JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)

22 June 2005 *

In Case T-19/04,

Metso Paper Automation Oy, established in Helsinki (Finland), represented by J. Tanhuanpää, lawyer,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by S. Laitinen, acting as Agent,

defendant,

ACTION against the decision of the First Board of Appeal of OHIM of 17 November 2003 (Case R 842/2002-1) concerning an application for registration of the Community word mark PAPERLAB,

* Language of the case: English.

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

composed of H. Legal, President, P. Mengozzi and I. Wiszniewska-Białecka, Judges,

Registrar: B. Pastor, Deputy Registrar,

having regard to the application lodged at the Registry of the Court of First Instance on 19 January 2004,

having regard to the response lodged at the Registry of the Court of First Instance on 26 April 2004,

further to the hearing on 16 February 2005,

gives the following

Judgment

Background

1 On 13 February 2002, the applicant filed an application with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) for a

Community trade mark pursuant to 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 word mark PAPERLAB.

3 The goods for which registration was sought are in class 9 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 are described as follows: 'computer equipment and measuring installations for surveying and testing of paper'.

4 By decision of 18 September 2002 the examiner rejected the application for registration pursuant to Article 38 of Regulation No 40/94 on the ground that the mark applied for did not have distinctive character and was descriptive of the goods concerned within the meaning of Article 7(1)(b) and (c) of Regulation No 40/94.

5 On 14 October 2002, the applicant lodged an appeal with OHIM against the examiner's decision.

6 By decision of 17 November 2003, notified to the applicant by letter of 20 November 2003, the First Board of Appeal of OHIM upheld the examiner's decision in so far as it rejected the application for registration on the basis of Article 7(1)(c) of Regulation No 40/94 and remitted the case to the examiner to appraise the trade mark application on the basis of Article 7(3) of Regulation No 40/94.

Forms of order sought

7 The applicant claims that the Court of First Instance should:

— annul the contested decision insofar as registration of the word mark PAPERLAB was refused on the basis of Article 7(1)(c) of Regulation No 40/94;

— order OHIM to pay the costs.

8 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

9 In support of its action, the applicant relies on a single plea alleging infringement of Article 7(1)(c) of Regulation No 40/94.

Arguments of the parties

10 The applicant submits that the PAPERLAB mark is not descriptive of the goods for which registration was sought, but that it is only suggestive. It puts forward three arguments in that connection.

11 First, no direct link can be shown between the PAPERLAB mark and the goods in question. 'Paperlab' is an invented term because the combination of the words 'paper' and 'lab' is unusual. The PAPERLAB mark has a specific place and function on the relevant market because the target public consists only of a small group of professionals working in the paper industry.

12 In order to establish the absence of a direct link between the PAPERLAB mark and the goods for which registration was sought, the applicant first of all analyses the meaning of the words 'paper' and 'lab' and claims that the key part of the PAPERLAB sign is the word 'lab'. According to various definitions 'lab' (or 'laboratory') denotes a room, building or place used for conducting scientific tests and research or for teaching science, or a place where medicines or chemicals are produced. There is a significant difference in meaning between a place on the one hand, and equipment, such as the goods for which registration was sought, on the other. When consumers see or hear the word 'paperlab' they cannot therefore tell that it refers to equipment and not to a building or place in which scientists work.

13 Next, as regards the invented character of the PAPERLAB mark, the applicant submits that that word sign is the result of an original construction using the words 'paper' and 'lab' juxtaposed to create an unusual structure which is not a familiar expression in the English language. That lexical invention, like the mark BABY- DRY

(Case C-383/99 P *Procter and Gamble* v *OHIM* [2001] ECR I-6251, paragraph 40), gives distinctive character to the mark so formed, enabling it to carry out its main function, namely that of identifying the undertaking which puts the goods on the market.

14 Finally, in respect of the particular place and function of the PAPERLAB mark on the relevant market, the applicant recalls that the target public is a small group of technical experts and engineers working in the paper industry, a definition accepted by the Board of Appeal, who carefully review the product and the mark used with it. That public is therefore perfectly capable of understanding the ordinary meanings of the words 'paper' and 'lab' and of evaluating the distinctive character of the combination of those two words and their use to describe electronic equipment and not a service. Further, on the one hand no third party would use the word 'paperlab' or have a particular need or interest to use it for trade purposes, and on the other the PAPERLAB mark does not restrict the rights of third party undertakings who can still freely use the words 'paper', 'laboratory' and 'lab', either separately or in combination.

15 Secondly, the applicant claims that the PAPERLAB mark has been registered in Finland for identical goods, and, for similar goods, in the Benelux countries, Japan and some Anglo-Saxon countries (the United States and Canada) where the target public can have no uncertainty as to the meaning in English of the words 'lab', 'paper' or 'laboratory'. The large number of those registrations is an important indication as to the registrability of the PAPERLAB mark at Community level.

16 Thirdly, OHIM has allowed registration of marks having a combination of words similar to that used to make up the PAPERLAB mark for goods in Class 9, in particular electronic circuit equipment or computer accessories. The contested decision is not therefore consistent with OHIM's practice in previous decisions. The applicant cites as examples the IQ-PAPER, PAPERMARK, PAPERPAD, PAPER-GATE and PAPERMASTER marks.

17 In its defence, OHIM shares the Board of Appeal's view that the PAPERLAB mark is descriptive.

18 First, considering the meaning of the words 'paper' and 'lab', the goods for which registration of the mark was sought and the target public, the PAPERLAB mark describes in English, in a simple, straightforward manner, the intended function or purpose of the goods concerned owing to the sufficiently direct and precise connection between the PAPERLAB sign and those goods. That sign is therefore understood by the relevant public as meaning a testing unit or system for paper and paper products, rather than a laboratory, in the classic sense of the word.

19 According to OHIM, the juxtaposition of the words 'paper' and 'lab' in the PAPERLAB sign is also not unusual from a syntactic point of view, but corresponds to the normal and grammatically correct way of referring to the kind of goods concerned. Those two words are clearly susceptible of being used in common parlance by the public concerned to designate the characteristics of the goods. The 'paperlab' combination is therefore unable to confer distinctive character on the mark applied for, because it does not produce a different meaning from that produced by the words 'paper' and 'lab' in everyday language, unlike the combination at issue in the *Procter and Gamble* v *OHIM* case, cited above. Thus OHIM agrees with the applicant's analysis of the target public, but concludes that it is precisely because of the experience and knowledge of that specialised public that it is able to grasp the exact technical meaning of the term 'paperlab'. For that public, the PAPERLAB mark delivers a clear and direct message, namely that the applicant provides equipment designed like a laboratory for surveying and testing paper.

20 It is also not necessary that the sign be actually in use at the time of the application for registration in a way that is descriptive of the goods or of the characteristics of those goods. It is sufficient that those signs and indications could be used for such purposes.

21 Secondly, OHIM states that although national decisions on earlier registrations may be taken into consideration in the examination of applications for the registration of Community trade marks, such decisions are not binding.

22 Thirdly, when OHIM examines an application for registration of a trade mark and must assess whether or not any of the absolute grounds for refusal set out in Article 7 of Regulation No 40/94 apply, it must reach its decision in the light of the characteristics peculiar to the mark applied for and in relation to the goods and services as described in the application for registration. Therefore OHIM's earlier decisions on the registration of trademarks having similarities with the PAPERLAB mark cannot bind OHIM in its assessment in this case of whether or not any absolute grounds for refusal apply, even less so because the marks referred to by the applicant are different from the PAPERLAB mark inasmuch as they do not relate to the same words and refer to goods and services other than those for which registration of the mark was sought.

Findings of the Court

23 Under Article 7(1)(c) of Regulation No 40/94 '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 or service' are not to be registered. Furthermore, Article 7(2) of that regulation specifies that 'Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community'.

24 The signs and indications referred to in Article 7(1)(c) of Regulation No 40/94 are those which may serve in normal usage from the point of view of the target public to designate, either directly or by reference to one of their essential characteristics, the

goods or service in respect of which registration is sought (*Procter and Gamble* v *OHIM*, cited above, paragraph 39, and Case T-222/02 *HERON Robotunits* v *OHIM (ROBOTUNITS)* [2003] ECR II-4995, paragraph 34).

25 It follows that, for a sign to be caught by the prohibition set out in that provision, there must be a sufficiently direct and specific relationship between the sign and the goods and services in question to enable the public concerned immediately to perceive, without further thought, a description of the goods and services in question or one of their characteristics (see, to that effect, Case T-311/02 *Lissotschenko and Hentze* v *OHIM (LIMO)* [2004] ECR II-2957, paragraph 30).

26 For a trade mark which consists of a neologism or a word produced by a combination of elements to be regarded as descriptive within the meaning of Article 7(1)(c) of Regulation No 40/94, it is not sufficient that each of its components may be found to be descriptive. The word or neologism itself must be found to be so (Joined Cases T-367/02 to T-369/02 *Wieland-Werke* v *OHIM (SnTEM, SnPUR, SnMIX)* [2005] ECR II-47, paragraph 31).

27 In addition, a trade mark consisting of a neologism or a word composed of elements each of which is descriptive of characteristics of the goods or services in respect of which registration is sought is itself descriptive of the characteristics of those goods or services for the purposes of Article 7(1)(c) of Regulation No 40/94, unless there is a perceptible difference between the neologism or the word and the mere sum of its parts. That assumes that, because of the unusual nature of the combination in relation to the goods or services, the neologism or word creates an impression which is sufficiently far removed from that produced by the mere combination of meanings lent by the elements of which it is composed, with the result that the word is more than the sum of its parts (*SnTEM, SnPUR, SnMIX*, cited above, paragraph 32). In that connection, an analysis of the term in question in the light of the relevant lexical

and grammatical rules is also useful (see, to that effect, *ROBOTUNITS*, cited above, paragraph 39, and Case T-173/03 *Geddes* v *OHIM (NURSERYROOM)* [2004] ECR II-4165, paragraph 21).

28 In this case, the goods for which registration of the PAPERLAB mark is sought are computer equipment and measuring installations for surveying and testing of paper. Since the goods concerned are specialised equipment, the relevant public effectively consists of professionals and consumers experienced in the sector of computer equipment and measuring installations for surveying and testing of paper and has a command of English.

29 As regards the applicant's argument that there is no direct link between the PAPERLAB mark and the goods in question, it is not disputed that that mark consists of two distinct elements, namely the word 'paper' and the word 'lab'. The word 'paper' is a direct reference to the intended purpose and therefore to a characteristic of the goods for which registration of the mark is sought. 'Lab' describes a function of the goods for which registration of the mark is sought. It is common ground that the word 'lab' denotes a laboratory and that the intended purpose of the products for which registration of the mark is sought is the surveying and testing of paper, activities usually carried out in or by a laboratory. It is true that the first meaning of the word 'lab' is a place rather than equipment. However, that meaning must be analysed in relation to the goods covered in the trade mark application. From that viewpoint, the word 'lab' is perfectly capable of describing equipment or apparatus designed to carry out surveys and tests.

30 In light of those elements, the target public is able to understand the meaning of the words 'paper' and 'lab' as referring respectively to paper and a laboratory. Therefore both of the words in the PAPERLAB mark must be regarded as descriptive of one of

the characteristics or functions of the goods for which registration of the mark is sought.

31 Moreover, the target public is able to understand the PAPERLAB sign as denoting a system designed like a laboratory for surveying and testing paper, as the Board of Appeal rightly observed. Owing to its command of English and technical knowledge of the goods and the paper industry, that experienced and qualified public is perfectly aware of the nature, characteristics and intended use of the computer equipment and measuring installations for surveying and testing paper. It will therefore associate the PAPERLAB mark with the goods for which registration is sought. It is precisely on account of that public's professionalism and experience that it is able to grasp the exact technical meaning of the word 'paperlab', contrary to the applicant's claims.

32 In respect of the applicant's argument relating to the invented character of the PAPERLAB mark, the structure of the 'paperlab' combination is not unusual. On the contrary, the sign in question, in coupling the words 'paper' and 'lab' in the grammatically correct order in English, does not create an impression on the part of the relevant public sufficiently removed from that produced by the mere juxtaposition of the words to change their meaning or scope. Thus it will not be perceived as unusual by the target public. Accordingly, the Board of Appeal did not fail to apply the principles laid down by *Procter & Gamble* v *OHIM*, cited above (paragraphs 43 and 44), having regard to the fact that in this case the mark applied for is not a lexical invention.

33 It follows from the foregoing that the Board of Appeal was right in its finding that the PAPERLAB mark described in English in a simple and straightforward manner the intended function of the goods for which registration of the mark was sought. The word sign PAPERLAB does not create an impression sufficiently removed from that produced by merely joining the words 'paper' and 'lab'. Moreover, the 'paperlab' sign could also be perceived as denoting one of the technical characteristics of the

goods in question, since this is a question of computer equipment and measuring installations which have been designed to work like a real mobile laboratory in order to obtain, on the spot, services usually performed in a laboratory.

34 That finding cannot be called in question by the applicant's argument that the word 'paperlab' is not used in everyday language and is not in the dictionary. In order for OHIM to refuse to register a trade mark under Article 7(1)(c) of Regulation No 40/94, it is not necessary that the signs and indications composing the mark that are referred to in that article actually be in use at the time of the application for registration in a way that is descriptive of goods or services such as those for which the application is filed, or of the characteristics of those goods or services. It is sufficient, as the wording of that provision itself indicates, that such signs and indications could be used for such purposes. A sign must therefore be refused registration under that provision if at least one of its possible meanings designates a characteristic of the goods or services concerned (Case C-191/01 P *OHIM* v *Wrigley* [2003] ECR I-12447, paragraph 32). Further, OHIM is not obliged to prove that the sign is in the dictionary. The registrability of a sign as a Community trade mark must be assessed only on the basis of the relevant Community legislation as interpreted by the Community Courts. Therefore it is sufficient that the Board of Appeal applied the descriptiveness test, as interpreted by the case-law, in order to reach a decision and it was not obliged to justify its action by the production of evidence (Case T-289/02 *Telepharmacy Solutions* v *OHIM (TELEPHARMACY SOLUTIONS)* [2004] ECR II-2851, paragraph 54).

35 Since it is established that the PAPERLAB sign may be descriptive of one of the functions of the goods for which registration of the PAPERLAB mark is sought, the argument that third parties may use the general words 'paper', 'lab' and 'laboratory', separately or in combination, is irrelevant.

36 It follows from the foregoing that the applicant's first argument is not well founded.

37 The applicant's second argument that there are national decisions on earlier registrations of the PAPERLAB mark for identical or similar products is also not well founded. The Community trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it; it applies independently of any national system (Case T-32/00 *Messe München* v *OHIM (electronica)* [2000] ECR II-3829, paragraph 47). The registrability of a sign as a Community trade mark must therefore be assessed by reference only to the relevant Community rules. OHIM and, if appropriate, the Community judicature are not bound by a decision given in a Member State, or a third country, that the sign in question is registrable as a national mark. That is so even if such a decision was adopted under national legislation harmonised with 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) or in a country belonging to the linguistic area in which the word sign in question originated (Case T-106/00 *Streamserve* v *OHIM (STREAMSERVE)* [2002] ECR II-723, paragraph 47).

38 In this case, there are no grounds for concluding that the Board of Appeal failed to have regard to the relevant Community rules when it analysed the registrability of the PAPERLAB sign as a Community trade mark. Moreover, according to the case-law cited above, it was free to take into consideration the fact that the PAPERLAB mark was registered in two English-speaking countries (the United States and Canada) and draw the appropriate conclusions regarding the approach to adopt in respect of the registration of the PAPERLAB mark.

39 The applicant's third argument that in the past OHIM has allowed registration of marks having a combination of words similar to that used to make up the PAPERLAB mark is also not well founded. In the first place, the marks cited by the applicant can be distinguished from the PAPERLAB mark applied for in that they denote goods and services other than those involved in this case. Secondly, decisions concerning registration of a sign as a Community trade mark which the Boards of Appeal are called on to take under Regulation No 40/94 are adopted in the exercise of circumscribed powers and are not a matter of discretion. Accordingly, the registrability of a sign as a Community trade mark must be assessed only on the basis of the relevant Community legislation, as interpreted by the Community judicature, and not on the basis of a different approach taken in the past by the Boards of Appeal in their decisions (Case T-323/00 *SAT.1* v *OHIM (SAT.2)* [2002] ECR II-2839, paragraph 60, not invalidated on this point by Case C-329/02 P *SAT.1* v *OHIM* [2004] ECR I-8317).

40 It follows from the foregoing that the sole plea regarding infringement of Article 7(1)(c) of Regulation No 40/94 cannot be accepted. The action must therefore be dismissed.

Costs

41 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 were applied for in the successful party's pleadings. Since the applicant has been unsuccessful, it must be ordered to pay the costs, as applied for by OHIM.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. Dismisses the action;

2. Orders the applicant to pay the costs.

Legal Mengozzi Wiszniewska-Białecka

Delivered in open court in Luxembourg on 22 June 2005.

H. Jung H. Legal

Registrar President