JUDGMENT OF THE GENERAL COURT (Second Chamber)

29 September 2010 *

In Case T-378/07,

CNH Global NV, established in Amsterdam (Netherlands), represented by M. Edenborough, Barrister, and R. Harrison, Solicitor,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by A. Folliard-Monguiral, acting as Agent,

defendant,

* Language of the case: English.

ACTION against the decision of the First Board of Appeal of OHIM of 5 July 2007 (Case R 1642/2006-1), relating to an application for registration as a Community trade mark of a sign representing a tractor in red, black and grey,

THE GENERAL COURT (Second Chamber),

composed of I. Pelikánová, President, K. Jürimäe and S. Soldevila Fragoso (Rapporteur), Judges,

Registrar: K. Pocheć,

having regard to the application lodged at the Registry of the General Court on 2 October 2007,

having regard to the response lodged at the Court Registry on 15 January 2008,

having regard to the reply lodged at the Court Registry on 13 May 2008,

further to the hearing on 17 March 2010,

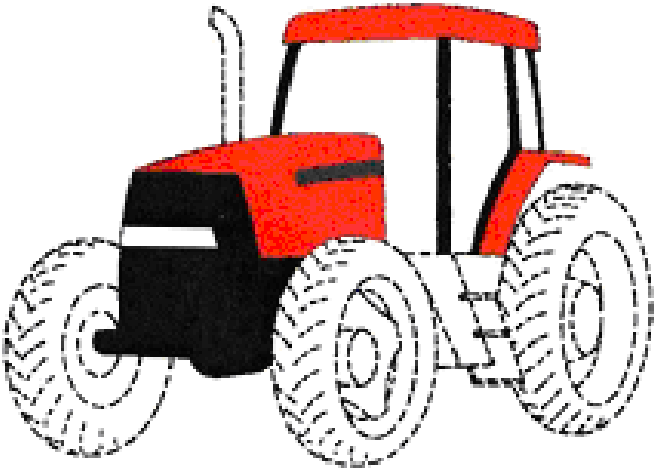
gives the following

Judgment

Background to the dispute

1 On 15 July 2004, the applicant, CNH Global NV, filed an application for registration of a Community trade mark with the Office for Harmonisation 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 (replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1)).

2 Registration as a trade mark was sought for the following figurative sign:



3 The sign at issue is described as '[a] combination of the colours red, black and grey as applied to the exterior surfaces of a tractor, namely red as applied to the bonnet, roof and wheel arches, light and dark grey as applied to the bonnet in a horizontal stripe and black as applied to the front bonnet grill, chassis and vertical trim'.

4 The goods in respect of which registration was sought are in Class 12 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: 'tractors'.

5 On 27 October 2006, the examiner rejected the application for registration on the ground that, even though the applicant had shown it had 'outstanding' sales figures in the Member States in Western Europe, it had failed to prove extensive use of the sign in the new Member States, which are mainly agricultural and that, consequently, the acquisition, by the mark applied for, of distinctive character through use in a substantial part of the European Community could not be established.

6 On 15 December 2006, the applicant filed an appeal against the examiner's decision. By decision of 5 July 2007 ('the contested decision'), the First Board of Appeal dismissed the appeal and confirmed the examiner's decision.

7 In essence, the Board of Appeal stated, first, that the relevant public was made up of farmers and, secondly, that, as the combination of colours at issue lacked inherent distinctive character, the mark applied for could be registered only on condition that it had acquired distinctive character through use in a substantial part of the Community. The Board of Appeal found that the applicant had not proved that that condition was satisfied because, first, it had not taken account of the new Member States in the definition of the relevant market and, secondly, the sales figures in those Member States, or even in some of the older Member States, were clearly insufficient to show intensive use of that sign.

Forms of order sought

8 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

9 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

10 The applicant raises essentially a single plea in law in support of its action, alleging infringement of Article 7(3) of Regulation No 40/94 (now Article 7(3) of Regulation No 207/2009).

Arguments of the parties

11 The applicant submits that the relevant public, which represents a very small percentage of the population as a whole, will perceive the combination of colours of the tractors which it manufactures as a trade mark and that it will do so in the same way in the various Member States.

12 The applicant takes the view that the relevant public includes present owners and prospective purchasers of tractors, but not those who are simply potentially interested in those goods, because only the first group has a real interest in the mark performing its essential function of identifying the commercial origin of the goods.

13 According to the applicant, the term 'farmer' should not be taken into account with a view to defining the relevant public, because it is imprecise and includes irrelevant persons, such as smallholders and farmers who do not have the means to purchase a tractor. Accordingly, the Board of Appeal was wrong to consider farmers in general to be the relevant public, and that error led it to misinterpret the evidence submitted.

14 The applicant therefore disputes OHIM's statement that the relevant public consists of farmers in general.

15 The applicant maintains that, according to the case-law, the distinctiveness of a mark acquired through use must be shown for a significant part of the public concerned, but not for that public as a whole. In addition, such proof has to be adduced as regards a substantial part of the relevant territory, but not the whole of that territory, because, contrary to OHIM's submission, there has been no change in case-law or legislation to that effect.

16 The applicant states, furthermore, that the view of OHIM that the acquisition by a trade mark of distinctiveness through use must be established for the whole territory of each Member State and for all members of the relevant public is 'unworkable'.

17 According to the applicant, the distribution of the relevant public is not uniform throughout all Member States and the level of appropriate use therefore changes in light of the particular conditions prevailing in each Member State.

18 The applicant submits that, in the present case, the absolute number of sales of the goods concerned, the geographical area covered, and the fact that sales are not uniformly distributed throughout the Community are not relevant for proving that the mark applied for has acquired distinctiveness through use in a substantial part of the Community. The number of sales in relation to the size of the market and the geographical distribution of members of the relevant public are relevant considerations.

19 The applicant maintains that, in the present case, the sales figures for the goods in respect of which registration is sought are 'outstanding' in the Member States in Western Europe. Accordingly, the mark applied for has become distinctive through use in the older Member States, which represent 90 % of the Community and thus constitute a substantial part of that territory, and it has therefore acquired such a distinctive character for the relevant public for the purposes of Article 7(3) of Regulation No 40/94.

20 The applicant states that the size of the population, the extent of the geographical area and the fact that the Member States in Eastern Europe are agricultural are circumstances which are irrelevant to determining that the mark applied for has acquired distinctive character through use in a substantial part of the Community. It submits that the relevant public is the factor to be taken into consideration. In any event, farms in those Member States are too small to use tractors and the relevant public in that part of the Community is consequently very small. OHIM was therefore wrong to state that the applicant ignored the Member States in Eastern Europe and dismissed the markets in the new Member States as insignificant.

21 The applicant submits that OHIM used its sales figures in a 'misleading, but more importantly … flawed' manner.

22 Furthermore, the applicant maintains that OHIM introduced in the response two issues which had not been raised before the examiner or the Board of Appeal concerning, first, the independence of the two representatives of the professional associations whose affidavits were submitted as Annexes to the application and their capacity to determine how a particular mark is perceived in Europe and, second, the use of the mark applied for in conjunction with the word mark CASE or CASE INTERNATIONAL. Those arguments are unfounded, since, first, those representatives are well placed to determine how the mark is perceived and, second, the word elements

in the mark applied for are illegible, and the combination of colours remains the sole distinctive element.

23 Lastly, the applicant states that direct evidence showing that the combination of colours of a tractor may constitute an indication of commercial origin, as well as photographs showing that combination of colours, were submitted. It has also been proved that specific promotion of its tractors had been carried out, which was focussed on the relevant public.

24 OHIM disputes all of the arguments put forward by the applicant.

Findings of the Court

25 Colours or combinations of colours as such are capable of constituting Community trade marks and may per se acquire, for the goods or services in respect of which registration is sought, a distinctive character in consequence of the use which has been made of them, by virtue of Article 7(3) of Regulation No 40/94 (Case C-447/02 P *KWS Saat* v *OHIM* [2004] ECR I-10107, paragraph 79, and Case T-137/08 *BCS* v *OHIM - Deere (Combination of the colours green and yellow)* ECR II-4047, paragraph 28).

26 In the present case, the applicant does not dispute the findings of the examiner or the Board of Appeal as regards the lack of inherent distinctive character of the mark applied for, but confines the argument to the application of Article 7(3) of Regulation No 40/94 to the sign at issue.

27 Under Article 7(3) of Regulation No 40/94, the absolute grounds referred to in Article 7(1)(b) to (d) of that regulation (now Article 7(1)(b) to (d) of Regulation No 207/2009) do not preclude a mark from being registered if it has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

28 In that regard, first, it must be pointed out that it is apparent from the case-law that the acquisition of distinctive character through use of a mark requires that at least a significant proportion of the relevant section of the public identifies the goods or services concerned as originating from a particular undertaking because of the mark (judgment of the General Court of 12 September 2007 in Case T-141/06 *Glaverbal* v *OHIM (texture of a glass surface)*, not published in the ECR, paragraph 32; see also, by analogy, Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 52; and Case C-353/03 *Nestlé* [2005] ECR I-6135, paragraph 30).

29 That identification must be as a result of the use of the sign as a trade mark and thus as a result of the nature and effect of it, which make it capable of distinguishing the goods or services concerned from those of other undertakings (see, by analogy, Case C-299/99 *Philips* [2002] ECR I-5475, paragraph 64, and *Nestlé*, paragraph 26).

30 Secondly, to have the registration of a mark accepted under Article 7(3) of Regulation No 40/94, it must be established that it has acquired distinctive character through use throughout the territory in which it did not, *ab initio*, have such character (see, to that effect, Case C-25/05 P *Storck* v *OHIM* [2006] ECR I-5719, paragraphs 83 and 86; *Texture of a glass surface*, paragraphs 35 and 40; judgments of the General Court of 10 March 2009 in Case T-8/08 *Piccoli* v *OHIM (shape of a scallop)*, not published in the ECR, paragraphs 36 and 41; and of 30 September 2009 in Case T-75/08 *Joop!* v *OHIM (!)*, not published in the ECR, paragraph 41; see also, by analogy, Case C-108/05 *Bovemij Verzekeringen* [2006] ECR I-7605, paragraph 22).

31 Thirdly, it is apparent from the case-law of the Court of Justice that, in determining whether the sign in question has acquired distinctive character following the use made of it, an overall assessment must be made of the evidence that the mark has come to identify the goods or services concerned as originating from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, by analogy, *Windsurfing Chiemsee*, paragraph 49).

32 For the purposes of assessing whether a mark has acquired distinctive character through use, the following items may be taken into consideration: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (*!*, paragraph 44; see also, by analogy, *Windsurfing Chiemsee*, paragraph 51, and *Nestlé*, paragraph 31).

33 Fourthly, the distinctive character of a sign, including that acquired through use, must be assessed in relation, first, to the goods or services in respect of which registration of the mark is applied for and, secondly, to the presumed perception of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect (see, by analogy, *Philips*, paragraphs 59 and 63, and *Nestlé*, paragraph 25).

34 Lastly, a mark must have become distinctive through use before the application was filed (Case C-542/07 P *Imagination Technologies* v *OHIM* [2009] ECR I-4937, paragraph 60, and judgment of the General Court of 11 February 2010 in Case T-289/08 *Deutsche BKK* v *OHIM (Deutsche BKK)*, not published in the ECR, paragraph 60).

35 It is in the light of the case-law referred to above that it is necessary to examine whether, in the present case, the Board of Appeal erred in law in rejecting the applicant's argument that the mark applied for has acquired distinctive character through use in a substantial part of the Community and should therefore have been registered for the goods concerned pursuant to Article 7(3) of Regulation No 40/94.

36 In that regard, it must be pointed out that the applicant disputes the definition of the relevant public used by the Board of Appeal as well as its assessment that the sign in question has not acquired distinctive character through use in a substantial part of the Community.

37 First, the applicant limits the definition of the relevant public with regard to whom the mark applied for has acquired distinctive character through use to present owners and prospective purchasers of tractors, whereas the Board of Appeal extends it to cover all farmers.

38 The Court takes the view that the definition of the relevant public is linked to an examination of the intended purchasers of the goods concerned, because it is in relation to those purchasers that the mark must perform its essential function. Consequently, such a definition must be arrived at by reference to the essential function of trade marks, namely to guarantee the identity of the origin of the goods or service covered by the mark to consumers or end-users by enabling them, without any possibility of confusion, to distinguish the goods or service from others which have another origin (*Texture of a glass surface*, paragraph 23 and the case-law cited).

39 Examined in the light of that case-law, the arguments which the applicant put forward to dispute the fact that the relevant public may be constituted by farmers in general and to exclude from that definition all those members of the population who are only potentially interested in the goods concerned are irrelevant.

40 First, farmers, as those who run farms, are the intended purchasers of the equipment necessary for farming, inter alia tractors. The applicant itself arrives at that conclusion when it concedes, in one of the documents submitted before the Court, that farmers are the typical consumers of tractors. The arguments relating to the small size of some farms and the budgetary constraints of farmers cannot call into question such a conclusion. As is apparent from the documents submitted by the applicant before the Court, various tractor manufacturers have succeeded in developing compact machines intended for use on small farms. Likewise, the fact that certain farmers do not have the means to purchase a tractor is a circumstance that may change over time or be overcome as a result of financing proposals made, for example, by distributors of agricultural machinery.

41 Secondly, the distinction which the applicant makes between prospective purchasers of tractors and people who are only potentially interested in such machinery is artificial. As regards trade mark law and, therefore, the identification of the commercial origin of goods placed on the market, tractors can be of no potential interest to anyone other than their prospective purchasers. Consequently, it is necessary to exclude the other 'interested parties', such as mechanics, historians, sociologists or political analysts, for whom the essential function of the mark, namely the identification of the commercial origin of those goods in order to make a purchasing choice, plays no part.

42 Furthermore, the arguments which the applicant put forward to challenge the definition of the relevant public used by the Board of Appeal do not show that the perception of the sign at issue on the part of present owners and potential purchasers of tractors is different from that of farmers in general. The adoption of that restrictive definition of the relevant public would also, moreover, mean that the applicant could artificially limit the section of the public in relation to whom it has to establish that the mark applied for has acquired distinctive character through use.

43 It follows from the foregoing that the Board of Appeal was right to state, in paragraph 13 of the contested decision, that the relevant public consisted of farmers, without drawing a distinction according to whether their interest in the purchase of a tractor was actual or potential.

44 Secondly, contrary to what the Board of Appeal found in paragraph 25 of the contested decision, the applicant claims that it has shown that the mark applied for has acquired distinctive character through use in a substantial part of the Community, as required by the case-law.

45 In that regard, it must be borne in mind that, under Article 1(2) of Regulation No 40/94 (now Article 1(2) of Regulation No 207/2009), the Community trade mark is to have a unitary character, which implies that it 'shall have equal effect throughout the Community'. It follows from the unitary character of the Community trade mark that, in order to be accepted for registration, a sign must have distinctive character throughout the Community. Therefore, under Article 7(2) of Regulation No 40/94 (now Article 7(2) of Regulation No 207/2009), a mark must not be registered if it lacks distinctive character in part of the Community (Case T-91/99 *Ford Motor* v *OHIM (OPTIONS)* [2000] ECR II-1925, paragraphs 23 to 25).

46 Article 7(3) of Regulation No 40/94, which permits registration of signs which have acquired distinctive character through use, must be read in the light of that requirement. According to the case-law cited in paragraph 30 above, it must be established that a mark has acquired distinctive character through use throughout the territory in which it did not have such character.

47 Contrary to the applicant's assertions, that case-law must not be confused with the case-law that explains the meaning of the phrase 'has a reputation' in a Member State or in the Community for the purposes of Article 5(2) of the 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) and of Article 9(1)(c) of Regulation No 40/94 (now Article 9(1)(c) of Regulation No 207/2009), a condition which a registered trade mark must satisfy in order to enjoy protection extending to non-similar goods or services. This case does not involve the examination of whether a sign satisfies the conditions for registration as a Community trade mark throughout the Community. Rather, the case involves the prevention of the use of a sign where an existing mark has a reputation either in a Member State or in the Community and the use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or reputation of that mark. Thus, the Court of Justice has held that, territorially, the existence of a reputation in a substantial part of a Member State, as regards Directive 89/104/EEC, or of the Community, as regards Regulation No 40/94, was sufficient to prohibit use of that sign (Case C-375/97 *General Motors* [1999] ECR I-5421, paragraphs 28 and 29, and Case C-301/07 *PAGO International* [2009] ECR I-9429, paragraphs 27 and 30).

48 In the present case, it follows from the above that, contrary to what the applicant maintains and what the Board of Appeal found in paragraph 19 of the contested decision, it must be established that the mark applied for has acquired distinctive character through use throughout the Community, as it existed at the time when the application for registration of the Community trade mark was filed, namely 15 July 2004, with the exception of the part of the Community in which the mark applied for

already had such a character *ab initio*. It is therefore in that territory, which includes those of the 10 new Member States which acceded to the European Union following the enlargement of 1 May 2004, that, according to the case-law referred to in paragraph 28 above, at least a significant proportion of the relevant section of the public must be able to identify the goods concerned as originating from a particular undertaking because of the mark applied for.

49 However, that error of assessment by the Board of Appeal cannot render the contested decision unlawful, because the conditions which must be taken into consideration to establish that the mark applied for has acquired distinctive character through use are stricter than those applied by the Board of Appeal. According to the case-law referred to in paragraph 30 above, in order to register the figurative sign applied for, the applicant should have established that the sign in question had, before the application for registration was filed, acquired distinctive character through use throughout the Community in respect of a significant part of the relevant public. To that end, the applicant could have submitted before OHIM various types of evidence of the kind referred to in paragraph 32 above, on the basis of the data available in each of the Member States (see, to that effect, *Combination of the colours green and yellow*, paragraph 39).

50 Despite the room for manoeuvre which it therefore had as far as proof was concerned, the applicant did not provide any evidence to show that distinctive character had been acquired in the 10 new Member States. First, it did not submit any evidence capable of substantiating its claims that it had made 'significant inroads' in those Member States and, secondly, it concedes that 'it is clear from the evidence that goods bearing the application have been sold in 23 of the (then) 25 Member States'. In addition, as is apparent from the documents submitted before the Court, the applicant accepts that, at the time when it filed the application for registration, it was not in a position to prove that the sign at issue had acquired distinctive character through use in those Member States. Accordingly, pursuant to Article 7(2) of Regulation No 40/94, lack

of distinctive character in part of the Community precludes registration of the mark applied for.

51 None of the arguments which the applicant has put forward concerning the evidential value of certain documents which it submitted in order to establish that the mark applied for has acquired distinctive character through use is capable of affecting that conclusion.

52 As regards, first, the affidavits from specialised members of the public which the applicant provided, it is to be noted that these do not come from all the Member States. The affidavits submitted by the applicant are exclusively from representatives of professional associations in Belgium and the United Kingdom and relate only to Belgium and the United Kingdom, countries to which the knowledge of those representatives is probably restricted.

53 It is true that those affidavits constitute direct evidence that the mark applied for has acquired distinctive character through use and that has not been disputed by the parties. Nevertheless, according to the case-law, the affidavits from professionals in two of the 25 Member States as at the date of filing of the application for registration of the mark are not capable of proving that the sign in question has acquired distinctive character in the other countries of the Community (see to that effect *Texture of a glass surface*, paragraph 39). Furthermore, in spite of its assertions at the hearing, the applicant has not established that those professionals were representatives of pan-European organisations whose affidavits relate to the whole of the Community. Consequently, those affidavits cannot be regarded as sufficient to establish that the mark applied for has acquired distinctive character through use outside those Member States.

54 As regards, secondly, sales volumes and advertising material, it must be pointed out that, according to the case-law, they constitute secondary evidence which may support, where relevant, direct evidence of distinctive character acquired through use, such as provided by the affidavits. Sales volumes and advertising material as such do not show that the public targeted by the goods in question perceives the sign as an indication of commercial origin. Accordingly, as regards the Member States for which no other evidence has been produced, proof of distinctive character acquired through use cannot be furnished by the mere production of sales volumes and advertising material (see to that effect *Texture of a glass surface*, paragraph 41).

55 In the present case, it is apparent from an examination of the documentation submitted by the applicant that none of the documents relating to sales volumes or to advertising campaigns conducted show which part of the relevant public would identify the sign in question as an indication of commercial origin. Furthermore, the advertising material submitted is relatively limited, consisting merely of a few documents in English and German and of a statement of expenses for communications in respect of the mark applied for in eight Member States.

56 It is true that the applicant also submitted documents showing market shares corresponding to the mark applied for in the various Member States in order to prove that the penetration of the market in question had been wide-spread and long-lasting. Nevertheless, after comparing those market shares with the sales figures given by the applicant and with the data from an independent study also submitted by the applicant, the Court has noted significant inconsistencies. Consequently, the market shares submitted by the applicant are not reliable and are not therefore sufficient to show wide-spread and long-lasting penetration of the Community market by the mark applied for.

57 Lastly, as regards the photographs, these merely prove that the applicant used the combination of colours red, black and grey on its tractors. Nevertheless, like the sales volumes and advertising material, they do not in themselves show that the public targeted by the goods in question perceives the sign in question as an indication of commercial origin.

58 It follows from all of the foregoing that, as was stated in paragraph 49 above, the Board of Appeal's error in defining the relevant territory can have no bearing on the legality of the contested decision in so far as the applicant has not established that the mark applied for has acquired distinctive character through use throughout the Community.

59 Consequently, the single plea must be rejected and therefore the action as a whole dismissed.

Costs

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

On those grounds,

THE GENERAL COURT (Second Chamber)

hereby:

1. Dismisses the action;

2. Orders CNH Global NV to pay the costs.

Pelikánová Jürimäe Soldevila Fragoso

Delivered in open court in Luxembourg on 29 September 2010.

[Signatures]