

## Protection of Colour Per Se: Or, #FreeThePink and the Battle over “Magenta”

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### I. Introduction

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Marketing does not work without colours. Not only do the goods themselves often depend heavily on the use of colours or colour combinations, but so do product packaging, the sellers’ retail stores or outlet design, and their trademark schemes.<sup>1</sup> It is thus no surprise that companies try to protect their ‘own’ colours as ‘colour marks’ or ‘colours per se’<sup>2</sup> and that they fight over the use of colour by their competitors. A recent colour-mark dispute is highly illustrative:

In 2019, shortly after New York insurance company Lemonade started doing business in Germany, German telecom giant Deutsche Telekom proclaimed that the insurer’s use of the colour pink infringed upon its trademark for magenta. Deutsche Telekom owns a large number of trademarks—mostly for telecommunication and internet-related services and equipment—but its most important asset is its ‘house colour’. For more than two decades, it has used magenta in virtually all of its advertising and marketing activities. The company vigorously defends its ‘property’ in the colour not only against immediate competitors but also against anybody who comes near its territory—even if that somebody is obviously not a competitor.<sup>3</sup> This is how Lemonade got into the crosshairs: Lemonade’s business concerns insurance services only. Yet Deutsche Telekom felt disturbed. Be it out of fear of consumer confusion, dilution, or misappropriation, the company sought an injunction against what it considered trespass on its pink wonderland. Deutsche Telekom officials and counsel did not care that their company did not offer insurance-related services. Further, they ignored the fact that Lemonade had started using pink as early as 2016,<sup>4</sup> and that it always used the colour in

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<sup>1</sup> For an insightful overview of the multiple signal functions of colour, see Deborah R Gerhardt and Jon McClanahan Lee, ‘Owning Colors’ [2019] 40 *Cardozo L Rev* 2483, 2487–2494.

<sup>2</sup> For the term, see EU IPO Exam Guidelines, s 4 (Absolute grounds for refusal), ch 3 (Non-distinctive trade marks), at 13.1; see also *Glaxo Wellcome UK Ltd (t/a Allen & Hanburys) v Sandoz Ltd* [2016] EWHC 1537, at [39] (Ch).

<sup>3</sup> Among the more recently decided disputes, see, eg, Landgericht Hamburg [2019] GRUR-RS 2019, 50966 (judgment of 22 August 2019, Case 327 O 447/18); Landgericht Hamburg [2018] GRUR-RS 2018, 50633 (judgment of 20 September 2018, Case 327 O 127/18); Oberlandesgericht Frankfurt am Main [2015] MMR 257 (judgment of 9 October 2014, Case 6 U 199/13).

<sup>4</sup> See, eg, <https://www.horizont.net/marketing/nachrichten/markenstreit-mit-der-lemonaid-deutsche-telekom-muss-um-farbmarke-magenta-fuerchten-178749>.

combination with its own distinctive word mark ‘Lemonade’, making confusion unlikely. Nevertheless, in the first round of the battle, a German court ruled in favour of the national telecom champion, prohibiting Lemonade’s use of pink.<sup>5</sup>

Although the ruling applied only to Germany, Lemonade officials feared that it might set a precedent for other jurisdictions. The company’s co-founder and CEO Daniel Schreiber exclaimed indignantly:

*If some brainiac at Deutsche Telekom had invented the color, their possessiveness would make sense ... Absent that, the company’s actions just smack of corporate bully tactics, where legions of lawyers attempt to hog natural resources—in this case a primary color—that rightfully belong to everyone.<sup>6</sup>*

Shortly thereafter, Lemonade launched a counter-attack against Deutsche Telekom’s magenta marks in France, claiming non-use of the mark for insurance services. And indeed, on 15 December 2020, the French Patent and Trademark Office, finding no evidence of genuine use of the mark for ‘insurance services’, cancelled the magenta mark’s segment for ‘financial services’ (in class 36).<sup>7</sup> As it appears at the moment, this was a first step in David’s campaign against Goliath—named #FreeThePink on Twitter and other social networks. As of early 2021, similar challenges are pending against Deutsche Telekom’s German and European Union (EU) trademark registrations.

CEO Schreiber’s exhalation on ‘corporate bully tactics’ and ‘hogging of natural resources’ may be a bit exaggerated. Yet it points towards key issues concerning colour-mark protection: Trademarks are part of the system of free competition. They are designed to maintain a system of market-information transparency, in particular to prevent consumer confusion. But whenever protection reaches beyond this domain, anticompetitive damage looms. In short, a company’s exclusive use of colours risks a permanent ‘monopoly’ on product features that are essential to competition and innovation—be they to describe the qualities of goods, to inform consumers about their properties, or to account for consumer preferences. Seen in this light, the crucial issue is how to achieve the right amount of colour-mark protection. Thus far, the debate has been ragged, and the theoretical foundations—not to speak of empirical basis—are far from robust.

This paper analyses current European and US trademark law, shedding light on the structural foundations, the policies at play, and the practical problems with colour-mark protection. It proposes a test for competitive necessity as a regulatory instrument to keep colour-mark protection within the confines determined by the economic imperative of freedom of competition.

## II. Roadmap: Colour Marks and ‘Excess’

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‘Excess’ as defined by Merriam-Webster, is not only a ‘state or an instance of surpassing usual, proper, or specified limits’ but also ‘undue or immoderate indulgence’.<sup>8</sup> For trademark lawyers, the moral tone of the second definition (though appealing) hardly

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<sup>5</sup> See, eg. ‘Lemonade Wins #FreeThePink Case against Deutsche Telekom in France’ (*Bloomberg*, 16 December 2020), [www.bloomberg.com/press-releases/2020-12-16/lemonade-wins-freethepink-case-against-deutsche-telekom-in-france](https://www.bloomberg.com/press-releases/2020-12-16/lemonade-wins-freethepink-case-against-deutsche-telekom-in-france).

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> Merriam-Webster Online Dictionary, ‘excess’, [www.merriam-webster.com/dictionary/excess](https://www.merriam-webster.com/dictionary/excess).

provides a cogent guideline, for we are not judging the intemperance of right owners. Instead, we take the first part of the definition as our starting point: When does colour-mark protection surpass 'usual, proper, or specified limits'? The answer must consider the costs and benefits of trademark protection—with a special eye on colours.

Prima facie, solid trademark rights are not too bad. In fact, if we look at the rationale behind trademark protection, we should be tempted to conclude that the more protection, the better: A mark is a source-identifying symbol.<sup>9</sup> The consumer relies on marks to distinguish among products in the marketplace. When a consumer sees 'Coke' on a bottle, she can conclude that this bottle comes from the same source as the bottles she purchased in the past.<sup>10</sup> Yet this reliance works only if use of the mark 'Coke' is the exclusive right of the Coca-Cola Company. Any use of the same or a similar mark for the same or similar goods by others would destroy the source-indicating mechanism and lead to consumer confusion. In economic terms, trademark protection is justified by the aim of reducing so-called search costs. By relying on marketplace information and goodwill, the consumer can save search time and effort and can avoid the costs of buying the wrong products.<sup>11</sup> In addition, a system of trademark exclusivity benefits the product seller, since it allows her to use the mark to reliably communicate the identity and quality of her products to the consumer. This incentivises her to maintain and improve on quality.<sup>12</sup> If she could not rely on exclusivity, competitors would use the same mark to sell low-quality products for a cheaper price. This would likely lead her not only to lower her own price but also to reduce her product's quality. In the end, consumers would lose their trust in indications of origin, and this would transform the market: Consumers would no longer know what to rely on and, accordingly, would no longer be willing to pay the price for quality products. Ultimately, we would end up in the famous 'market for lemons'—with quality producers and ultimately also the consumers leaving.<sup>13</sup>

But while too little protection is evidently bad, too much will stifle competition and hinder innovation. This is the case if a mark and the product or product feature it designates—as is the case with colour marks—are so closely intertwined that one cannot protect the former without excluding use of the latter.<sup>14</sup> After all, unlike patents and copyrights, trademarks are not granted to incentivise the creation of intellectual products as such.<sup>15</sup> Thus, if trademark protection extends beyond the genuine domain of regulating market information and starts reserving product properties that are essential at the production level, namely product shape or colour, it cuts down on the stock of resources necessary to effectively compete and innovate. In addition, colour-

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<sup>9</sup> See, eg, *Case C-215/14, Société des Produits Nestlé SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:604, para 60; see also *Qualitex Co v Jacobson Prod Co*, 514 US 159, 163–164 (1995).

<sup>10</sup> For a classic explanation of trademark functions, see Frank I Schechter, 'The Rational Basis of Trademark Protection' [1927] 40 Harv L Rev 813, 818 et passim.

<sup>11</sup> William M Landes and Richard A Posner, 'Trademark Law: An Economic Perspective' [1987] 30 J Law & Econ 265, 271–272.

<sup>12</sup> *Park'N Fly, Inc v Dollar Park & Fly, Inc*, 469 US 189, 198 (1985); *Qualitex Co v Jacobson Prod Co*, 514 US 159, 164 (1995).

<sup>13</sup> George A Akerlof, 'The Market for Lemons: Quality Uncertainty and the Market Mechanism' [1970] 84 Q J Econ 488; for a more trademark-specific analysis, see William M Landes and Richard A Posner, 'Trademark Law: An Economic Perspective' [1987] 30 J Law & Econ 265, 302–303.

<sup>14</sup> *Qualitex Co v Jacobson Prod Co*, 514 US 159, 164–165 (1995).

<sup>15</sup> Of course, the protection of trademarks fosters product quality, thereby stimulating innovation. But this is a 'by-product' of the system's source-indication function. William M Landes and Richard A Posner, 'Trademark Law: An Economic Perspective' [1987] 30 J Law & Econ 265, 269–270.

mark protection raises issues of depletion and congestion: First, generous trademarking will decrease the number of colours available to other actors in the marketplace. Second, the more that colours are protected, the more that market actors will come into conflict over the use of these colours.<sup>16</sup> Although people with normal colour vision may be able to discern millions of shades,<sup>17</sup> it is a fact that the palette of colours that can be used for branding is limited. Not only are some colours more attractive and functional than others—think of red or white for fresh food, in contrast to brown, grey, or black—but marketplace conditions usually do not allow consumers to directly compare colours, making it hard, if not impossible, to discern even larger variations in shade. Thus, the more we privatise colours, the sooner we will end up in a world where virtually *every* colour is taken. The resulting effects on competition can be dramatic, including extreme market-entrance costs for newcomers and market power for incumbents, as well as the downsides of a ‘trademark thicket’, such as a massive increase in consumer search costs and an eluviation of the public domain when non-commercial colour use (eg, in the interest of arts or freedom of expression) is required.<sup>18</sup>

What can we do to avoid such a ruin of the system? Trademark law has developed a number of policy levers to prevent ‘excess’. This includes limitations on the registration of certain categories of marks, namely colour marks, as well as the requirement of distinctiveness. In addition, the doctrine of consumer confusion provides various safeguards that help cut back on trademark overreach. As a look at European and US doctrines of colour-mark protection unveils, however, a number of issues remain far from clear.

### III. Status Quo: Current Doctrine of Colour-Mark Protection

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Protection for colour marks is a relatively recent phenomenon.<sup>19</sup> Until the 1980s, protection for abstract colours was largely impossible under most national trademark laws. If at all, protection was possible only under unfair competition doctrine.<sup>20</sup> The shift towards acknowledgement of trademark rights in colours occurred with the US Federal Court’s 1985 decision, *In re Owens-Corning Fiberglass Corp.*<sup>21</sup> In Europe, it was in 1989 when the first Trademark Harmonisation Directive opened the door for colour-

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<sup>16</sup> For mark ‘depletion’ and ‘congestion’, see Barton Beebe and Jeanne C. Fromer, ‘Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion’ [2018] 131 Harv L Rev 945, 950–951.

<sup>17</sup> Deborah R Gerhardt and Jon McClanahan Lee, ‘Owning Colors’ [2019] 40 Cardozo L Rev 2483, 2511.

<sup>18</sup> Barton Beebe and Jeanne C. Fromer, ‘Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion’ [2018] 131 Harv L Rev 945, 1021–1028.

<sup>19</sup> For the recent extension of non-traditional trademark protection (including colour marks), see, eg, Dev S Gangjee, ‘Paying the Price for Admission – Non-Traditional Marks across Registration and Enforcement’, 59, 60–61, in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018). For a recent overview of EU and German doctrine, see, eg, Jan Eichelberger, ‘Abstrakte Farbmarken – Schutzvoraussetzungen und Schutzzumfang’ [2016] GRUR 138.

<sup>20</sup> For Europe, see, eg, G N Hasselblatt, *European Union Trade Mark Regulation* (G N Hasselblatt ed, 2nd ed, Hart Beck Nomos, 2018), art 7 para 305; for the United States, see, eg, A. Leschen & Sons Rope Co v Broderick & Bascom Rope Co, 201 US 166, 171 (1906), abrogated by *Hurn v Oursler*, 289 US 238 (1933) (‘Whether mere color can constitute a valid trademark may admit of doubt. Doubtless it may, if it be impressed in a particular design, as a circle, square, triangle, a cross, or a star. But the authorities do not go farther than this’); for exceptional protection for the yellow colour scheme of taxicabs, see *Yellow Cab Transit Co v Louisville Taxicab & Transfer Co*, 147 F2d 407, 414 (6th Cir 1945).

<sup>21</sup> *In re Owens-Corning Fiberglass Corp*, 774 F2d 1116 (Fed Cir 1985).

mark protection in member states' laws.<sup>22</sup> In 1994, the first Community Trademark Regulation offered the option for genuine Community-wide colour marks.<sup>23</sup> Today, colour-mark protection—either as protection for colours per se or for colour combinations—is firmly established.<sup>24</sup> The registration numbers do not seem to have exploded so far.<sup>25</sup> Yet, in order to avoid 'monopolisation', lawmakers and courts have established a number of thresholds that must be overcome before a colour can be protected. These thresholds are handled in different stages of the doctrinal analysis: The case law of the Court of Justice of the European Union (CJEU) features scenarios of 'registration'.<sup>26</sup> US courts, in addition to 'secondary meaning', regularly also decide on issues of 'consumer confusion' and 'functionality'.<sup>27</sup>

CJEU case law features issues concerning colours' 'trademarkability' and 'distinctiveness'. The first case to be decided centred on the filing of 'orange' as a mark with the Benelux trademark office by Libertel, a telecommunications company. As the CJEU explained, in the case of a colour per se, distinctiveness without prior use is usually 'inconceivable save in exceptional circumstances'.<sup>28</sup> Hence, a colour as such can be registered only when it has *acquired* a minimal degree of distinctiveness in relation to goods or services for which registration is sought. Actual use in the marketplace is necessary.<sup>29</sup> Only in

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<sup>22</sup> Trademark Harmonisation Directive 89/104/EEC, since replaced by Directive 2008/95/EEC, and Directive 2015/2436 to approximate the laws of the Member States relating to trade marks [2015] OJ L 336/1.

<sup>23</sup> Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, OJ L 11/1 since replaced by Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] OJ L 154/1.

<sup>24</sup> See, eg, Case C-104/01, *Libertel* [2003] ECR I-3793, ECLI:EU:C:2003:244, paras 27–40; Case C-49/02 *Heidelberger Bauchemie* ECR [2004] I-6129, ECLI:EU:C:2004:384, para 42; Cases C-217/13 and C-218/13 *Oberbank and Others* [2014] ECLI:EU:C:2014:2012, para 36; see also, eg, *Société des Produits Nestlé SA v Cadbury UK Ltd* [2013] E.T.M.R. 2, 23, and 27 (2012); *Société des Produits Nestlé SA v Cadbury UK Ltd* [2014] R.P.C. 7, at [41]; for the US, see *In re Owens-Corning Fiberglas Corp*, 774 F.2d 1116, 1120 (Fed Cir 1985) ('The jurisprudence under the Lanham Act developed in accordance with the statutory principle that if a mark is capable of being or becoming distinctive of applicant's goods in commerce, then it is capable of serving as a trademark'); *Qualitex Co v Jacobson Prod Co*, 514 US 159, 162 (1995) ('If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?'). The UK Trade Marks Act 1994 provides in section 1 that a 'trade mark' may 'consist of words (including personal names), designs, letters, numerals, colours, sounds or the shape of goods or their packaging'. As of today, EU trademarks no longer extend into the UK. Under the Withdrawal Agreement Act, starting on 1 January 2021, the Intellectual Property Office will create a comparable UK trademark for all right holders with an existing EU trademark. Overall, therefore, colour-mark registration and maintenance remain possible in the UK.

<sup>25</sup> Empirical findings on the number of applications for colour marks are mixed. Compare Mitchell Adams and Amanda Scardamaglia, 'Non-Traditional Trademarks – An Empirical Study', 37, in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018) (describing a rise in application numbers) with Deborah R Gerhardt and Jon McClanahan Lee, 'Owning Colors' [2019] 40 *Cardozo L Rev* 2483 (with empirical findings on a rather low number of successful colour-mark registrations in the United States).

<sup>26</sup> Scenarios of infringement concerning conflicting use of a colour are typically decided in national courts.

<sup>27</sup> See, eg, *Qualitex Co v Jacobson Prod Co*, 514 US 159, 164 (1995); *Christian Louboutin SA v Yves Saint Laurent America Holding Inc*, 696 F.3d 206, 216–217 (2d Cir 2012).

<sup>28</sup> Case C-104/01, *Libertel* [2003] ECR I-3793, ECLI:EU:C:2003:244, para 66.

<sup>29</sup> *Ibid*, para 67; see also Case C-447/02 P, *KWS Saat AG* [2004] ECLI:EU:C:2004:649 para 78; Case C-578/17, *Hartwall* [2019] ECLI:EU:C:2019:261 para 30; see also (with numerous references) Brecht, in *Gemeinschaftsmarkenverordnung* (G Eisenführ and D Schennen eds, 6th ed, Carl Heymanns Verlag, 2020), art 7 paras 70–71.

very rare circumstances can a colour be distinctive without prior use.<sup>30</sup> According to the Court, this limitation is due to the fact that colours are used primarily as a means of ornamentation, decoration, and design, and to convey associations, ideas, and feelings. They usually do not indicate the origin of products. Accordingly, consumers, accustomed to typically non-specific use of colours, will usually not consider the colour of a good or its packaging as an identification of origin.<sup>31</sup> Rather, they will see colours as property or technical features of goods (eg, the colour of food or of a filling compound).<sup>32</sup>

In the United States, the general rules are similar. The doctrine at play here is called 'secondary meaning'. As the Supreme Court explained in its landmark decision on colour marks, *Qualitex Co v Jacobson Products Co, Inc*,<sup>33</sup> a product's colour is unlike 'fanciful', 'arbitrary', or 'suggestive' words or designs, which almost automatically tell a customer that they refer to a brand.<sup>34</sup> This does not imply that colour cannot be inherently distinctive,<sup>35</sup> but it requires special circumstances. In any event, once a colour has been in use for some time, 'customers may come to treat [this] particular color on a product or its packaging ... as signifying a brand. And, if so, that color would have come to identify and distinguish the goods—ie, "to indicate" their "source"—much in the way that descriptive words on a product ... can come to indicate a product's origin'.<sup>36</sup>

European and US courts agree that trademarking colours poses a risk to efficient competition, but their approaches differ. US courts frame the issue in terms of 'functionality', which is tested as an issue that is distinct from rights acquisition and confusion analysis.<sup>37</sup> The CJEU, by contrast, combines the issue of 'distinctiveness' with a concern for freedom of competition. In *Libertel*, the Court explained:

*As regards the registration as trade marks of colours per se ... the fact that the number of colours actually available is limited means that a small number of trade mark registrations for certain services or goods could exhaust the entire range of the colours available. Such an extensive monopoly would be incompatible with a system of undistorted competition, in particular because it could have the effect of creating an unjustified competitive advantage for a single trader.*<sup>38</sup>

The major concern is colour 'depletion' and its effect on competition: Since the number of available colours is limited, even a few registrations can create the risk of exhausting the entire spectrum. As the Court concluded:

*in assessing the potential distinctiveness of a given colour as a trade mark, regard must be had to the general interest in not unduly restricting the availability of colours for the other traders*

<sup>30</sup> Case C-104/01, *Libertel* [2003] ECR I-3793, ECLI:EU:C:2003:244, para 66; Case C-49/02 *Heidelberger Bauchemie* ECR [2004] I-6129, ECLI:EU:C:2004:384, para 39.

<sup>31</sup> See, eg, Case C-104/01, *Libertel* [2003] ECLI:EU:C:2003:244, para 65; Case C-578/17, *Hartwall* [2019] ECLI:EU:C:2019:261, para 29.

<sup>32</sup> See, eg, Case C-104/01, *Libertel* [2003] ECR I-3793, ECLI:EU:C:2003:244, para 27; for German case law, see Bundesgerichtshof [2005] GRUR 1044, 1046–1047 (*Dentale Abformmasse*).

<sup>33</sup> *Qualitex Co v Jacobson Prod Co*, 514 US 159 (1995).

<sup>34</sup> *Ibid*, 162–163.

<sup>35</sup> *In re Forney Indus, Inc*, 955 F3d 940, 945 (Fed Cir 2020).

<sup>36</sup> *Qualitex Co v Jacobson Prod Co*, 514 US. 159, 163 (1995).

<sup>37</sup> See, eg, *In re Owens-Corning Fiberglass Corp*, 774 F2d 1116, 1120–1121 (Fed Cir 1985) (with further examples).

<sup>38</sup> Case C-104/01, *Libertel* [2003] ECR I-3793, ECLI:EU:C:2003:244, para 54.

*who offer for sale goods or services of the same type as those in respect of which registration is sought.*<sup>39</sup>

Similar to their European colleagues, US judges worry about monopolisation. One early example concerned the colour red on Campbell soup cans. As the Second Circuit explained:

*If [a manufacturer] may ... monopolize red in all of its shades the next manufacturer may monopolize orange in all its shades and the next yellow in the same way. Obviously, the list of colors will soon run out.*<sup>40</sup>

Yet, this cautious approach—referring to both colour depletion and shade confusion—was strongly diluted by the Supreme Court in *Qualitex Co.* As to the practical aspect of shade confusion, the Court explained that uncertainty and confusion about what shades of a colour a competitor may lawfully use was far from uncommon or unresolvable. To the contrary, trademark courts have always been confronted with intricate issues of trademark confusion, typically regarding words, phrases, and symbols.<sup>41</sup> In addition, the Court did away with the defendant's claim that protection for colours would lead to depletion.<sup>42</sup> As the Court explained:

*if a 'color depletion' or 'color scarcity' problem does arise—the trademark doctrine of 'functionality' normally would seem available to prevent the anticompetitive consequences ... The functionality doctrine ... forbids the use of a product's feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is 'essential to the use or purpose of the article' or 'affects [its] cost or quality' ... The functionality doctrine thus protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features.*<sup>43</sup>

In addition, Justice Breyer explained what has since become the Court's exposition on so-called aesthetic functionality:

*The upshot is that, where a color serves a significant nontrademark function—whether to distinguish a heart pill from a digestive medicine or to satisfy the 'noble instinct for giving the right touch of beauty to common and necessary things' ... —courts will examine whether its use as a mark would permit one competitor (or a group) to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient.*<sup>44</sup>

In essence, modern US functionality doctrine consists of the express inquiry for competitive effects of colour reservation. The issue is whether 'exclusive use of [a colour] would put competitors at a significant non-reputation related disadvantage'.<sup>45</sup> In its rather clear doctrinal separation between distinctiveness and concerns for freedom of competition, this approach stands in stark contrast to the CJEU's muddled approach:

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<sup>39</sup> Ibid, para 60.

<sup>40</sup> *Campbell Soup Co v Armour & Co*, 175 F2d 795, 798 (3d Cir 1949), abrogated by *Qualitex Co v Jacobson Prod Co*, 514 US 159 (1995).

<sup>41</sup> *Qualitex Co v Jacobson Prod Co*, 514 US 159, 167 (1995).

<sup>42</sup> Ibid, 168. For empirical proof of depletion and congestion with regard to textual marks, see, however, Barton Beebe and Jeanne C. Fromer, 'Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion' [2018] 131 Harv L Rev 945.

<sup>43</sup> *Qualitex Co v Jacobson Prod Co*, 514 US 159, 169 (1995).

<sup>44</sup> Ibid, 170.

<sup>45</sup> Ibid, 165.

The *Libertel* formula asks the judge to determine consumers' perception of a colour—which is essentially a factual inquiry—in light of the normative rule not to unduly restrict competition.

#### **IV. Analysis, Critique, and Reconceptualisation**

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A look at current trademark policies and the realities of rights enforcement reveals the need for a test of competitive necessity that defines clear limitations to colour monopolisation. Such a test, giving regard to marketplace circumstances and peculiarities, yields a typology of discrete scenarios where colour-mark protection should be kept within narrow confines.

##### **A. Structural Underpinnings of Colour-Mark Protection**

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Seen in light of trademark policies, it must be acknowledged that neither bright-line and simple rules nor the classic doctrine of 'functionality' provides reliable guidance in colour-mark protection cases. What is required instead is a candid context-sensitive comparison of the costs and benefits of colour-mark protection.

###### **i. Critique: Defects of 'Availability' and 'Substitutability' Testing**

*Libertel's* 'availability of colours' formula is an illustrative example of the CJEU's deep-seated hesitation to undertake extensive policy analysis.<sup>46</sup> The formula not only intermingles issues of 'distinctiveness' and 'functionality'<sup>47</sup> but also fails to provide a workable guideline since its 'availability' concept is scarcely explained in terms of trademark policies. Scholarly commentary suggesting a 'substitutability' test fares no better: According to such a test, if a colour sought to be registered could be 'substituted' by other colour(s), it should be registrable in principle; but if it cannot be replaced, there should be no protection.<sup>48</sup> These concepts are not only ambiguous, they also invite to disregard actual marketplace conditions:

First, neither 'availability' nor 'substitutability' can cater to the relativity of colour functions. Protection often does not allow for a yes/no answer: What if, for instance, several alternative colours and shades (eg, orange, green, pink, or red) could substitute yellow as the colour of a life vest? Would this 'availability' exclude a risk of monopolisation? Prima facie, all alternatives seem to be perfect substitutes. But what if an increasing number of these alternatives also get trademarked?

Moreover, 'availability' and 'substitutability' cannot account for the fluctuation in and heterogeneity of consumer preferences<sup>49</sup>—yet it is exactly these preferences that determine market demand and, accordingly, define what is needed to efficiently

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<sup>46</sup> On the scarcity of policy considerations in CJEU case law, see generally John J Barceló, 'Precedent in European Community Law', 407, 411, in *Interpreting Precedents* (D Neil McCormick et al eds, Routledge 1997).

<sup>47</sup> See above III.

<sup>48</sup> Colin E Manning, 'Shining a light on functional colours' [2021] 43 EIPR 3, 3–4.

<sup>49</sup> On the heterogeneity of consumer preferences, see Justin Hughes, 'Cognitive and Aesthetic Functionality in Trademark Law', [2015] 36 Cardozo L Rev 1227; Justin Hughes, 'Non-Traditional Trademarks and the Dilemma of Aesthetic Functionality' 107, in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018).

compete. Here, ‘matching cases’ are illustrative. *Deere & Co v Farmhand, Inc* is the most famous example in US doctrine: The issue was whether John Deere could protect a particular shade of green against a competitor’s use of that exact colour for front-end loaders that could be attached to John Deere tractors.<sup>50</sup> The court found ‘abundant evidence ... that farmers desire to “match” their loaders to their tractors’<sup>51</sup> and had no problem concluding that mark protection would hinder competition. True, John Deere’s ‘green’ was hardly ‘substitutable’, and no alternatives were ‘available’. But what if the fraction of farmers preferring their tractor and equipment to match had been smaller, yet not insignificant—say 50 per cent or 30 per cent? As we can see, testing ‘availability’ or ‘substitutability’ fails to provide for a precise standard.

## ii. Doctrinal Void: Inapplicability of Classic ‘Functionality’ Tests

In addition, issues of colour-mark protection tend to fall through the cracks of classic ‘functionality’ analysis. Indeed, much of the stock of functionality doctrine is of no avail with regard to defining the exact confines of colour-mark protection.

First, registrars and courts may hesitate to resort to the concept of so-called utilitarian functionality. This traditional doctrine typically applies when trademark protection is sought for product design features or packaging. Utilitarian functionality is aimed primarily at defining the demarcation between patents and trademarks: Trademark protection must not override the legal architecture of intellectual property protection where lawmakers have already expressly decided on the boundaries between exclusive rights and public access to an intellectual creation, namely a patentable invention.<sup>52</sup> However, since colours per se are beyond the domain of patent law—ie, a colour as such will never be protected as an ‘invention’—questions of colour-mark protection will not raise patent-specific issues of functionality. This is also true with regard to other areas of intellectual property protection, particularly design rights (respectively design patents in the United States) and copyrights. In this regard, the doctrine of so-called aesthetic functionality prevents an undue overlay of more specific sectors of intellectual property law by trademark protection.<sup>53</sup> Yet, since colours per se are also not protectable under design, design patent, or copyright law either,<sup>54</sup> here as well, no circumvention of the preexisting architecture looms.

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<sup>50</sup> *Deere & Co v Farmhand, Inc*, 560 F Supp 85, 89 (SD Iowa 1982), aff’d, 721 F2d 253 (8th Cir 1983).

<sup>51</sup> *Ibid.*

<sup>52</sup> For US law, see, eg, *Traffix Devices, Inc v Mktg Displays, Inc*, 532 US 23, 29 (2001); *W T Rogers Co, Inc v Keene*, 778 F2d 334, 343 (7th Cir 1985); *Jay Franco & Sons, Inc v Franek*, 615 F3d 855, 860 (7th Cir 2010); for the EU, see, eg, Case C-299/99, *Koninklijke Philips Electronics NV* [2002] ECLI:EU:C:2002:377, para 78; Case C-205/13, *Hauck GmbH & Co KG v Stokke A/S* [2014] ECLI:EU:C:2014:2233, para 3; *Société des Produits Nestlé SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:604, para 45; Case C-273/19, *Gömböc Kutató* [2020] ECLI:EU:C:2020:296, paras 25–27; for a critique, see Annette Kur, ‘Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality’, Max Planck Institute for Intellectual Property and Competition Law, Research Paper No 11-16, at 7–9; Annette Kur, ‘Too Common, Too Splendid, or Just Right?’, Max Planck Institute for Innovation and Competition, Research Paper No 14-17, at 22–24.

<sup>53</sup> For European law, see, eg, Case C-273/19, *Gömböc Kutató* [2020] ECLI:EU:C:2020:296, para 55 (differing from Case C-205/13, *Hauck GmbH & Co KG v Stokke A/S* [2014] ECLI:EU:C:2014:2233, para 19); for the debate in US law, see, eg, Mark P McKenna, ‘(Dys)Functionality’ [2011] 48 *Houston L Rev* 823, 843–848.

<sup>54</sup> A colour as such—without being part of an entire design—does not qualify as a ‘new, original and ornamental design for an article of manufacture’ under the US Patent Act (35 US Code § 171 – Patents

Without structural guidance from the system of specified intellectual property rights, the analysis must come back to a general exploration of the source-indicating benefits and the anticompetitive costs of colour-mark protection. Hence, the decision-maker must balance the benefits of confusion prevention against the downsides and costs of extended trademark protection.<sup>55</sup> Accordingly, the flexible threshold for colour-mark protection laid out in *Qualitex* provides for a reasonable starting point: The issue is whether ‘exclusive use of [a colour] would put competitors at a significant non-reputation related disadvantage’.<sup>56</sup>

### iii. Reorientation: Competitive-Necessity Test, aka ‘Cost-Benefit Balancing’

In fact, a cost-benefit balancing fits well into the economic model’s general tenet for trademarks, suggesting that rights protection must cease whenever the costs of such protection exceed its benefits.<sup>57</sup> Accordingly, the test for competitive necessity with regard to colour marks must start with a look at the benefits of protection. As a second step, the credit side of the equation must be compared with the costs that follow from the downside effects on competition.

Let us start with the upsides. Seen in light of trademark policies, the overall benefits of colour-mark protection are typically rather small. The main goal of trademark law is to ensure the transparency of marketplace information.<sup>58</sup> Obviously, problems with the use of a colour per se will come up only if source indication is at stake.<sup>59</sup> In short, if there is no real risk of consumer confusion, colour should not be protected. But even if consumer misinformation as to colour is conceivable, it must not be forgotten that the benefits of colour-mark protection are rather small. This is due to the fact that consumers are still accustomed to giving regard to other indications of origins—usually, they look at word and figurative marks. Sellers also commonly utilise such ‘traditional’ indicators for source identification.<sup>60</sup> Accordingly, colour-mark protection is rarely the only essential indicator providing for market-information transparency. In economic terms, therefore, the marginal benefits of source identification that stem from colour-mark protection are typically low.

At the same time, on the cost side of the equation, we must consider the anticompetitive effects of colour-mark protection—namely, the market foreclosure and

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for designs (2020)), nor can it be ‘the appearance of the whole or a part of a product’ as required for a ‘design’ under the Community Design Regulation (Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 003, 05/01/2002, 1–24, Art 3 lit a.). Furthermore, mere ‘creation’ of a colour or shade will never overcome the threshold of a personal and original creation in copyright law.

<sup>55</sup> See, eg, *Christian Louboutin SA v Yves Saint Laurent Am. Holdings, Inc*, 696 F3d 206, 222 (2d Cir 2012) ([C]ourts must carefully weigh “the competitive benefits of protecting the source-identifying aspects” of a mark against the “competitive costs of precluding competitors from using the feature.”); on ‘functionality’ in general, see American Law Institute, *Restatement of the Law (Third), Unfair Competition*, § 17 comment a (St. Paul/Minn., 1995); Graeme B Dinwoodie, ‘The Death of Ontology: A Teleological Approach to Trademark Law’ [1999] 84 Iowa L Rev 611, 728–732.

<sup>56</sup> *Qualitex Co v Jacobson Prod Co*, 514 US 159, 165 (1995).

<sup>57</sup> William M Landes and Richard A Posner, ‘Trademark Law: An Economic Perspective’ [1987] 30 J Law & Econ 265, 294–295.

<sup>58</sup> See above II.

<sup>59</sup> For issues of famous-mark protection—including dilution and misappropriation doctrine—see below IV.D.

<sup>60</sup> See above III.

the potential obstacles to competition that ensue from a privatisation of colour use.<sup>61</sup> Quite often, colour is a property of goods or has a technical or descriptive function. In these cases, the cost side will seldom be negligible. Think of products where colour is used to signal (eg, life vests) or to camouflage (eg, hunting gear and apparel): If access to the relevant palette of colours is restricted by trademarking, effective competition is stifled.

Although a cost-benefit balancing may not yield clear yes/no answers in all scenarios of colour-mark protection, it helps determine those cases that clearly lie beyond the area of a preponderance of the benefits. In these situations, the use of a colour or of several colours must remain available to all market actors—despite the fact that this may result in a certain degree of consumer confusion. Yet, before we can formulate a red-flag typology of scenarios where colour protection must be excluded, a look at the realities of trademark enforcement is required. This helps us understand that anticompetitive costs tend to be high in all cases.

## **B. Caveat: Real-World Distortions of Rights Enforcement**

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The realities of trademark enforcement are determined by two major defects. Indeed, the #FreeThePink battle over magenta nicely illustrates these trouble spots: First, current trademark law is skewed towards over-protection. Second, the practice of rights enforcement is subject to severe asymmetries of power. Both aspects must be taken into account when defining the contours of a competitive-necessity test.

To start, trademarks provide their owners with formal property rights. The scope of rights has been constantly extended in recent decades, namely by expanding the doctrine from its initial focus on confusion prevention to encompass antidilution and misappropriation protection.<sup>62</sup> In addition, modern doctrine has come to maximise the right owner's enforcement power: First, when claiming infringement, it is not necessary that the plaintiff show and prove *actual* consumer deception or confusion. To the contrary, with regard to trademark infringement, unlike claims for passing-off and unfair competition, the analysis has become detached from empirical data and evidence of actual conduct in competition.<sup>63</sup> A finding of confusion is thus more likely. In addition, different from unfair competition doctrine, trademark law does not limit the scope of rights to a request for proper labelling. It will not suffice for the defendant to attach a clarifying label to the goods or to conspicuously display her own trademark. Instead, the right owner can *fully* stop the competitor's utilisation of a trademarked feature or characteristic since her remedies cover damages and full-fledged injunctive relief.<sup>64</sup> As seen in the battle between Deutsche Telekom and Lemonade, the risk of consumer confusion may have been small since the colour was accompanied by the word mark 'Lemonade'. Yet, it was mere use of the colour per se that triggered the automatism of full-fledged injunctive relief.

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<sup>61</sup> See above II.

<sup>62</sup> For an overview on the evolution of trademark 'propertisation' in Europe and in the United States, see Tim W Dornis, *Trademark and Unfair Competition Conflicts* 6–52 and 76–127 (CUP 2017).

<sup>63</sup> See, eg, Martin Senftleben, 'Rights Conferred', 269, 331 in *European Trade Mark Law – A Commentary* (Annette Kur and Martin Senftleben eds, OUP 2017).

<sup>64</sup> Glynn S Lunney, Jr, 'Non-Traditional Trademarks – The Error Costs of Making an Exception to the Rule', 217, 230, in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018).

In addition to this theoretical skew, in practice, right owners are typically more successful in enforcing their rights than their competitors are in defending their competitive conduct. Therefore, colour-mark protection also has a tendency to be over-extended. The major reason for the imbalance is the fact that both trademark offices and courts are institutionally incapable of examining the overall picture of marketplace conditions.<sup>65</sup> The triers of fact regularly lack information on marketplace conditions and on circumstances that are essential for effective competition. In addition, both register and court proceedings must focus on the equities of the concrete case, limiting their analysis to the specific facts of individual cases. Inevitably, this narrow perspective tends to neglect the picture of wide-ranging and long-term consequences of rights acquisition and enforcement.

This inherent myopia combines with the effects of asymmetrical party powers and ultimately fosters colour-mark protection at the expense of competitive freedom. Under the realistic assumption that right owners as a group tend to be better off and to have more to gain in litigation than their competitors,<sup>66</sup> they must be expected to fight harder than the alleged infringers—and to be more successful.<sup>67</sup> This situation is a facet of the classic lore that, in litigation as in life, the ‘haves’—as repeat-playing actors with hefty financial resources, solid lawyering support, and strategic skills—usually ‘come out ahead’.<sup>68</sup> Since registrars and judges tend to neglect anticompetitive consequences that might call for limiting colour protection, the outcome will favour colour privatisation rather than freedom of competition.<sup>69</sup> This aspect is aptly verified by the #FreeThePink dispute: Lemonade, listed on the stock exchange with a revenue of 94 million US dollars in 2020, may not be the typical ‘weakling’. But it is tiny compared to Deutsche Telekom, with around 100 billion euros in annual revenue and an advertising and marketing budget of more than 340 million Euros.<sup>70</sup> Seen in this light, there is little doubt that Deutsche Telekom has a virtually endless ability to defend its territory against any foreign pink-based intrusion.

With regard to colour marks, the imbalance is further amplified by the fact that infringement claims invite particular uncertainty as to the scope of rights. The issue is shade confusion: Since consumers can rarely perform a side-by-side comparison of the plaintiff’s and the defendant’s products, differentiation is difficult. Consumers rely on their memory when seeing a potentially infringing shade. Accordingly, the risk of consumer confusion grows disproportionately, enlarging right owners’ leverage in

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<sup>65</sup> Ibid, 230–231.

<sup>66</sup> On differences in economic performance between companies that own intellectual property rights and those that do not, see EUIPO, ‘Intellectual property rights and firm performance in the European Union’ [2021], Firm-level analysis report, at 15, 30–35, and 52–53.

<sup>67</sup> Glynn S Lunney, Jr, ‘Non-Traditional Trademarks – The Error Costs of Making an Exception to the Rule’, 217, 231–232, in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018).

<sup>68</sup> See generally Marc Galanter, ‘Why the “Haves” Come Out Ahead: Speculations on the Limits of Legal Change’ [1974] *Law & Society Review* 95.

<sup>69</sup> A look at litigation may only scratch at the surface since court files represent just a fraction of the actual cases where a right owner has kept a competitor at bay by means of enforcing trademark rights. See Irene Calboli, ‘Hands Off “My” Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation’, 287, 305, in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018).

<sup>70</sup> Both companies’ revenue numbers are taken from Wikipedia. As to Deutsche Telekom’s advertising budget in 2017, see, eg, Landgericht Hamburg [2019] GRUR-RS 2019, 50966 (judgement of 22 August 2019, Case 327 O 447/18).

litigation. In practice, this may extend a monopoly far beyond the entitlement to a specific shade.

Finally, the current doctrine of acquired distinctiveness may also expand long-term opportunities of colour-mark acquisition by the 'haves'—a 'colour hijacking', so to speak. The *Libertel* formula, muddling issues of distinctiveness, functionality, and competition,<sup>71</sup> is not necessarily immune to a situation where the public interest can be outweighed by a 'conditioning' of consumers. In other words, if an applicant has sufficient resources to invest in colour branding and marketing, she can manipulate consumers' perception of a colour until they come to recognise it as a clear and strong indication of origin. The more she invests, the better her chances of success. The stronger the colour's distinctiveness, however, the higher the chances that the 'general interest' threshold can be overcome and rights in the colour can be acquired.<sup>72</sup>

### **C. Typology: The Contours of Competitive-Necessity Testing**

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The system's real-world distortions are hard to repair in general, and in particular with regard to colour-mark protection. Lawmakers are bound by the rigid structure of black-letter law, and neither registrars nor judges can easily deviate from existing precedents. After all, we still lack empirical insight on the cost-benefit equation of colour-mark protection.<sup>73</sup> For the time being, therefore, the quest must be to formulate a theoretically consistent and practically workable guideline. This can best be achieved by constructing a typology of red-flag scenarios where the potential marketplace effects of colour-trademarking indicate a rule of 'no protection'. This typology comprises situations in which the anticompetitive costs typically outweigh the benefits, namely in cases where colours have a technical or descriptive function, where colour affects the costs of production, or where standardisation or consumer preferences make it imperative to avoid colour monopolisation.

#### **i. Technical Functionality**

Colour can be important for a product's technical function. This usually concerns cases of higher or lower visibility—think of either camouflage apparel (which may be greenish or brown) or high-visibility life vests and telephone booths in neon colours.<sup>74</sup> In addition, with regard to medications, colour can be essential for distinguishing among different substances that a patient has to take. *Prima facie*, whenever the use of colour is essential for a technical function, protection may seem impossible. Yet, the issue can be more complex. In particular, if a larger number of alternatives is available, the reservation of a single colour or shade may not exert an immediate negative impact on competition. That said, the potential *long-term* consequences might imply negative effects on competition: Registration for the very first applicant may not remain the only monopoly; over time, an increasing number of competitors may reserve their 'own' colours, ultimately depleting the palette required for effective competition. The same

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<sup>71</sup> See above III.

<sup>72</sup> Lotte Anemaet, 'The public domain is under pressure – why we should not rely on empirical data when assessing trade mark distinctiveness' [2016] IIC 303, 312–313, and 319–320.

<sup>73</sup> See also Deborah R Gerhardt and Jon McClanahan Lee, 'Owning Colors' [2019] 40 *Cardozo L Rev* 2483, 2494.

<sup>74</sup> See, eg, Colin E Manning, 'Shining a light on functional colours' [2021] 43 *EIPR* 3, 5.

rule has been recognised with regard to technical *product features*: Although alternative designs or features may be available and their actual effect on competition may be small, it is the long-term effects of ever-more functional elements to be monopolised that bar trade dress protection.<sup>75</sup>

## ii. Costs of Production

In addition, the colour of a product may affect the cost of production. This can be the case if colour is a 'natural' property of a product (eg, red for strawberries) or if it is the result of the production process and if re-colouring would be costly (eg, brown or light brown for cardboard). Whereas this kind of functionality is openly acknowledged under the US *Qualitex* doctrine,<sup>76</sup> European trademark law still refuses to accept the cost of production as a relevant aspect.<sup>77</sup> Under a competition-based perspective, this approach is misguided: Competition is based on product quality *and* price—the latter is determined, *inter alia*, by production costs. Foreclosure of a less costly method of production inevitably distorts freedom of competition.

## iii. Colour as an 'Instrument' of Design

Especially in the fashion industry, colour is an essential aspect of the style and design of products. It is the designers' and artists' instrument. Accordingly, colour is not 'substitutable' for lack of a specific 'function'.<sup>78</sup> To the contrary, colour is functional *per se* since the use of colour(s) is the basis of non-trademark-related competition. This has two implications:

First, the concept of a *coloured good as such* is unprotectable. The CJEU explained this idea in its *Dyson* ruling denying trademark protection for a 'transparent bin or collection chamber forming part of the external surface of a vacuum cleaner'.<sup>79</sup> Both the General Advocate and the Commission had argued that the transparent bin was a mere 'concept' rather than a sign and, hence, non-protectable.<sup>80</sup> The CJEU did not openly subscribe to this argument, instead describing the subject matter of the application to be 'not specific' since the transparent bin could take a 'multitude of different appearances'.<sup>81</sup> As the Court went on, 'Given the exclusivity inherent in trade mark right [*sic*], the holder of a trade mark relating to such a non-specific subject-matter would obtain an unfair competitive advantage'.<sup>82</sup> In essence, this confirmed the argument that 'concepts' must

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<sup>75</sup> Mark P McKenna, '(Dys)Functionality' [2011] 48 *Houston L. Rev* 823, 828 (on the US Supreme Court's *Traffix* doctrine); for Europe, see, eg, Case C-48/09 P, *Lego Juris A/S* [2010] ECLI:EU:C:2010:516, paras 56–57; see also Annette Kur, 'Too Common, Too Splendid, or 'Just Right'?', Max Planck Institute for Innovation and Competition, Research Paper No 14-17, at 19–20.

<sup>76</sup> *Qualitex Co v Jacobson Prod Co*, 514 US 159, 165 (1995) (quoting *Inwood Labs, Inc*, 456 US at 850 n 10).

<sup>77</sup> See below IV.D.i.

<sup>78</sup> But see Colin E Manning, 'Shining a light on functional colours' [2021] 43 *EIPR* 3, 4 ('But some colours perform no function whatsoever' (with regard to the colours of apparel)).

<sup>79</sup> Case C-321/03, *Dyson v Registrar of Trade Marks* [2007] ECLI:EU:C:2007:51, para 10.

<sup>80</sup> *Ibid*, para 29 (summarising the Commission's arguments); see also Opinion of General Advocate Léger, Case C-321/03, *Dyson v Registrar of Trade Marks* [2007] ECLI:EU:C:2006:558, paras 47–53.

<sup>81</sup> Case C-321/03, *Dyson v Registrar of Trade Marks* [2007] ECLI:EU:C:2007:51, para 37.

<sup>82</sup> *Ibid*, para 38.

not be protected.<sup>83</sup> Accordingly, the use of colour(s) on the surface of goods or within the good itself must be considered 'conceptual' and unprotectable.

Second, if the aesthetic appeal of colour is essential to the design and appearance of a product, the use of colour must be considered part of the rudimentary 'equipment' of creative production. A designer, for instance, must be free to make use of all colours when designing apparel or other objects that appeal to consumers' aesthetic preferences. The Second Circuit explained this aspect in *Louboutin*, pointing out the difference between *instrumental* and *ornamental* use: 'color can serve as a tool in the palette of a designer, rather than as mere ornamentation'.<sup>84</sup> In this regard, colour is akin to 'ideas', 'information', and the 'laws of nature', which are also not protectable per se.<sup>85</sup>

#### iv. Descriptiveness

In the same vein, colours can be essential for describing the properties of a product. Typical examples are the colours of sweets (eg, red for berry flavours and yellow for banana and lemon), medication, electrical cables, and resistors.<sup>86</sup> With regard to the cost of production, the use of a colour to describe a product's properties is a question of the cost of manufacturing and product marketing. Without being able to effectively communicate with consumers by properly describing one's products, market actors would be at a significant disadvantage in competition.

#### v. Standardisation, 'Matching Cases', and Expired-IP-Rights Phenomenon

In addition to the product-specific and descriptive need to use colour(s), specific marketplace circumstances may require the use of colour.<sup>87</sup> In such cases, the reservation of a colour forecloses competition if the remaining alternatives are limited due to legal requirements. Taxi cabs, for instance, can be required by law to have a certain 'standard' colour.<sup>88</sup> Similarly, non-legal standardisation can present issues of competitive necessity, namely if acculturated social norms or conventions make it

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<sup>83</sup> Annette Kur, 'Acquisition of Rights', 89, 95, in *European Trade Mark Law – A Commentary* (Annette Kur and Martin Senftleben eds, OUP 2017).

<sup>84</sup> *Christian Louboutin SA v Yves Saint Laurent Am Holdings, Inc*, 696 F3d 206, 223 (2d Cir 2012). See also *Jay Franco & Sons, Inc v Franek*, 615 F3d 855, 860 (7th Cir 2010) ('Granting a producer the exclusive use of a basic element of design (shape, material, color, and so forth) impoverishes other designers' palettes ... [T]he more rudimentary and general the element—[eg] all shades of the color purple rather than a single shade—the more likely it is that restricting its use will significantly impair competition').

<sup>85</sup> See, eg, Article 9(2) of TRIPS ('Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such') and Article 52(1) of the European Patent Convention (excluding patentability for, inter alia, discoveries, scientific theories and mathematical methods, schemes, rules and methods for performing mental acts, playing games or doing business, and presentations of information).

<sup>86</sup> See, eg, *Dippin' Dots, Inc v Frosty Bites Distribution, LLC*, 369 F3d 1197, 1206 (11th Cir 2004); see also Colin E Manning, 'Shining a light on functional colours' [2021] 43 EIPR 3, 4.

<sup>87</sup> Accordingly, US doctrine resorts to so-called market-foreclosure analysis. See, eg, *Villeroy & Boch Keramische Werke KG v THC Sys, Inc*, 999 F2d 619, 621 (2d Cir 1993); *Christian Louboutin SA v Yves Saint Laurent Am. Holdings, Inc*, 696 F3d 206, 221 (2d Cir 2012).

<sup>88</sup> In Germany, section 26 of the *Personenkraftfahrunternehmensbetriebsverordnung [sic]* provides that taxi cars must be in the colour of light ivory (no 1015 of the RAL colour chart).

necessary to use certain colours or shades: For instance, dresses may have to be white when they are 'bridal dresses'. Similarly, black can be necessary to market products in relation to stylish or formal events or in connection with Halloween,<sup>89</sup> and gold is the 'colour of luxury'.<sup>90</sup> Furthermore, the colour of caps on milk bottles may be used to distinguish the characteristics of the milk inside—in the UK, blue may signal full-fat, green semi-skimmed, and red skimmed milk. In the United States, certain colours have been found to be associated with specific flavours of, say, mouthwash.<sup>91</sup> Obviously, competition in all cases requires the relevant colours to be freely available.

Another scenario of competitive necessity exists where the use of colour is necessary to market supplements (eg, spare parts) for products to which consumers have already committed. The most famous case in US law, mentioned above, allowed the free use of John Deere's signature green for agricultural machinery.<sup>92</sup> Evidently, the consumers' preferences can make use of a certain colour imperative. The analysis in cases of this kind, accordingly, must ask whether use of the colour(s) confers market power—which is essentially the same analysis as in antitrust law.<sup>93</sup>

Finally, consumers' familiarity with product colour can be due to the fact that the product was sold during the lifetime of a patent or other intellectual property right. Think of a coloured liquid medication: After the patent has expired and competitors have started marketing generics, one may ask whether protection for the product's colour *after* the expiry of the patent is acceptable. After all, it was the patent monopoly on the product that laid the foundation for consumers' 'conditioning'—the 'hijacking' of their minds. The technical production of generics may not require using the exact colour, nor may the colour be descriptive. Yet the colour's 'power of attraction' is the result of a now-expired patent.<sup>94</sup> Unless one wants to perpetuate the monopoly, one should be careful with the reservation of colours.

#### **D. Application: Doctrinal Levers in EU Law**

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Prima facie, this competitive-necessity analysis seems to be hard to square into bright-line black-letter norms. Yet, a closer look at some select doctrinal levers in European trademark law illustrates that registers and courts have enough flexibility to apply the law in a more policy-oriented and consistent manner to avoid the over-extension of colour-mark protection.

##### **i. Absolute Grounds for Refusal**

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<sup>89</sup> See, eg, *In re Florists' Transworld Delivery, Inc*, 106 USPQ 2d 1785, 1789.

<sup>90</sup> Deborah R Gerhardt and Jon McClanahan Lee, 'Owning Colors' [2019] 40 *Cardozo L Rev* 2483, 2500.

<sup>91</sup> See, eg, *Warner Lambert Co v McCrory's Corp*, 718 F Supp 389, 396 (DNJ 1989) ('An amber liquid signifies an unflavored, medicinal mouthwash; as opposed to a red liquid signifying cinnamon flavor, a blue liquid signifying peppermint, and a green liquid signifying mint flavor'); see also Joshua Marshall, 'Colour trade marks revisited: use and infringement' [2019] 14 *J Intell Prop L & Pract* 401, 406.

<sup>92</sup> See above IV.A.i.

<sup>93</sup> See also Mark A Lemley and Mark P McKenna, 'Is Pepsi Really a Substitute for Coke? Market Definition in Antitrust and IP' [2012] 100 *Geo L J* 2055, 2089.

<sup>94</sup> See also Justin Hughes, 'Cognitive and Aesthetic Functionality in Trademark Law', [2015] 36 *Cardozo L Rev* 1227, 1270–1272; Annette Kur, 'Acquisition of Rights', 89, 166, in *European Trade Mark Law – A Commentary* (Annette Kur and Martin Senftleben eds, OUP 2017).

If colour is communicating information about a product—and is hence ‘descriptive’—it will be considered to fall under Article 7(1)(c) of the EU Trade Mark Regulation and Article 4(1)(c) of the Trade Marks Directive.<sup>95</sup> In the same vein, if a colour has come to be established as a standard in the market or industry (eg, red for fire extinguishers), it may be ‘customary in the current language or in the bona fide and established practices of the trade’ as provided for in Article 7(1)(d) of the EU Trade Mark Regulation and Article 4(1)(d) of the Trade Marks Directive. In such cases, registration would not be allowed. Yet, a refusal can be overcome by acquisition of distinctiveness according to Article 7(3) of the EU Trade Mark Regulation and Article 4(3) of the Trade Marks Directive.

The situation is different with regard to the functionality-based grounds for refusal in Article 7(1)(e) of the EU Trade Mark Regulation and Article 4(1)(e) of the Trade Marks Directive. Registration is permanently denied for signs that ‘consist exclusively of the shape, or another characteristic’ that results from the ‘nature of the goods themselves’ (i), that is ‘necessary to obtain a technical result’ (ii), or that ‘gives substantial value to the goods’ (iii). Unlike their predecessor rules, in the recast EU Trade Mark Regulation and the recast Directive, each of the three indented provisions—(i), (ii), and (iii)—has been extended by the element of ‘another characteristic’. Therefore, unlike the CJEU’s holding in *Louboutin*, colours per se can now be seen as ‘another characteristic’.<sup>96</sup> All three grounds, however, concern only marks that are applied for ‘goods’, not for ‘services’.<sup>97</sup> This is not unproblematic since the gap can make colour-mark registration for services easier than for goods.

As to the first ground for refusal, the ‘nature of the goods’ limitation may cover all scenarios where a colour is the ‘natural’ property of a product.<sup>98</sup> In addition, the ground concerning ‘technical results’ very likely covers cases where colour is essential for the ‘function’ of a good (eg, neon-coloured life-vests or phone booths, and low-visibility camouflage apparel).<sup>99</sup> It is important to note that the CJEU embraces a broad interpretation of the ground for keeping a technical solution free for others to use: As the Court explained in *Philips v Remington*, the provision applies where the shape is chosen for a technical result, even if other shapes exist that allow for the same technical result to be obtained.<sup>100</sup> With regard to colours, this reflects the *Libertel* formula, in which registration is excluded—even if actual alternatives exist—in order to avoid long-term depletion.

Seen in light of the fact that efficient competition may also require giving regard to the costs of production, the CJEU’s current doctrine appears to be less reasonable: As the

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<sup>95</sup> See above IV.C.i. and iv.

<sup>96</sup> See Case C-163/16, *Louboutin and Christian Louboutin* [2018] ECLI:EU:C:2018:423, para 22; see also E Flett and J Patten, ‘CJEU Brings AG Szpunar to Heel in Finding Louboutin Registration to be Valid’ [2018] 29 Ent. L. R. 231, 232; Colin E Manning, ‘Shining a light on functional colours’ [2021] 43 EIPR 3, 3.

<sup>97</sup> Case C-421/13, *Apple Inc v DPMA* [2014] ECLI:EU:C:2014:2070, para 24.

<sup>98</sup> See above IV.C.i. and iii.

<sup>99</sup> See above IV.C.i.

<sup>100</sup> Case C-299/99, *Koninklijke Philips Electronics NV* [2002] ECLI:EU:C:2002:377, para 83. Furthermore, in *Lego Juris A/S*, the Court went on to explain that ‘registration as a trade mark of a purely functional product shape is likely to allow the proprietor of that trade mark to prevent other undertakings not only from using the same shape, but also from using similar shapes. A significant number of alternative shapes might therefore become unusable for the proprietor’s competitors’. Case C-48/09 P, *Lego Juris A/S* [2010] ECLI:EU:C:2010:516, para 56.

Court explained in *Société des Produits Nestlé SA*, the shape of goods which is necessary to obtain a technical result ‘must be interpreted as referring only to the manner in which the goods at issue function and it does not apply to the manner in which the goods are manufactured’.<sup>101</sup> Of course, the language of the provision does not refer to the manufacturing process, and consumers are interested mainly in how goods function, not how they are manufactured.<sup>102</sup> Yet the Court’s perspective neglects the correlation between ‘manufacturing’ and ‘technical results’. After all, as the General Advocate pointed out, a ‘technical result may be obtainable only by means of a specific manufacturing process’.<sup>103</sup> Furthermore, *Société des Produits Nestlé SA* risks contradicting other CJEU precedent: In *Koninklijke Philips Electronics NV*, the Court explained that the provision is intended to avoid situations where ‘the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product’.<sup>104</sup> The conjunction ‘or’ may imply that the manufacturing process might have to be considered.<sup>105</sup> Yet, this would also include the costs. Finally, the CJEU’s narrow understanding runs counter to the general aim to provide for effective competition in the sense of a level playing field: Competition is a function of both product quality *and* price. The latter, however, depends on the cost of production.

## ii. Catch-All and Fall-Back: *Libertel*’s General-Interest Formula

Comparing the different scenarios of competitive necessity of colour use that we have sketched in the typology,<sup>106</sup> it is evident that European trademark law, unlike US doctrine, does not provide for an all-encompassing concept of ‘functionality’. This explains why the CJEU’s approach in *Libertel*, with its general-interest threshold for colour-mark protection, is indispensable for keeping monopolisation at bay.<sup>107</sup> In short, the *Libertel* formula provides for a gap-filling instrument with regard to scenarios not covered by the black-letter grounds for a functionality-based refusal.

An example scenario that might fall through the cracks of black-letter law is ‘matching cases’.<sup>108</sup> Scholarly voices have proposed including these scenarios under the ‘substantial value to the goods’ limitation in Article 7(1)(e)(iii) of the EU Trade Mark Regulation.<sup>109</sup> Prima facie, this interpretation is not far-fetched. As the CJEU explained in *Gömböc* (a design-protection case), ‘it is in no way inconceivable that the substantial value ... may result from factors other than [product] shape, such as, inter alia, the story of its creation, its method of production, whether industrial or artisanal, the materials that it

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<sup>101</sup> Case C-215/14, *Société des Produits Nestlé SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:604, para 57.

<sup>102</sup> Ibid, para 55; see also Ilanah Fhima, ‘The public interest in European trade mark law’ [2017] IPQ 311, 316.

<sup>103</sup> Opinion of AG Wathelet, Case C-215/14, *Société des Produits Nestlé SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:395, para 75.

<sup>104</sup> Case C-299/99, *Koninklijke Philips Electronics NV* [2002] ECLI:EU:C:2002:377, para 79.

<sup>105</sup> Opinion of AG Wathelet, Case C-215/14, *Société des Produits Nestlé SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:395, paras 76–77.

<sup>106</sup> See above IV.C.

<sup>107</sup> See also Annette Kur, ‘Acquisition of Rights’, 89, 111–116, in *European Trade Mark Law – A Commentary* (Annette Kur and Martin Senftleben eds, OUP 2017).

<sup>108</sup> See above IV.C.v.

<sup>109</sup> See, eg, Colin E Manning, ‘Shining a light on functional colours’ [2021] 43 EIPR 3, 4.

contains, which may be rare or precious, or even the identity of its designer'.<sup>110</sup> This extensive list of sources for 'substantial value' seems to invite also including a consumer desire to 'match' products. Yet, the Court's hesitant stance towards extending functionality to the cost of production (as seen) makes such a turn rather unlikely. Rather, reference to *Libertel* and the paradigm of a 'general interest in not unduly restricting the availability of colours'<sup>111</sup> seems more in line with current CJEU doctrine.<sup>112</sup>

### iii. Acquired Distinctiveness

CJEU doctrine concerning the acquisition of distinctiveness carries a number of significant risks of colour-mark over-protection. A look at some select aspects illustrates the problems that ensue from an overly generous concept of secondary meaning: As the *Deutsche Telekom/Lemonade* case shows, assuming an acquisition of secondary meaning on the basis of mere consumer recognition of a colour and, at the same time, also neglecting other indications of source that may be used along with colour tends to over-extend colour mark protection.

First, with regard to product shapes, the CJEU in *Société des Produits Nestlé SA* explained that the consumer must *identify* the particular undertaking on the basis of the product's shape, but it did not answer the question whether consumers must *rely* on (rather than merely *recognise*) the relevant product shape.<sup>113</sup> Apparently, it suffices to establish that signs (including colours) are *recognised* as indicating origin.<sup>114</sup> This is a lower threshold than the requirement that the consuming public must rely on a particular product feature.<sup>115</sup> Seen in light of the risks of anticompetitive costs that colour-mark protection brings, this standard seems to be too low. It appears to be particularly lax when compared with the United States Patent and Trademark Office's secondary-meaning test requiring the applicant not only to show that a colour mark is viewed as a signifier of origin but also to prove 'substantially exclusive use'.<sup>116</sup> This requires the colour both to be *recognised* as an identifier and to have achieved sufficient *exclusivity* in its use.<sup>117</sup> Under this standard, '[a] color which is employed by others in the industry acts not as an indicator of source but as mere ornamentation'.<sup>118</sup> In one example, registration of the colour yellow for the Cheerios cereal box was rejected for want of 'exclusivity': Around

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<sup>110</sup> Case C-273/19, *Gömböc Kutató* [2020] ECLI:EU:C:2020:296, para 60.

<sup>111</sup> Case C-104/01, *Libertel* [2003] ECR I-3793, ECLI:EU:C:2003:244, para 60.

<sup>112</sup> In addition, in cases of enforcement of colour marks by a right-owner with market power, as may exist in 'matching cases', one could also consider antitrust implications. Blocking market entry by trademark enforcement might then be seen in light of the provision on the abuse of a dominant position in Article 102 of the TFEU.

<sup>113</sup> Case C-215/14, *Société des Produits Nestlé SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:604, para 67.

<sup>114</sup> But see Joshua Marshall, 'Colour trade marks: certainty, utility or impossibility' [2017] 12 J Intell Prop L & Pract 860, 862.

<sup>115</sup> Annette Kur, 'Acquisition of Rights', 89, 195–196, in *European Trade Mark Law – A Commentary* (Annette Kur and Martin Senftleben eds, OUP 2017).

<sup>116</sup> Section 2(f) of the Lanham Act provides that '[t]he Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made'.

<sup>117</sup> See Deborah R Gerhardt and Jon McClanahan Lee, 'Owning Colors' [2019] 40 Cardozo L Rev 2483, 2518–2519.

<sup>118</sup> *In re Owens-Corning Fiberglas Corp*, 774 F.2d 1116, 1127 (Fed Cir 1985).

50 per cent of customers had actually identified the colour with the Cheerio brand. Yet, since a significant number of competitors had also used yellow on their packages, the secondary-meaning threshold could not be overcome.<sup>119</sup>

In addition, it is important to understand that colour per se is regularly used in combination with other kinds of marks that actually are distinctive. In this regard, *Société des Produits Nestlé SA* is also illustrative: As the Court explained, the determination of acquired distinctiveness must focus on indistinctive, generic, and descriptive elements only. In other words, the source-indicating potential of any distinctive mark that accompanies an indistinctive element must be disregarded. The ‘applicant must prove that that mark alone, as opposed to any other trade mark which may also be present, identifies the particular undertaking from which the goods originate’.<sup>120</sup> With regard to colours, this limitation is particularly instructive: As long as products are marketed not only under a certain colour but also with additional word marks or symbols on their package or trade dress, it will be hard to establish a stand-alone source indication by the colour.<sup>121</sup> In US practice, this aspect is reflected in the Second Circuit’s explanation that the Louboutin red-sole mark had acquired secondary meaning with respect to the contrast between the sole and the upper shoe (making the red sole ‘pop’)—but not with regard to the colour red in general.<sup>122</sup>

Finally, it is important to keep an eye on the methods which are employed to practically determine the level of *de minimis* distinctiveness. Under CJEU doctrine, an overall assessment must be undertaken, giving regard to all circumstances in the case, including the market share held by the mark in question; how intensive, geographically widespread, and long-standing the use of the mark has been; the amount invested in promoting the mark; and statements by industry and commerce chambers.<sup>123</sup> The Court is rather sceptical regarding the admissibility and value of consumer surveys and opinion polls.<sup>124</sup> It is not possible to base a finding of acquired distinctiveness on consumer survey evidence *alone*.<sup>125</sup> Yet, it is exactly surveys—much more so than circumstantial evidence—that may provide the most robust and direct evidence of acquired distinctiveness. After all, secondary indicators are often only weakly correlated with actual consumer perceptions.<sup>126</sup> In addition, we must not forget that the emphasis on circumstantial evidence may create a much stronger twist towards colour-mark hijacking: Seen in light of market power asymmetries,<sup>127</sup> it is important to avoid creating

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<sup>119</sup> In *Re Gen. Mills Ip Holdings II, LLC*, 124 USPQ2d 1016 (TTAB 2017).

<sup>120</sup> Case C-215/14, *Société des Produits Nestlé SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:604, para 66.

<sup>121</sup> See also *Societe des Produits Nestle SA v Unilever Plc*, [2003] E.T.M.R. 53, para 32 (Jacob J: ‘There is a bit of sleight of hand going on ... The trick works like this. The manufacturer sells and advertises his product widely and under a well-known trade mark. After some while the product appearance becomes well-known. He then says the appearance alone will serve as a trade mark, even though he himself never relied on the appearance alone to designate origin and would not dare to do so. He then gets registration of the shape alone. Now he is in a position to stop other parties, using their own word trade marks, from selling the product, even though no-one is deceived or misled’). But see also Case C-353/03, *Nestlé/Mars* [2005] ECLI:EU:C:2005:432, para 30; Bundesgerichtshof [2015] GRUR 581, 583 (Langenscheidt-Gelb).

<sup>122</sup> *Christian Louboutin SA v Yves Saint Laurent Am. Holdings, Inc*, 696 F3d 206, 227-228 (2d Cir 2012).

<sup>123</sup> See, eg, Cases C-217/13 and C-218/13 *Oberbank and Others* [2014] ECLI:EU:C:2014:2012, paras 40–41 and 48; see also Case C-578/17, *Hartwall* [2019] ECLI:EU:C:2019:261 paras 32–35.

<sup>124</sup> See, eg, Case C-108/97, *Windsurfing Chiemsee* [1999] ECLI:EU:C:1999:230, paras 52–53; Cases C-217/13 and C-218/13 *Oberbank and Others* [2014] ECLI:EU:C:2014:2012, paras 43–44.

<sup>125</sup> Cases C-217/13 and C-218/13 *Oberbank and Others* [2014] ECLI:EU:C:2014:2012, para 48.

<sup>126</sup> Lisa Larrimore Ouellette, ‘The Google Shortcut to Trademark Law’ [2014] 102 Calif L Rev 351, 362.

<sup>127</sup> See above IV.B.

an environment that fosters the vicious circle of a self-fulfilling prophecy whereby consumers will soon be 'in the habit' of recognising colours as indications of origin.

#### iv. Rights Infringement

Finally, limitations to colour-mark protection must be considered with regard to trademark enforcement. As with the registration of rights, trademark policies must be considered an instrument to enable competition rather than to reduce it. Here as well, it is essential to keep in mind lessons from the battle between Deutsche Telekom and Lemonade, in particular how marketplace asymmetries can distort the outcome in colour-mark disputes. This is the case if confusion is too easily accepted and, even worse in effect, if protection is granted beyond cases of actual competition in light of dilution and misappropriation doctrine. A few implications are particularly important:

To start, the fact that a mark owner was successful in convincing the *registrar* of the distinctiveness of a colour does not necessarily imply that *consumers* of the defendant's goods or services would see this colour as indicating the origin of a product. The use of a colour by a competitor, therefore, does not automatically imply 'trade mark use' or damage to 'trade mark functions'.<sup>128</sup> As a general rule, in *Hölterhoff*, the CJEU explained that trademark functions are unaffected if 'reference to the trade mark cannot be interpreted by the potential customer as indicating the origin of the product'.<sup>129</sup> Also, in *Opel v Autec*, the Court held that use of the Opel mark on reduced-scale toy cars had no adverse effect on the essential origin function since the relevant public simply did not see the mark on the toy as an indication of origin.<sup>130</sup> In the same vein, as to colours, the Hamburg Higher Regional Court held that consumers would view use of 'dark blue' on the package of skin and body care products (in addition to the defendant's DOVE mark) as a mere 'background' colour. Accordingly, the colour did not indicate origin and there was no infringement of the plaintiff's classic colour mark (for NIVEA products).<sup>131</sup>

Furthermore, since colour is a secondary transmitter of source-indicating information, goods and services are usually also labelled—ie, a traditional word mark or symbol will exist as the primary indicator of origin. Consumers are used to checking these primary indicators before transacting.<sup>132</sup> Consequently, confusion with regard to colours may be limited to cases where there is no fall-back option of informing oneself. In other words, whenever an allegedly infringing use of the trademarked colour occurs in combination with additional indications, a finding of consumer confusion should be the exception rather than the rule.<sup>133</sup> In fact, such a more fact-specific fine-tuning of the confusion

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<sup>128</sup> For an overview of the doctrine on 'trade mark use' see Michael Handler, 'What Should Constitute Infringement of a Non-Traditional Mark?', 165 in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018)

<sup>129</sup> Case C-2/00, *Hölterhoff v Freiesleben* [2002] ECLI:EU:C:2002:287, para 16.

<sup>130</sup> Case C-48/05, *Opel v Autec* [2007] ECLI:EU:C:2007:55, paras 23–24.

<sup>131</sup> Oberlandesgericht Hamburg [2009] NJOZ 1776, 1778-1782 (NIVEA-Blau, Case U 148/07, 19 Nov 2008); see also Bundesgerichtshof [2005] GRUR 1044, 1046 (Dentale Abformmasse).

<sup>132</sup> Glynn S Lunney, Jr, 'Non-Traditional Trademarks – The Error Costs of Making an Exception to the Rule', 217, 229, in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018).

<sup>133</sup> See also Annette Kur, 'Yellow Dictionaries, Red Banking Services, Some Candies, and a Sitting Bunny', 89, 93 in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP

analysis may correspond to recent CJEU practice: According to the Court, a test for confusion must look not only at the allegedly infringing sign as it has been used in the marketplace but also at the specific form in which the mark is being used.<sup>134</sup> As to colour-mark infringement, this suggests that confusion may be considered to exist in scenarios only where the colour has become highly distinctive or where it is used as the sole indication of origin.<sup>135</sup>

Ultimately, dilution, tarnishment, and misappropriation doctrine present intricate issues of colour-mark protection.<sup>136</sup> 'Famous' colour marks are rare, but they exist.<sup>137</sup> Their owner is protected against a broad range of uses of 'her' colour: Even absent consumer confusion, use can be enjoined if the colour mark has a 'reputation' and where use would 'without due cause take[] unfair advantage of' or be 'detrimental to' the 'distinctive character or the repute' of the mark.<sup>138</sup> Evidently, over-extension looms: First, concepts of 'fame' and 'repute' are fact-sensitive and manipulable. In addition, the test for famous-mark infringement is more sensitive than in confusion scenarios: The use of a colour need not indicate product origin. Even if it is used merely to create an *association* with the mark or the goods or services, infringement may be found. As the CJEU explained, it suffices that 'the relevant section of the public establishes a link between the sign and the mark'.<sup>139</sup> Against this backdrop, it is conceivable that incentives exist to rush for ever-more fame and repute of colour marks. Indeed, if a commercial actor depends on the use of a certain colour, it is already essential for reasons of self-protection to prevent competitors and other market actors from gaining power over this colour.<sup>140</sup>

In order to avoid such detrimental developments, asking for the specific 'function' of famous-colour use is essential. The issue is complex and warrants deeper analysis. For our purposes, it suffices to point to the CJEU's concept of 'due cause' that is intended to both facilitate competition and to give regard to good-faith interests of a user.<sup>141</sup> In addition, freedom of expression can provide for limitations.<sup>142</sup> All these defences must be construed extensively to keep colour proprietisation at bay.

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2018) (with a critique of German case law in Bundesgerichtshof [2015] GRUR 581, 583 (Langenscheidt-Gelb)).

<sup>134</sup> See, eg, Case C-252/12, *Specsavers v Asda Stores* [2013] ECLI:EU:C:2013:497, para 37; see also Martin Senftleben, 'Rights Conferred', 269, 310–314 in *European Trade Mark Law – A Commentary* (Annette Kur and Martin Senftleben eds, OUP 2017).

<sup>135</sup> In addition, as Annette Kur has suggested, cases of non-distinctive ('neutral') colour use might be resolved under Article 14 EU Trade Mark Regulation/Trade Marks Directive. See Annette Kur, 'Yellow Dictionaries, Red Banking Services, Some Candies, and a Sitting Bunny', 89, 103–104 in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (OUP 2018).

<sup>136</sup> See Article 9(2)(c) of the EU Trade Mark Regulation and Article 10(2)(c) of the Trade Marks Directive.

<sup>137</sup> For Germany, see, eg, Bundesgerichtshof [2005] GRUR 583, 584 (Lila-Postkarte); for Italian case law, see, eg, F Angelini and S Parrello, 'A paler shade of orange: a distinction without a difference?' [2020] 42 EIPR 66, 66.

<sup>138</sup> Article 9(2)(c) of the EU Trade Mark Regulation and Article 10(2)(c) of the Trade Marks Directive.

<sup>139</sup> Case C-408/01, *Adidas v Fitnessworld* [2003] ECLI:EU:C:2003:582, para 39; see also Bundesgerichtshof [2005] GRUR 583, 584 (Lila-Postkarte).

<sup>140</sup> Ann Bartow, 'The True Colors of Trademark Law: Green-lighting a Red Tide of Anti Competitive Blues' [2008] 97 Kentucky L.J. 263, 289.

<sup>141</sup> See, eg, Case C-323/09, *Interflora, Inc v Marks & Spencer* [2011] ECLI:EU:C:2011:604, para 91; Case C-65/12, *Leidseplein Beheer BV* [2014] ECLI:EU:C:2014:49, para 45.

<sup>142</sup> See, eg, Lionel Bently et al, *Intellectual Property Law* 1072 (5th ed, OUP 2018).

## V. Summary

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The over-reach of colour-mark protection is paradigmatic for our system of intellectual property rights, which has been continually expanded over the decades. We cannot expect international policymakers or national lawmakers to change course too quickly (if at all). To the contrary, cases like the #FreeThePink battle over the magenta colour mark may become more common over time. After all, the stage is set for the increasing extension of trademark rights, in particular for market actors able and willing to invest in colour marketing and branding campaigns. But we do not need full-fledged legal reform. Registers and courts can make a difference and keep colour privatisation, monopolisation, and depletion at bay. This does not require antiprotection activism. All that is needed is consideration of the specific trademark policies at play and the inherent imbalances of the system of rights enforcement. The practical guideline that helps overcome the trend towards an ever-extended protection of colour marks exists in a strictly market-oriented analysis of competitive necessity. This approach must be implemented in all stages of trademark doctrine—ranging from the grounds of refusal of registration and issues of functionality to the acquisition of distinctiveness, over trademark use, consumer confusion, and famous-mark protection.