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# Intellectual Property in Store Layouts

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## ABSTRACT

*Trademark rights are largely used to provide exclusive rights over aspects of goodwill and reputation of the goods or services of the proprietor. Given that brick-and-mortar stores of companies usually have the same layout of all their outlets, a consumer of those goods or services could come to associate the layout with the particular entity. This has been observed numerous times in several jurisdictions, including in India- companies are now applying for this non-conventional trademark to protect their brand entity.*

*The artistic elements in creating a store layout also have the potential to attract a myriad of IP rights, such as copyright and designs. With this multiple options before an entity, and different judicial precedents providing protection to store layouts under different rights, the novelty of the subject-matter has now created an anomaly in terms of which right to avail.*

*This research article will elaborate upon the essentials of trademark law, which are satisfied to afford protection to store layouts. The article will further delve into other IP rights, namely copyright and design, and whether the same can also afford protection to the store layouts. Through the means of this article, we will try and establish the most-suitable IP right for protecting store layouts.*

**Keywords:** *Trademark, Non-Conventional, Copyright, Design, Store Layout*

## I. INTRODUCTION

Theories of Intellectual Property Rights ('IP Rights'), namely the Labour Theory propounded by John Locke, propose granting exclusive rights to those who have created the property. The fruit ought to be borne by those who burned the midnight oil.<sup>2</sup> Trademark rights grant exclusivity in terms of the brand image that persons and entities work towards. The goodwill and reputation associated with their products are largely protected under trademark jurisprudence, which is an effervescent field due to the speedy developments on a day-to-day basis. In recent times, the Trade Marks Registry in India ('the Registry') has seen several applications for registration of non-conventional trademarks. The far-sightedness of legislators ought to be appreciated at this stage, as the open-ended definition of 'trade mark'

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<sup>2</sup> VK AHUJA, LAW RELATING TO INTELLECTUAL PROPERTY RIGHTS 6 (Lexis Nexis 2019).

under the relevant statute has given rise to applications for non-conventional trademarks.<sup>3</sup> The Registry has granted trademark registrations to notable buildings in Bombay- the Taj Mahal Palace Hotel and Exterior Tower (Application No. 3386351) as an ‘image mark’ and the office of the Bombay Stock Exchange at Phiroze Jeejeebhoy Towers<sup>4</sup>.

The easing of lockdown restrictions to prevent the spread of COVID-19 led to a surge in the number of visitors to brick-and-mortar stores.<sup>5</sup> These stores are not only the lifeline for small traders and businessmen but also have benefits that online stores can never match. The association of store layouts with particular companies by consumers has given rise to some novel non-conventional trademark- store layouts. Given the novelty associates with the subject, it would be rather short-sighted to solely include it within one IP right.

This research article will elaborate on the intersection of store layouts with IP Rights. Section I of the article presents arguments in favour of trademark registration of store-layouts, while Section II further describes the same vis-à-vis IP Rights such as copyright and design. Section III compares the three IP rights discussed in the paper and the author gives their opinion on the best suited right on the subject-matter.

## II. LAYOUT OF STORE LAYOUTS- TRADEMARK LAW

### (A) Indian Law

Trademark law in India is governed by the Trade Marks Act, 1999 (‘the Trade Marks Act’)<sup>6</sup> read with the Trade Marks Rules, 2017 (‘the Rules’)<sup>7</sup>. An essential for registering a mark as a trademark is its graphical representation<sup>8</sup>, which can distinguish the goods and/or services of one person from those of another. The High Court of Delhi, in *Cadbury India Ltd.*<sup>9</sup> established the protection of the hard-earned reputation and goodwill vested in one’s goods and services as the basis behind trademark law.

#### ➤ Graphical Representation of Mark

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<sup>3</sup> Dev Ganjee, *Non Conventional Trade Marks in India*, 22 NLSIR 67, 68-74 (2010).

<sup>4</sup> Aarefa Johari, *Two iconic Mumbai buildings have got trademark protection. What does this mean for artistic freedom?*, THE SCROLL, Apr. 16, 2019, <https://scroll.in/article/916322/two-iconic-mumbai-buildings-have-obtained-trademarks-what-does-this-mean-for-artistic-freedom>.

<sup>5</sup> Sadia Akhtar, *Covid-19: Few follow the rules at Delhi’s busy weekly market*, THE HINDUSTAN TIMES, Apr. 08, 2021, <https://www.hindustantimes.com/cities/others/covid19-few-follow-the-rules-at-delhi-s-busy-weekly-markets-101617820409555.html>

<sup>6</sup> The Trade Marks Act, No. 47 of 1999, INDIA CODE (2003), available at <http://indiacode.nic.in>

<sup>7</sup> The Trade Marks Rules, 2017, Gen. S. R. & E. 879 (India).

<sup>8</sup> Arka Majumdar, Shubhojt Sadhu and Sunandan Majumdar, *The Requirement of Graphical Representability for Non-Conventional Trademarks*, 11 JIPR 313, 314 (2006).

<sup>9</sup> *Cadbury India Limited v Neeraj Foods and Products*, 2007 (35) PTC 95 (Del.) (India).

Section 2(1)(m) of the Trade Marks Act<sup>10</sup> defines a ‘mark’ as:

*‘a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof’.*

Under the Trade Marks Act, a ‘trade mark’ is defined as:

*‘A mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.’<sup>11</sup>*

Thus, graphical representation of the mark to be registered is an important pre-requisite for the registration of a mark as a trademark.<sup>12</sup> Graphical representation of the mark refers to the capability of the mark being published in a physical form not only in the Register of Trade Marks but also in the Trade Marks Journal.<sup>13</sup> In the case of *Swizzels Matlow Ltd.’s Application (No. 2)*<sup>14</sup>, the graphical representation of trademarks was set to benefit namely the following categories of individuals:

- Traders- To allow clear identification of what another trader would have applied for as a mark, to prevent further allegations of infringement; and
- Public- To properly determine what the mark used by the proprietor consists of.

The Trade Marks Rules define ‘graphical representation’ as *‘the representation of a trademark for goods or services represented or capable of being represented in paper form and includes representation in digitised form’* under Rule 2.<sup>15</sup> Rule 23 of the Trade Marks Rules reiterates the requirement of graphical representation of the trademark in question, as is given under Section 2(1)(zb) of the Trade Marks Act.<sup>16</sup> Rule 26 of the Trade Marks Rules state the following as the requirements for graphical representation of a three-dimensional mark, as would apply to the representation of a store layout:

- The graphical representation shall consist of either a two-dimensional representation or even a photographic representation of the mark;
- The representation on the trademark application will have three different views of the mark being registered. In the event the reproduction by the Applicant does not sufficiently represent the mark that has to be registered, the Registrar of Trade Marks

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<sup>10</sup> *Supra* at 6.

<sup>11</sup> *Id.*

<sup>12</sup> *Laxmikant V. Patel v Chetanbhat Shah*, AIR 2002 SC 275 (India).

<sup>13</sup> *Supra* at 8.

<sup>14</sup> *Swizzels Matlow Ltd.’s Application (No. 2)*, (2000) ETMR 58.

<sup>15</sup> *Supra* at 7.

<sup>16</sup> *Id.*

has the power under Rule 26 of the Trade Marks Rules to ask the applicant to submit five further views of the mark in question within two months.<sup>17</sup>

For the registration of store layouts as trademarks, the adoption of the Ralf Sieckmann criteria ('Sieckmann criteria') becomes necessary. Propounded by the European Court of Justice ('ECJ'), the Sieckmann criteria hold that the graphical representation of a mark must be '*clear, precise, self-contained, easily accessible, intelligible, durable and objective*'.<sup>18</sup> The Draft Manual of Trade Marks, 2015 also lists these criteria for graphical representation of the mark in India.<sup>19</sup>

### ➤ **Distinctiveness of Mark and Trade Dress**

A prerequisite for trademark registration is the ability of the mark to distinguish the goods or services of the applicant from the other.<sup>20</sup> Section 9(1)(a) of the Trade Marks Act<sup>21</sup> even lists the lack of distinctiveness of a mark as a ground for refusal for registration. In the case of *M/s Info Edge (India) Pvt. Ltd.*<sup>22</sup>, the High Court of Delhi under the erstwhile Trade and Merchandise Marks Act, 1958 passed the verdict in favour of the Plaintiff, holding that the usage of a Hindi and an English word for an online job portal is said to be inherently distinctive. Godrej and Boyce, who had applied for trademark registrations of areas in their 'U & Us Home Studio' had to establish the distinctiveness of their 'Discussion Area Zone' (Application No. 4169443), their 'Material Library Zone' (Application No. 4169441) and their 'Colour Visualiser Zone' (Application No. 4169442).<sup>23</sup>

The concept of trade dress law has been granted statutory protection under the Lanham Act of the United States of America ('the Lanham Act')<sup>24</sup>. Section 43(a) of the Lanham Act<sup>25</sup> also provides statutory protection to both registered and unregistered forms of trade dress, which under the statute refers to the overall appearance of the goods or service, including but not limited to the size, shape, colour or a combination thereof. In the case of *Wal-Mart Stores*<sup>26</sup>, while ruling in favour of the Plaintiff and held that in the event of unregistered trade dress designs, the design of the product in itself is not distinctive, thereby not amounting to

<sup>17</sup> *Id.*

<sup>18</sup> *Supra* at 3.

<sup>19</sup> *Id.*

<sup>20</sup> Cesar J. Ramirez-Montes, *Trade Marking the look and feel of Business Environments in Europe*, 25 Colum. J. Eur. L 75, 76-87 (2019).

<sup>21</sup> *Supra* at 6.

<sup>22</sup> *M/s Info Edge (India) Pvt Ltd v Shailesh Gupta and Anr.*, (2002) 24 PTC 355 (Del.) (India)

<sup>23</sup> *Godrej & Boyce bags trademark for U&Us retail format, a first in India*, THE HINDU, Aug. 13, 2020, <https://www.thehindu.com/business/godrej-boyce-bags-trademark-for-uus-retail-format-a-first-in-india/article32347689.ece>

<sup>24</sup> The Lanham (Trademark) Act, 15 U.S.C., 15 U.S.C. §§ 1124–1125

<sup>25</sup> *Id.*

<sup>26</sup> *Wal-Mart Stores v Samara Bros.*, 529 U.S. 205, 120 S. Ct. 1339 (2000)

trademark infringement.

The concept of 'trade dress' may not be expressly provided for under the provisions of the Trade Marks Act, but has been adjudicated before Indian Courts in cases such as *Colgate Palmolive and Co.*<sup>27</sup>, where the High Court of Delhi held that the adoption of similar elements in the packaging of the goods, namely the adoption of the colours red and white for packaging toothpaste tubes, could very well create confusion as to the origin of the goods in the mind of the average consumer. In the event an illiterate consumer was to consume the goods of the Defendant solely based on the identical trade dress of the two goods, it would be tantamount to passing-off under trademark law.

The principles of trade-dress have been adopted for adjudicating IP matters on store layouts as well. In *Merwan Confectioners Pvt. Ltd.*<sup>28</sup>, the Plaintiff had filed a suit for perpetual injunction against Sugar Street, which was one of their franchisees for adopting the distinctive trade dress associated solely with their outlet. The usage of this trade dress continued post the termination of the franchise agreement between the parties on account of lapses by the Defendant. The High Court of Bombay rejected the claim the Plaintiff sought over certain features of their entity, including the placement of furniture and lighting, stating that features which add merely to the aesthetic of a store and serve no source-identifying features cannot be granted exclusivity under trademark law. This decision of the High Court of Bombay acts as a caveat for store owners who are looking to seek registration of their layout in the future.

- **International Law**

The Lanham Act, akin to trademark statutes in several jurisdictions including India, offers safety to business owners by prohibiting the adoption of misleading marks which results in unfair competition. A leading case on trademark granted to layouts was *Two Pesos, Inc.*<sup>29</sup>, in which a four-judge Bench of the United States Supreme Court ruled in favour of the Respondent to the appeal, thereby granting exclusive trademark rights in the layout of the Taco Cabana chain of Mexican Restaurants in the United States. Justice Byron White, who had delivered the judgment on behalf of the Bench, had held that the essential principle of acquired distinctiveness need not be proven when the trade dress is inherently distinctive.

The insight of the United States Supreme Court in the matter should be appreciated, as it helped set precedent for an issue that would gain traction only much later. The landmark

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<sup>27</sup> *Colgate Palmolive Company v Anchor Health and Beauty Care Pvt. Ltd.* 2003 (27) 478 (Del) (India).

<sup>28</sup> *Merwans Confectioners Pvt. Ltd. v Sugar Street and 2 others* [CS (L) No. 1100/2019] (India).

<sup>29</sup> *Two Pesos, Inc. v Taco Cabana, Inc.*, 505 U.S. 763.

judgment with this respect, however came decades later, when the Court of Justice of the European Union ('CJEU') permitted the registration of the distinctive layout adopted by Apple Inc. for its stores.<sup>30</sup> In this judgment, the CJEU noted the mandatory requirements for registration of a trademark i.e. a distinctive mark capable of graphical representation. The CJEU went on to note the 'public-interest' functions being performed by this definition, by granting rights to non-conventional trademarks such as scent, sound, colour etc.<sup>31</sup> The CJEU ultimately held that the representation put forth by Apple Inc., where the store layout was depicted as a collection of lines, curves and shapes, could qualify as a trademark till the time this layout distinguished the services provided by Apple Inc. from other entities. It was further held that the assessment of store layouts capable of being registered would be on a case-to-case basis.

### III. INTELLECTUAL PROPERTY RIGHTS AND STORE LAYOUTS

- **Copyright Law**

In April 2020, the Supreme Court of Italy upheld the decisions of the lower courts, thereby holding that Italian cosmetic company Kiko's stores would be entitled to protection under the copyright regime as an architectural work.<sup>32</sup> Kiko stores globally have adopted the same interior layout- display units across the walls, the adoption of the same colour scheme and the display units having unique shapes. The lower courts in the matter had held that copyright under Italian law would not solely vest in the exterior of a building and attached features, but also to components of interior design.

Before the revision of the Berne Convention for the Protection of Literary and Artistic Works ('Berne Convention') in 1908<sup>33</sup>, copyright protection for architectural works was not granted in any jurisdiction. It was only after a research article by Jules de Borchgrave in 1890 that the dialogue surrounding copyright in architecture gained prominence.<sup>34</sup> India, being a signatory to the Berne Convention and the Universal Copyright Convention<sup>35</sup>, grants architectural works protection under the aegis of the Copyright Act, 1957 ('the Copyright Act')<sup>36</sup>.

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<sup>30</sup> Apple Inc. v Deutsches Patent- und Markenamt, C-421/13.

<sup>31</sup> *Supra* at 20.

<sup>32</sup> Wycon s.p.a. v Kiko s.p.a., Cass. 780/2020.

<sup>33</sup> Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, revised at Paris July 24, 1971 25 U.S.T. 1341

<sup>34</sup> Natalie Wargo, *Copyright Protection for Architecture and the Berne Convention*, 65 NYU L. Rev 403, 409-410 (1990).

<sup>35</sup> Universal Copyright Convention, as revised at Paris, July 24, 1971 25 U.S.T. 1341; TIAS 7868; 943 U.N.T.S. 178.

<sup>36</sup> The Copyright Act, No. 14 of 1957, INDIA CODE (1958), available at <http://indiacode.nic.in>

The Copyright (Amendment) Act of 1994<sup>37</sup> substituted ‘*architectural work of art*’ with ‘*work of architecture*’, which under Section 2(b) is defined as ‘*any building or structure having an artistic character or design, or any model of such building or structure.*’<sup>38</sup> By virtue of the Copyright (Amendment) Act of 1994, ‘*work of architecture*’ is included under the ambit of ‘*artistic work*’, under Section 2(c) of the Copyright Act<sup>39</sup> which also implies copyright protection to architectural works under Section 13 of the Copyright Act.<sup>40</sup> Section 14(c) of the Copyright Act<sup>41</sup> vests the right of depiction of three-dimensional artistic works as two-dimensional and vice-versa, the communication of the work to the public, inclusion of work in cinematograph films and make adaptation of works- granting the same rights to architectural works.

Section 17(a) of the Copyright Act<sup>42</sup> states that copyright in the work of architecture would lie with the proprietor, however the same would lie with the author in case of no express agreement. Given how the layout of a store is created with the help of individuals such as interior designers or architects, Section 17(c) of the Copyright Act<sup>43</sup> would come into effect and the ‘work-for-hire’ created would vest the copyright in the employer.

Section 59 of the Copyright Act<sup>44</sup> restricts the owner of the copyright from seeking an injunction to stop the construction of a building or to order its demolition in the event the construction has commenced. In the case of *Raj Rewal*<sup>45</sup>, the High Court of Delhi passed a verdict in favour of the Defendant, holding that the architect of a building cannot seek legal remedies to prevent the demolition of a building merely on the basis of mutilation of their moral rights, as granted under Section 57(1)(b) of the Copyright Act.<sup>46</sup>

- **Design Law**

Under the provisions of the Design Act, 2002 (‘the Design Act’)<sup>47</sup>, Section 2(d) defines a design as:

*‘only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both*

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<sup>37</sup> Copyright (Amendment) Act, 1994, No. 38, Acts of Parliament, 1994 (India).

<sup>38</sup> *Supra* at 36.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> *Raj Rewal v Union of India*, (2017) 240 DLT 166 (India).

<sup>46</sup> *Supra* at 36.

<sup>47</sup> The Designs Act, No. 16 of 2000, INDIA CODE (2001), available at <http://indiacode.nic.in>

forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device'.<sup>48</sup>

This definition, however, does not include any article which would be a trademark under the provisions of the erstwhile Trade and Merchandise Marks Act, 1958; a property mark under the provisions of Section 479 of the Indian Penal Code<sup>49</sup> or work which would qualify to be an artistic work under the Copyright Act<sup>50</sup>. In the *Cofemel*<sup>51</sup> judgment, the CJEU held that the purpose of a design is to protect any 'subject matter which, while being new and distinctive, is functional and liable to be mass-produced', which is a principle that could broadly be applied to store layouts. The classifications provided under the Designs Rules, 2001<sup>52</sup> list 'building works and construction elements' in Class 25, thereby granting architectural works, including store layouts, design protection.

#### IV. CONCLUSION

In the *Kiko*<sup>53</sup> judgment, the Supreme Court of Italy did acknowledge the lack of a straight-jacket IP right which could protect store layouts. From an Indian perspective, the options before an entity would be, but not limited to; trademarks, copyrights and designs. The question that then arises is- which option would be most suitable for a business entity, looking to seek protection of their store layouts.

Copyright law in India has a statutory limitation of life of the author and sixty years *post mortem auctoris*, under Section 22 of the Copyright Act.<sup>54</sup> The work granted protection falls into public domain and is open to free and fair use by all upon the expiry of the statutory limitation. This balance in favour of public interest can create a situation where a store layout, that has been granted protection under the Copyright Act, could lose its exclusivity at any given point of time. There are stores which have become historic landmarks, with an iconic layout. This flimsy limitation period would not provide satisfactory rights to the proprietor, who is trying to fight tooth and nail for the protection of their brand identity. The issue of an overlap with potential trademark rights vested in the store layout would also arise,

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<sup>48</sup> *Id.*

<sup>49</sup> PEN. CODE.

<sup>50</sup> *Supra* at 36.

<sup>51</sup> *Cofemel v G-Star Raw* (C-683/17).

<sup>52</sup> The Design Rules, 2001, Gen. S.R. & O. 1069 (E) (India).

<sup>53</sup> *Supra* at 32.

<sup>54</sup> *Supra* at 36.

with the ‘freedom of panorama’ granted under Section 52(s) of the Copyright Act<sup>55</sup> clashing with the exclusive right of the proprietor in the store layout. With respect to the Design Act, Section 4 prohibits the registration of a design which has not been disclosed either in India or in any other country, by either publication or use.<sup>56</sup> This can be a roadblock for the registration of store layouts of multi-national corporations, where their store layouts have already been in use.

The primary function of a trademark is to indicate the source of the goods or services i.e. associating the commodities before us with a particular entity.<sup>57</sup> International trademark offices, such as the United States Patent and Trademark Office, have rejected applications when the applied-for mark in their opinion does not effectively indicate the source.<sup>58</sup> The association of the store layout with a particular entity serves this ‘source-indication’ function. A layman consumer would associate the layout of the store with a brand, in the event the layout is inherently distinctive. The cumbersome process of renewal, provided under Section 25 of the Trade Marks Act<sup>59</sup> read with the Trade Marks Rules<sup>60</sup> would prove the dedication of the entity for the protection of critical elements of their brand. Thus, in the opinion of the author, trademark registrations of store layouts are the best way to go about the same.

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<sup>55</sup> *Id.*

<sup>56</sup> *Supra* at 47.

<sup>57</sup> Alexandra J. Roberts, *Trademark Failure to Function*, 104 Iowa L.R. 1977, 1978 (2019).

<sup>58</sup> *Id.*

<sup>59</sup> *Supra* at 6.

<sup>60</sup> *Supra* at 7.