An update on the intellectual property protection for the concept store

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In a recent case involving two leading cosmetics brands, the Italian Supreme Court has confirmed that interior design works can be protected by copyright if certain conditions are met, such as a unitary design, a clearly defined and visually noticeable pattern, a clear stylistic key and the personal imprint of the author.

The idea of “concept store”

The idea of visual merchandising has started to spread in recent years and refers to the way of presenting goods in the stores – especially in relation to the preparation of the shop windows – in order to attract the customer’s attention. The focus of the entrepreneurs has gradually shifted from the single product to the environment in which the purchasing processes are generated, so as to ensure the customer the most pleasant and comfortable conditions to choose the product of interest.

The internal appearances of modern shop fittings are interconnected with the perception of the public, who is accustomed – particularly in shopping malls – to open commercial spaces, that is, without formal areas of entrance, which invite the customer to access the store.

Many brands have exploited the influence that the place of purchase has on customers and have invested in the creation of shops with noticeable characteristics that allow customers to recognize the brand only by the shops features. This marketing strategy grants brands to be recognizable all over the world and to create an image identity that stands out for the customer and favours the association of the layout of the store with the brand itself.

The more original the store appearance is, the more impact it has on the customer.

Concept store protection: design, trademark and…copyright

The protection that a concept store can take advantage of is paramount. Up to now, the most used method has been design – both registered or not – that aims to protect the element of novelty. The registration of a design has a duration of five years from the application and can be extended for periods of five years, up to a maximum of 25 years. In this regard, it should be noted the existence of the institute for the protection of non-registered design, which gives protection to forms with novelty and individual character with a three-year protection that starts from the first qualified disclosure of the design itself.

However, the temporary nature that characterizes the design led entrepreneurs to focus on other types of wider protection. In this perspective, the CJEU decision (C-421/13) in Apple v. DPM (German office for Trademarks and Patents) comes to mind. In that case, Apple was arguing (and was found to be right) that the layout of its stores should enjoy trademark protection. The Court specified that the representation, by a design, of the layout of a retail store is also capable of distinguishing the products or services of one brand from those of another one. In fact, the condition for registration as a valid trademark of a concept store is that it has a distinctive capacity: the public is able to connect it, uniquely, to a specific brand and its products and services.

Trademark protection is the broadest that can be achieved, since it is potentially everlasting and it is worth underlining that design and trademark are cumulative protections, therefore nothing prevents the entrepreneur from availing of both.

Nevertheless, a further type of protection can been activated in order to protect the concept store: the copyright. The protection of copyright has a much longer duration (70 years post author demise) than the design. This type of protection is recognized once both the creative element of the
work and its artistic value are present and the personal imprint of the author is evident. In addition to its possible combination with design, a unique feature of copyright is the lack of registration costs, as this type of protection arises along with the mere creation of the work. On the other hand, precisely because of the lack of a formal registration, copyright poses uncertain access conditions and it may be necessary – in order to remove any doubt – that it is judicially ascertained.

Kiko V. Wycon: the copyright protection

With regard to the protection of the concept store through copyright, the Italian Supreme Court had the final say on the long-standing dispute between two leading cosmetics brands – Kiko Makeup Milano and Wycon – that had wide media coverage over the last few years.

In 2005, Kiko decided to invest €70,000 in a remodelling project, which completely changed the appearance of its shops. This, in order to stand out from the crowd and create the so-called ‘concept store’, with the aim to realise a new, innovative and highly characteristic layout. However, since 2009, Wycon allegedly started acting unfairly by copying every aspect of Kiko’s shops, setting up a systematic unfair competition both confusing and parasitic, which resulted in an improper association with Kiko’s shops for the adoption of its characterizing elements. Despite already having registered its concept store as a design, Kiko decided to take legal action in order to get the copyright on the layout of its shop recognized. It is worth underlining that Kiko already tried to get its concept store protected as a trademark, but it did not succeed for lack of distinctive character, as stated by EUIPO in its decision in 2016.

With decision no. 11416/2015, the Court of Milan recognized that Kiko’s project of interior furnishing was protected under art. 2, no. 5 of the Law on Copyright, since the necessary elements of creativity were detected, combined and coordinated with each other (the existence of a specific study and design elaboration by a third party constituted a favourable presumption in this regard). The Court, in fact, held that originality lies on the subjectivity of an idea and how it is expressed: in this specific case, both of them were not imposed by the technical problem that the author wanted to solve, such as to make the architectural project original and creative.

The Court quantified the damages suffered at €700,000 (tenfold the amount paid by KIKO for the realization of the project) and ordered the publication of the judgement on one of the most widespread newspapers in the country.

After confirmation at the appeal, the Supreme Court intervened last April 30 to define the matter. With decision no. 8433/2020, the Italian Supreme Court focused on the objection raised by Wycon, that the interior of a concept store cannot be protected as a work of architecture. The grounds were deemed unfounded and the Court pointed out that a project or a work of interior design can be protected as a work of architecture, pursuant to art. 2, no. 5 of Law on Copyright on the condition that it contains an original element or it is a combination result of creativity. In the Court’s opinion, Kiko’s interior design project reveals a clear ‘stylistic key’, of individual components organized and coordinated to make the environment functional and harmonious, i.e. the personal imprint of the author: a unified design, in a visually noticeable pattern.

Nevertheless, the Court also scored some points in favour of Wycon. As regards the liquidation of the damages, the Court annulled the precedent decision and referred the case back to the Court of Appeal for an equitable quantification of the damages suffered, since the liquidation of €700,000 was deemed completely arbitrary.

Tips on how to invest in a concept store

Therefore, which advice should entrepreneurs consider before investing in the creation of a concept store?

Taking into account the necessary protection that they should provide to the concept store itself – in order not to have it copied by other brands – it is extremely important to focus on an original project. Novelty, creativity, artistic value and the distinctive elements should be met, if a brand wants to obtain the widest protection. Offering customers a complete shopping experience, wherein the interior layout of the shop is of crucial importance nowadays, requires noticeable characteristics, made of innovative features for the sector involved. Providing customers with brand new visual elements assures a distinction from other brands’ shops and avoids customer confusion, leading entrepreneurs to a stronger marketing position.
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