JUDGMENT OF THE COURT

4 October 2001 *

In Case C-517/99,

REFERENCE to the Court under Article 234 EC by the Bundespatentgericht (Germany) for a preliminary ruling in the proceedings pending before that court brought by

Merz & Krell GmbH & Co.,

on the interpretation of Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1),

THE COURT,

composed of: G.C. Rodríguez Iglesias, President, C. Gulmann, M. Wathelet and V. Skouris (Presidents of Chambers), J.-P. Puissochet, P. Jann, L. Sevón, R. Schintgen, F. Macken (Rapporteur), N. Colneric and C.W.A. Timmermans, Judges,

* Language of the case: German.

Advocate General: D. Ruiz-Jarabo Colomer,
Registrar: R. Grass,

after considering the written observations submitted on behalf of:

— the German Government, by W.-D. Plessing and B. Muttelsee-Schön, acting as Agents,

— the United Kingdom Government, by G. Amodeo, acting as Agent, assisted by D. Alexander, Barrister,

— the Commission of the European Communities, by K. Banks, acting as Agent, and I. Brinker and W. Berg, Rechtsanwälte,

having regard to the report of the Judge-Rapporteur,

after hearing the Opinion of the Advocate General at the sitting on 18 January 2001,

gives the following

Judgment

1 By an order of 20 October 1999, received at the Court on 31 December 1999, the Bundespatentgericht (Federal Patents Court) referred for a preliminary ruling under Article 234 EC a question on the interpretation of Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1, hereinafter 'the Directive').

2 That question was raised in proceedings brought by Merz & Krell GmbH & Co. (hereinafter 'Merz & Krell') against a refusal by the Deutsches Patent- und Markenamt (German Patent and Trade Mark Office) to register the word mark Bravo in respect of writing implements.

Legal background

3 The purpose of the Directive is, as the first recital in its preamble states, to approximate the laws of the Member States on trade marks in order to remove existing disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market. It is not, according to the third recital, intended to effect full-scale approximation of those laws.

4 Article 2 of the Directive sets out a list of signs of which a trade mark may consist. It provides as follows:

'A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.'

5 Article 3(1) of the Directive provides:

'The following shall not be registered or if registered shall be liable to be declared invalid:

(a) signs which cannot constitute a trade mark;

(b) trade marks which are devoid of any distinctive character;

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods;

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

...'.

6 It should be pointed out that only the Danish and Swedish versions of Article 3(1)(d) contain a reference to signs and indications which have become customary in the current language or in the bona fide and established practices of the trade 'for the goods or services' ('for varen eller tjenesteydelsen' in Danish and 'för varan eller tjänsten' in Swedish).

7 Article 3(3) of the Directive provides as follows:

'A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.'

8 The Gesetz über den Schutz von Marken und sonstigen Kennzeichnungen of 25 October 1994 (German law on the protection of trade marks and other distinctive signs, BGBl. 1994 I, p. 3082, hereinafter 'the Markengesetz'), which entered into force on 1 January 1995, transposed the Directive into German law.

9 Paragraph 8(2)(3) of the Markengesetz provides that 'trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services' shall not be registered.

The main proceedings and the question referred to the Court

10 Merz & Krell filed an application for registration of the word mark Bravo in respect of 'writing implements'. That application was refused by the Deutsches Patent- und Markenamt on the ground that the word Bravo is, for the class of persons to whom it is addressed, purely a term of praise. Those classes of persons view the claimed mark 'Bravo' as no more than a term of praise and an advertising slogan devoid of any distinctive character, thus rendering it ineligible for protection.

11 Merz & Krell brought an action against that decision before the Bundespatentgericht which considers that the merits of the refusal to register the applicant's word mark must be assessed in the light of Paragraph 8(2)(3) of the Markengesetz.

12 It points out that the term 'Bravo' has the same meaning in many European languages as a term of praise in the sense of 'well done'. It also observes that that word is in fact used in advertising in Germany and various other European countries as a term of praise in respect of various goods and services. However, it states that it has not been able to find any use of the word in connection with writing implements.

13 The Bundespatentgericht takes the view that under Article 3(1)(d) of the Directive it is sufficient for the word 'Bravo' to be refused registration as a word mark that it has become customary in the current language or in the bona fide and established practices of the trade, and that it need not specifically describe the goods in question.

14 But, the Bundespatentgericht says, on a literal interpretation of Paragraph 8(2)(3) of the Markengesetz, the claimed word must have become customary to designate the goods and services in respect of which the mark is sought to be registered in order for it to be refused registration under that provision.

15 Furthermore, the wording of Paragraph 8(2)(3) of the Markengesetz does not specify whether it is sufficient that there be a general connection with the goods or services covered by the mark in order for registration to be refused under that provision, or whether it is necessary for there to be a specific connection with those goods or services.

16 Taking the view that Paragraph 8(2)(3) of the Markengesetz should be interpreted in a manner compatible with Article 3(1)(d) of the Directive which it incorporates into German law, the Bundespatentgericht decided to stay proceedings and refer the following question to the Court for a preliminary ruling:

'Is Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks to be interpreted restrictively, contrary to the wording thereof, as meaning that only signs or indications which directly describe the specific goods and services in respect of which registration is sought, or the essential characteristics or features thereof, are affected by the bar to registration? Or is the provision to be construed as meaning that, in addition to generic signs and names, signs or indications which have become customary in the current language or in the bona fide and

established practices of the trade in the relevant or a similar sector as advertising slogans, indications of quality or incitements to purchase etc., without directly describing specific characteristics of the goods or services in respect of which registration is sought, may likewise not be registered?'

The first part of the question

17 By the first part of the question the Bundespatentgericht is essentially asking if Article 3(1)(d) of the Directive must be interpreted as not precluding registration of a trade mark unless the signs or indications of which that trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services for which the mark is sought to be registered.

18 The German and United Kingdom Governments and the Commission submit that Article 3(1)(d) of the Directive must be interpreted as meaning that only those signs or indications which, in the current language or in the bona fide and established practices of the trade, have become customary to designate goods or services of the type for which the trade mark is sought to be registered are barred from registration.

19 The German Government also argues that interpreting the provision more widely would result in an unwarranted reduction in the number of signs or indications available for registration.

20 It must be pointed out that the purpose of the Directive, as is clear from the first and seventh recitals in its preamble, is to make the conditions for obtaining and continuing to hold a registered trade mark the same in all the Member States so as to remove disparities in the laws of the Member States which may impede the free movement of goods and the freedom to provide services and may distort competition within the common market.

21 Trade mark rights constitute an essential element in the system of undistorted competition which the Treaty is intended to establish. In such a system, undertakings must be able to attract and retain customers by the quality of their products or services, which is made possible only by distinctive signs allowing them to be identified (see, *inter alia*, Case C-349/95 *Loendersloot* [1997] ECR I-6227, paragraph 22).

22 From that point of view, the essential function of the trade mark is to guarantee the identity of the origin of the marked goods or service to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or service from others which have another origin (see, *inter alia*, Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 28).

23 That essential function of trade marks has been incorporated by the Community legislature into Article 2 of the Directive, which provides that signs which are capable of being represented graphically may only constitute a trade mark if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

24 Accordingly, signs or indications that are not capable of fulfilling the essential function of a trade mark cannot enjoy the protection conferred by registration. As is made clear by the tenth recital in the preamble to the Directive, the purpose of the protection afforded by the registered trade mark is in particular to guarantee that trade mark's function as an indication of origin.

25 Article 3(1)(d) of the Directive must be interpreted in the light of those considerations.

26 Under Article 3(1)(d) of the Directive, trade marks which consist exclusively of signs or indications which have become customary in the current language or trade practices are to be refused registration.

27 It is true that, unlike Paragraph 8(2)(3) of the Markengesetz, which refers to trade marks that consist exclusively of signs or indications which have become customary in the current language or trade practices 'to designate the goods or services', Article 3(1)(d) of the Directive contains no such qualification. It cannot, however, be concluded from that that, in order to assess the merits of an application for registration of a trade mark, account should not be taken of the connection between the signs or indications constituting the trade mark and the goods or services covered by that mark.

28 The purpose of Article 3(1)(d) of the Directive is to prevent the registration of signs or indications that are not capable of distinguishing the goods or services of one undertaking from those of other undertakings and so do not satisfy the criterion laid down in Article 2 of the Directive.

29 The question whether particular signs or indications possess distinctive character cannot, however, be considered in the abstract and separately from the goods or services those signs or indications are intended to distinguish.

30 That finding is corroborated by Article 3(3) of the Directive. As the Court held at paragraph 44 of the judgment in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, it is through the use made of it that such a

sign acquires the distinctive character which is a prerequisite for its registration under that provision. However, whether a sign does have the capacity to distinguish as a result of the use made of it can only be assessed in relation to the goods or services covered by it.

31 It follows that Article 3(1)(d) of the Directive must be interpreted as only precluding registration of a trade mark where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought.

The second part of the question

32 By the second part of its question, the national court is asking whether Article 3(1)(d) of the Directive precludes registration of a trade mark only where the signs or indications of which the trade mark is exclusively composed describe the properties or characteristics of the goods and services in respect of which the mark is sought to be registered or also where those signs or indications are advertising slogans, indications of quality or incentives to purchase even if they do not describe the properties or characteristics of those goods and services.

33 The United Kingdom Government submits that trade marks will fall within Article 3(1)(d) of the Directive even if the signs or indications of which they are composed are not directly descriptive of the goods or services in question but are commonly associated with those goods or services.

34 The Commission also argues that Article 3(1)(d) of the Directive does not lay down as a precondition for its application that the signs or indications of which a trade mark is composed directly describe the goods or services in respect of which the mark is sought to be registered. It considers that that provision prohibits registration of signs or indications which, as generic signs or names, designate the goods or services themselves or which, if they do not designate them, ordinarily have a particular additional connotation.

35 It must first of all be observed that, although there is a clear overlap between the scope of Articles 3(1)(c) and 3(1)(d) of the Directive, marks covered by Article 3(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered.

36 It follows that, in order for Article 3(1)(d) of the Directive to be effective, the scope of the provision in respect of which the Court's interpretation is sought should not be limited solely to trade marks which describe the properties or characteristics of the goods or services covered by them.

37 In that regard it must be pointed out that signs or indications constituting a trade mark which have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by that mark are not capable of distinguishing the services of one undertaking from those of other undertakings and do not therefore fulfil the essential function of a trade mark — unless the use which has been made of those signs or indications has enabled them to acquire a distinctive character capable of being recognised under Article 3(3) of the Directive.

38 In such a case it is not therefore necessary to consider whether the signs or indications in question are descriptions of the properties or characteristics of the goods or services.

39 It also follows that, where the signs or indications concerned have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by the mark, it is of little consequence that they are used as advertising slogans, indications of quality or incitements to purchase those goods or services.

40 However, registration of a trade mark which consists of signs or indications that are also used as advertising slogans, indications of quality or incitements to purchase the goods or services covered by that mark is not excluded as such by virtue of such use. It is for the national court to determine in each case whether the signs or indications have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by that mark.

41 It follows that Article 3(1)(d) of the Directive must be interpreted as meaning that it subjects refusal to register a trade mark to the sole condition that the signs or indications of which the trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought. It is immaterial, when that provision is applied, whether the signs or indications in question describe the properties or characteristics of those goods or services.

Costs

42 The costs incurred by the German and United Kingdom Governments and by the Commission of the European Communities, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the proceedings pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT,

in answer to the question referred to it by the Bundespatentgericht by order of 20 October 1999, hereby rules:

1. Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as only precluding registration of a trade mark where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought.

2. Article 3(1)(d) must also be interpreted as meaning that it subjects refusal to register a trade mark to the sole condition that the signs or indications of which the trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought. It is immaterial, when that provision is applied, whether the signs or indications in question describe the properties or characteristics of those goods or services.

Rodríguez Iglesias Gulmann Wathelet

Skouris Puissochet Jann

Sevón Schintgen Macken

Colneric Timmermans

Delivered in open court in Luxembourg on 4 October 2001.

R. Grass

Registrar

G.C. Rodríguez Iglesias

President