownership), that in order to be accepted for registration, a sign must have distinctiveness (inherent or acquired through use) throughout the EU. It is not necessary that separate proof is submitted in respect of each and every Member State.

It is sufficient that the evidence submitted is capable of establishing the acquisition of distinctive character throughout the Member States of the EU. Acquired distinctiveness may be extrapolated from evidence of use in one country to another in certain, yet limited circumstances, e.g. where there is a certain degree of geographical, cultural or linguistic degree of proximity.

In the present case, it was not disputed that the mark at issue was inherently devoid of distinctive character throughout the whole of the EU and as such the Board of Appeal had rightfully examined whether the mark had acquired distinctiveness for the relevant public throughout the territory of the EU. The only evidence which was material to some extent were five market surveys carried out from 2009 to 2011 in Estonia, France, Germany, Romania and Spain. These related to the use of the mark in its registered form and measured the perception of that mark by the relevant public but covered only part of the EU and their results were not representative of the entire EU territory.

As far as the images are concerned, the GC did not seem to be moved by the nearly 12,000 pages of evidence produced during the proceedings before the EUIPO. In the Court's view, Adidas failed to identify images which could establish use of the mark in its registered form or in forms which could be deemed broadly the same. The first three images above showing the three-stripe mark affixed to sports bags were not considered relevant, because such items were not covered by the goods at issue (clothing, footwear and headgear). Moreover, other images that did correspond to the registered mark and were capable of establishing some use did not sufficiently indicate the scale and duration of that use or its impact on how the mark is perceived by the relevant public.

'Impressive figures' concerning Adidas' turnover, the amount of marketing and advertising costs and its sponsorship activities in relation to sporting events showed the 'considerable investment' made by the applicant in promoting its marks in an intensive and continuous manner within the EU. Nevertheless, these figures concerned the applicant's 'entire business [...], all of the goods and all of the marks taken together', including the promotion of irrelevant products such as sporting bags and goods bearing only signs other than the three-stripe mark in dispute. Due to the lack of a demonstrable link between the figures provided and the mark at issue as well as between the figures and the goods in question, the GC concluded that it could not be established that the mark had been used and had acquired distinctiveness as a result of the use made of it.

The GC concluded that under these circumstances:

[...] the various items of evidence adduced by the applicant, even taken as a whole: (i) do not prove use of the mark at issue throughout the territory of the European Union; and (ii) are not sufficient, in any event, to demonstrate that, by virtue of that use, the mark at issue has come, in the whole of that territory, to identify the goods for which it was registered, and thus to distinguish those goods from those of other undertakings.

On those grounds, the GC dismissed the action and ordered Adidas to pay its own costs as well as the costs incurred by the EUIPO.

Commentary

The following interesting points can be gleaned from the GC's much-anticipated judgment. Trade mark owners must ensure that their EUTMs are properly recorded and need to use them in commerce in the form that was originally registered or in a form that can be deemed broadly equivalent to the essential characteristics of its registered form. The mark itself must be identified in a way that accurately determines the scope of the protection afforded to its proprietor. The EUIPO cannot consider characteristics of the mark applied for that are not clearly set out in the application for registration or the accompanying documents. It is also evident from this case that the GC is likely to strictly adhere to the specific dimensions, proportions and overall configuration of the submitted mark. As the Court highlighted, 'it is for the trade mark applicant to file a graphic representation of the mark corresponding precisely to the subject matter of the protection [they] wish to secure. Once a trade mark is registered, the proprietor is not entitled to a broader protection than that afforded by that graphic representation'. The salience of filing marks correctly becomes even more pronounced in light of the acceptance of new

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types of marks (e.g. multimedia marks or hologram marks) by the EUIPO as and from 1 October 2017, following the key changes brought by the new EUTM Directive 2015/2436.

Care also needs to be taken with the quality and rigour of the evidence that may need to be preserved, gathered and submitted in order to establish that a mark has acquired the necessary level of distinctiveness across the entirety of the EU. In the present case, the GC challenged the multiple forms of the three-stripe mark which it found inconsistent with the mark's essential characteristics, despite its comparatively high degree of recognition and regardless of whether its variations might be perceived by the relevant public to be corresponding to the proprietor's goods or services.

Furthermore, the protection afforded by the law of permissible variations is not boundless and it is uncertain which forms of a mark do not alter the distinctive character of that mark as registered. A question may arise, for example, in cases where use in various colours has been made of a mark, the original representation of which is colourless on the register. Provided that the mark is still visible, it is not entirely clear when such use would affect the distinctive character of the mark in the form under which it was registered. So far as figurative marks are concerned, a different graphical representation is unlikely to diminish the protection granted to the mark, as long as it can reasonably be regarded as another form of the same subject-matter.

Finally, it cannot plausibly be maintained that the GC's judgment sounds the death knell for all of Adidas' marks featuring the three-stripe logo. The German corporation owns several other similar marks, like [this](#) and [this](#), which remain valid. The impact of the present ruling is limited to the specific execution of the three-stripe mark shown earlier. It is nevertheless a disappointing for them outcome, which might be appealed to the Court of Justice of the EU.

Adidas AG v European Union Intellectual Property Office [2019] EUECJ T-307/17 (19 June 2019)

<https://www.bailii.org/eu/cases/EUECJ/2019/T30717.html>

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