JUDGMENT OF THE COURT OF FIRST INSTANCE (Third Chamber)

10 October 2007 *

In Case T-460/05,

Bang & Olufsen A/S, established in Struer (Denmark), represented by K. Wallberg, lawyer,

applicant,

v

Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), represented by P. Bullock, acting as Agent,

defendant,

ACTION against the decision of the First Board of Appeal of OHIM of 22 September 2005 (Case R 497/2005-1) concerning an application for registration as a Community trade mark of a three-dimensional sign formed by the shape of a loudspeaker,

* Language of the case: English.

THE COURT OF FIRST INSTANCE
OF THE EUROPEAN COMMUNITIES (Third Chamber),

composed of M. Jaeger, President, V. Tiili and O. Czúcz, Judges,

Registrar: K. Pocheć, Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 29 December 2005,

having regard to the response lodged at the Court Registry on 7 June 2006,

further to the hearing on 31 January 2007,

gives the following

Judgment

Background to the dispute and procedure

1 On 17 September 2003, the applicant made an application for a Community trade mark to the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) under Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

2 The mark in respect of which registration was sought is the three-dimensional sign reproduced below:



3 The goods and services in respect of which registration of the mark was sought are in Classes 9 and 20 within the meaning of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, and correspond to the following description:

— Class 9: 'Electric and electronic apparatus and appliances for analogue, digital or optical reception, processing, reproduction, regulation or distribution of sound signals, loudspeakers';

— Class 20: 'Music furniture'.

4 By decision of 1 March 2005, the examiner rejected the application for registration pursuant to Article 7(1)(b) of Regulation No 40/94 since the mark applied for, consisting exclusively of a representation of a loudspeaker, was considered to be devoid of any distinctive character. The application for registration under Article 7(3) of Regulation No 40/94 was also rejected on the ground that the evidence submitted did not suffice to demonstrate distinctiveness acquired through use.

5 On 27 April 2005, the applicant filed a notice of appeal at OHIM under Articles 57 to 62 of Regulation No 40/94 against the decision referred to above.

6 The First Board of Appeal of OHIM dismissed that appeal by decision of 22 September 2005 ('the contested decision') on the ground that the sign in question was barred from registration pursuant to Article 7(1)(b) of Regulation No 40/94 since it was devoid of any inherent distinctive character. The Board of Appeal found that, although the shape of the goods constituting the mark applied for and reflecting essentially aesthetic requirements had unusual features, the applicant had not shown that that shape was distinctive and that it therefore performed a trade mark function from the target consumers' point of view.

7 By application lodged at the Registry of the Court of First Instance on 29 December 2005, the applicant brought the present action. In that context, the applicant observed, inter alia, that the Board of Appeal had failed to examine the claim for registration pursuant to Article 7(3) of Regulation No 40/94.

8 On 24 February 2006, the Board of Appeal corrected the contested decision by corrigendum. It stated that it had made an obvious mistake in failing to examine the claim for registration pursuant to Article 7(3) of Regulation No 40/94. It considered

that such a mistake fell within the scope of Rule 53 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1) and, pursuant to that rule, considered that claim. Accordingly, the Board of Appeal corrected the contested decision by stating that the application for registration pursuant to Article 7(3) of Regulation No 40/94 was also dismissed, on the ground that the body of evidence provided by the applicant was not sufficient to demonstrate distinctiveness acquired through use of the mark applied for.

9 The applicant submitted its observations on the content of the corrigendum by written pleading lodged at the Registry of the Court of First Instance on 3 May 2006. The applicant stated that it found the application of Rule 53 of Regulation No 2868/95 questionable but did not claim that the corrigendum should be regarded as inadmissible. Further, the applicant stated that it took the view that the Board of Appeal's mistake should have an effect on the awarding of costs.

Forms of order sought

10 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

11 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

12 In support of its application, the applicant relies on two pleas in law, alleging infringement of Article 7(1)(b) and Article 7(3), respectively, of Regulation No 40/94.

Arguments of the parties

13 The applicant notes, as an introductory point, that under Article 4 of Regulation No 40/94 the shape of goods is one of the signs of which a Community trade mark may consist.

14 First of all, the applicant complains that in this case the Board of Appeal applied a stricter standard than that used for other types of trade marks to assess the distinctiveness of the mark applied for since it did not examine the application on its

own merits, taking into consideration the specific facts of the case, but instead gave 'a standardised refusal'. According to the applicant, the standard used for three-dimensional marks may not differ from — that is to say, may not be stricter than — the standard used for other types of trade marks.

15 Secondly, the applicant claims that the appearance of the product in question, as indeed that of a number of its other products, is not dictated by technical functions but aesthetic considerations and is designed with the specific intention that it should be distinctive and eye-catching. The Board of Appeal acknowledged this in paragraphs 12 to 14 of the contested decision. In the applicant's view, the only reasonable consequence of the description in those paragraphs of the product in question should be that the mark applied for was considered to be distinctive.

16 According to the applicant, the consumer will perceive the overall appearance of the loudspeaker which is the subject of the application for registration as a distinctive indicator of the commercial origin of the products covered by that application. Contrary to the Board of Appeal's assessment, the product in question will not therefore be perceived only as a product having an unusual design. Similarly, the shape will not be perceived by consumers as serving a functional purpose; nor will the relevant consumers view that product merely as a variation of the customary appearance of the relevant products.

17 The applicant notes that the loudspeaker is tall, slim and stand-alone and has a very characteristic shape. That 'organ pipe shape' is particularly distinctive in the way the bottom point is shaped and the way that point is grounded in the black iron block. There are no other existing loudspeakers on the market that even remotely have the same or similar appearance. In the applicant's view, the fact that the shape of the

product in question differs significantly from the norms or customs of the sector is a factor that must be taken into consideration in examining the trade mark application.

18 Thirdly, the applicant pleads that the contested decision is, in any event, incorrect inasmuch as the Board of Appeal refuses to recognise the distinctiveness of the mark applied for in respect of the goods within Class 20 of the Nice Agreement, namely music furniture. A trade mark consisting of a representation of a specific product cannot be regarded as a 'reproduction of the product' for goods other than the product itself. For all goods other than loudspeakers, the mark applied for must thus be considered, by definition, to be inherently distinctive when the shape is not an ordinary or common one, as in the present case.

19 Finally, as regards the definition of the relevant public, the applicant states that the products referred to are top-of-the-range products within the relevant market (the suggested retail price for one specimen of the loudspeaker mentioned is EUR 1 750) which are marketed through a selective distribution system. Accordingly, the target group is restricted and consists of consumers who are not only well-informed and reasonably observant and circumspect, but are also quality-minded and invest in the product only after careful consideration.

20 OHIM notes that the Board of Appeal's reasoning denotes a serious and legitimate concern about the need to keep separate the function of a shape which is predominantly dictated by aesthetic considerations and the function of a shape which, although aesthetically pleasing, is meant to distinguish the product from similar products of competitors.

21 However, the position taken by the Board is a very strict one in that it bars from trade mark registration all shapes of products which coincide with the appearance of the products themselves, even if those shapes are unusual and do not give substantial value to the product.

22 OHIM also states that Article 7(1)(e)(iii) of Regulation No 40/94 excludes from registration as a trade mark those shapes which give substantial value to the goods, such shapes playing a decisive role in determining the consumer's purchasing choice. The aim of that exclusion is to draw a line between trade marks and designs. Those shapes are not therefore excluded from registration because they lack distinctive character per se.

23 However, there are cases where the shape of a product, although being essentially aesthetically inspired, does not give substantial value to the product. Those shapes are distinctive and can be protected as trade marks if they differ significantly from the shapes which are commonly used in trade.

24 OHIM therefore considers that it is not certain that the position adopted by the Board of Appeal is the correct one and, accordingly, asks the Court to determine whether a shape essentially inspired by aesthetic considerations — but which does not give substantial value to the goods within the meaning of Article 7(1)(e)(iii) of Regulation No 40/94 — and which differs significantly from a shape commonly used in trade can perform a trade mark function.

25 As regards the relevant public, OHIM considers that account cannot be taken, when assessing the distinctiveness of a given mark, of the way the applicant will use it, or of other circumstances such as marketing concepts. Consequently, the argument that the relevant products are top-of-the-range products and that they target a

narrow public is irrelevant. The specification covered by the trade mark application does not contain any indication that the goods are meant for a select clientele and are marketed through a selective distribution system. In this case the relevant public is therefore the average Community consumer.

Findings of the Court

26 Article 7(1)(b) of Regulation No 40/94 provides that 'trade marks which are devoid of any distinctive character' are not to be registered.

27 For a trade mark to possess distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (Joined Cases C-456/01 P and C-457/01 P *Henkel* v *OHIM* [2004] ECR I-5089, paragraph 34).

28 It is settled case-law that the distinctive character of a trade mark must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, secondly, by reference to the perception of them by the relevant public, which consists of average consumers of the goods or services in question, who are reasonably well informed and reasonably observant and circumspect (*Henkel* v *OHIM*, paragraph 35, and Case C-25/05 P *Storck* v *OHIM* [2006] ECR I-5719, paragraph 25).

29 In this case, the goods covered by the mark applied for are electric and electronic apparatus and appliances for analogue, digital or optical reception, processing,

reproduction, regulation or distribution of sound signals, loudspeakers and music furniture. It must therefore be considered that the relevant public is made up of all average Community consumers, given that any consumer may be interested in purchasing the goods in question.

30 The applicant takes the view, however, that the relevant public is a restricted public with a higher level of attention than that of average consumers since the goods in question are top-of-the-range, high-value products within the electronics market which are marketed exclusively through a selective distribution system.

31 It must be stated, however, that in determining the relevant public account cannot be taken of the way the applicant uses a distribution system or of other circumstances of no consequence to the right conferred by the Community trade mark. For the purposes of assessing the distinctiveness of a sign, whether the applicant for the trade mark in question is contemplating using or is actually using a particular marketing method is immaterial. Since a marketing method is purely a matter of choice for the undertaking concerned, it may change after the Community trade mark has been registered and cannot therefore have any bearing on the assessment of the sign's registrability (see, to that effect, Case T-355/00 *DaimlerChrysler* v *OHIM (TELE AID)* [2002] ECR II-1939, paragraph 42, and Case T-15/05 *De Waele* v *OHIM (Shape of a sausage)* [2006] ECR II-1511, paragraphs 28 and 29). According to the case-law, the price of the product concerned is also immaterial as regards the definition of the relevant public, since price will also not be the subject of the registration (Joined Cases T-324/01 and T-110/02 *Axions and Belce* v *OHIM (Brown cigar shape and gold ingot shape)* [2003] ECR II-1897, paragraph 36).

32 However, the level of attention of the relevant public is likely to vary according to the category of goods or services in question (Case C-342/97 *Lloyd Schuhfabrik*

Meyer [1999] ECR I-3819, paragraph 26, and Case T-305/02 *Nestlé Waters France* v *OHIM (Shape of a bottle)* [2003] ECR II-5207, paragraph 34).

33 As regards everyday consumer goods, the average consumer's level of attention is less than that paid to durable goods or, simply, goods of a higher value or for more exceptional use.

34 In this case, it must be borne in mind that, in the light of the nature of the goods concerned, in particular, their durable and technological nature, the average consumer displays a particularly high level of attention when purchasing such goods. The objective characteristics of the goods in question mean that the average consumer purchases them only after a particularly careful examination.

35 Accordingly, the distinctive character of the trade mark must be assessed in relation to the perception of the average consumer who exhibits a particularly high level of attention when he prepares and makes his choice between different goods in the category concerned (see, to that effect, Case C-361/04 P *Ruiz-Picasso and Others* v *OHIM* [2006] ECR I-643, paragraph 40 and 41).

36 So far as concerns the examination of distinctive character, according to case-law, the criteria for assessing the distinctive character of marks consisting of the appearance of the product itself are no different from those applicable to other categories of trade mark (see Case C-24/05 P *Storck* v *OHIM* [2006] ECR I-5677, paragraph 24, and the case-law cited).

37 None the less, for the purpose of applying those criteria, the relevant public's perception is not necessarily the same in the case of a three-dimensional mark, which consists of the appearance of the product itself, as it is in the case of a word or figurative mark, which consists of a sign unrelated to the appearance of the products it denotes. Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark (see Case C-136/02 P *Mag Instrument* v *OHIM* [2004] ECR I-9165, paragraph 30; Case C-173/04 P *Deutsche SiSi-Werke* v *OHIM* [2006] ECR I-551, paragraph 28, and Case C-24/05 P *Storck* v *OHIM*, paragraph 25).

38 In those circumstances, only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94 (*Mag Instrument* v *OHIM*, paragraph 31, and Case C-25/05 P *Storck* v *OHIM*, paragraph 28).

39 In the present case, as the Board of Appeal stated in paragraph 12 of the contested decision, the mark applied for is 'a vertical, pencil-shaped column, with a long, rectangular panel attached to one side. The point of the "pencil" joins to a flat base'.

40 The examination of all the presentational features referred to above which make up the mark applied for leads to the conclusion that the shape of the mark is truly specific and cannot be considered to be altogether common. Thus the body of the loudspeaker is formed of a cone which looks like a pencil or an organ pipe the pointed end of which joins to a square base. In addition, a long rectangular panel is

fixed to one side of that cone and heightens the impression that the weight of the whole rests only on the point which barely touches the square base. In that way, the whole creates a striking design which is remembered easily.

41 All those features distance the trade mark applied for from the customary shapes of the goods falling within the same category which are commonly found in trade and generally have straight lines with right angles. In that respect, it is indeed stated in paragraph 14 of the contested decision that 'there is [no] doubt that the mark applied for is striking in some aspects'. It is then specified:

'... compared to a normal loudspeaker, it is inordinately tall and narrow. Furthermore, the core of the speaker is, unusually, a tube, which joins to an inverted cone. The apex of the cone is attached to a square base.'

42 Accordingly, the mark applied for departs significantly from the customs of the sector. It has characteristics which are sufficiently specific and arbitrary to retain the attention of average consumers and enable them to be made aware of the shape of the applicant's goods. Thus this is not one of the customary shapes of the goods in the sector concerned or even a mere variant of those shapes, but a shape having a particular appearance which, having regard also to the aesthetic result of the whole, is such as to retain the attention of the public concerned and enable it to distinguish the goods covered by the trade mark application from those of another commercial origin (see, to that effect, Case T-128/01 *DaimlerChrysler* v *OHIM* [2003] ECR II-701, paragraphs 46 and 48, and *Shape of a bottle*, paragraph 41).

43 Even if the existence of specific or original characteristics does not constitute an essential condition for registration, the fact remains that their presence may, on the other hand, confer the required degree of distinctiveness on a trade mark which would not otherwise have it.

44 As regards the Board of Appeal's argument that the shape of the product constituting the trade mark applied for cannot perform a trade mark function from the relevant consumers' point of view on the ground that that mark is essentially dictated by aesthetic considerations (paragraphs 14 to 18 of the contested decision), it suffices to state that, in so far as the relevant public perceives the sign as an indication of the commercial origin of the goods or services, whether or not it serves simultaneously a purpose other than that of indicating commercial origin is immaterial to its distinctive character (Case T-173/00 *KWS Saat* v *OHIM (Shade of orange)* [2002] ECR II-3843, paragraph 30; *Calandre*, paragraph 43; and Case T-129/04 *Develey* v *OHIM (Shape of a plastic bottle)* [2006] ECR II-811, paragraph 56).

45 In the light of all (of) the foregoing considerations, it must be concluded that, by taking the view that the trade mark applied for was devoid of any distinctive character, the Board of Appeal misconstrued the wording of Article 7(1)(b) of Regulation No 40/94 from which it follows that a minimum degree of distinctive character is sufficient to render inapplicable the ground for refusal set out in that article (Case T-34/00 *Eurocool Logistik* v *OHIM (EUROCOOL)* [2002] ECR II-683, paragraph 39; *Calandre*, paragraphs 33 and 49; and *Shape of a bottle*, paragraph 42).

46 The contested decision must therefore be annulled. It follows that it is unnecessary to examine the admissibility of the corrigendum or the merits of the second plea.

Costs

47 Under Article 87(2) of the Rules of Procedure of the Court of First Instance, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since OHIM has been unsuccessful, it must be ordered to pay the costs in accordance with the form of order sought by the applicant.

On those grounds,

THE COURT OF FIRST INSTANCE (Third Chamber)

hereby:

1. **Annuls the decision of the First Board of Appeal of the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) of 22 September 2005 (Case R 497/2005-1).**

2. **Orders OHIM to bear its own costs and to pay those of Bang & Olufsen A/S.**

Jaeger Tiili Czúcz

Delivered in open court in Luxembourg on 10 October 2007.

E. Coulon M. Jaeger

Registrar President