

European Union: Rubik's Cube Shape Found Ineligible for Trademark Protection

By Hindy Dym

Simba Toys GmbH & Co. K.G v. European Union Intellectual Property Office (EUIPO) and Seven Towns Ltd. (Case C-30/15 P, November 10, 2016)

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The Court of Justice of the European Union (“ECJ”) recently issued a final decision in a ten-year dispute surrounding the trademark protection of the Rubik's Cube. In a major blow to the well-known and popular Rubik's Cube, the ECJ overturned an earlier decision by the General Court and a determination made by the EU Intellectual Property Office that the shape of the Rubik's Cube was eligible for trademark protection.

Background and Procedural History

Seven Towns Ltd. (“Seven Towns”) owns rights to the Rubik's Cube and in 1999 obtained EUTM Reg. No. 162784 for a three-dimensional mark for “three-dimensional puzzles” depicted as follows (“the Rubik's Cube mark”):

In 2006, Simba Toys GmbH & Co. (“Simba Toys”), a German toy manufacturer, filed a request for a declaration of invalidity of the Rubik's Cube mark. Simba Toys alleged that Seven Towns' mark consisted of a shape that is necessary to obtain a technical result (i.e., the rotating capability of the cube) and thus should not be registrable as a trademark. The Cancellation Division of the EUIPO

rejected Simba Toys' application for a declaration of invalidity and the Board of Appeals dismissed Simba Toys' appeal of that decision. Simba Toys subsequently brought an action in the General Court of the European Union seeking annulment of the appellate decision, but in 2014 the General Court also upheld the validity of the Rubik's Cube mark. Simba Toys then appealed the General Court's decision to the ECJ that has now finally agreed with Simba Toys and held the Rubik's Cube mark to be unregistrable.

ECJ Decision

Simba Toys raised six grounds of appeal to the ECJ. Its key argument and first ground of appeal (the only one examined by the ECJ) was that the General Court erred with respect to its application of Article 7(1)(e)(ii) of Regulation 40/94 which provides that “[t]he following shall not be registered.... signs which consist exclusively of the shape of goods which is necessary to obtain a technical result.”

Under the relevant case law, application of this provision requires that the essential characteristics of the mark at issue first be correctly identified. Once the essential characteristics have been identified, the next step is to ascertain whether they perform the technical function of the goods at issue. The essential characteristics of the Rubik's Cube mark were found to be a cube and a grid structure on each surface of the cube (this finding was not challenged on appeal).

The General Court had found that this cubic grid structure did not perform or suggest a technical function of the product and thus the mark should not be invalidated under Article 7(1)(e)(ii). The General Court had rejected Simba Toys' argument that the black lines on the cube surface (and more generally, the grid structure) performed a technical function, specifically by dividing the cube into nine individual miniature cube elements so that the individual elements are movable and rotatable. It noted that Simba Toys' argument was “based on the knowledge of the rotating capability of the vertical and horizontal lattices of the Rubik's Cube.” It held that the rotating capability could not result from the black lines that form the grid structure i.e., the graphical representation of the mark, but at most from an internal mechanism of the cube which is invisible on the graphical representation of the mark. Specifically, as summarized by the ECJ, the General Court took the view that “inferring the existence of an internal rotating mechanism from the graphic representations of the mark would not have been consistent with the requirement that *any inference must be drawn as objectively as possible from the shape in question, as represented graphically, and with sufficient certainty*” (emphasis added).

The ECJ found that the General Court erred in this objective approach and held that a correct analysis of the functionality of the essential characteristics of the shape mark should consider *additional information regarding the actual goods at issue* (and not just the graphical representation of the mark). In this case, the technical function of the actual goods at issue, namely a three-dimensional puzzle, should be taken into account when assessing the functionality of the essential characteristics of the shape mark. In other words, the non-visible elements represented by the shape mark, such as the rotating capability of a three-dimensional Rubik's Cube-type puzzle, should have been considered when examining the functionality of the grid structure. Under this assessment, the ECJ overturned the prior decision and concluded that the Rubik's Cube mark was not registrable under Article 7(1)(e)(ii) because the shape of the mark involves a technical function.

Significance of Decision

The ECJ decision highlights the relationship between trademark and patent law. Trademarks effectively provide an eternal monopoly and thus are not appropriate for technical solutions or functional characteristics of a product, for example, the rotational capabilities of a Rubik's Cube. Instead, technical aspects of a product should be protected by patents that comport with the public policy of allowing technical solutions to become freely available after a limited period of time. The ECJ decision underscores the importance of protecting the public interest by preventing brand owners from obtaining perpetual exclusive rights relating to technical functionality through trademark law.