JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)
9 October 2002 *

In Case T-173/00,

KWS Saat AG, established in Einbeck (Germany), represented by G. Würtenberger, lawyer, with an address for service in Luxembourg,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by A. von Mühlendahl, E. Joly, J. Miranda de Sousa and A. Di Carlo, acting as Agents,

defendant,

* Language of the case: German.

ACTION brought against the decision of the Second Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 19 April 2000 (Case R 282/1999-2),

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

composed of: R.M. Moura Ramos, President, J. Pirrung and A.W.H. Meij, Judges,

Registrar: B. Pastor, Principal Administrator,

having regard to the application lodged at the Registry of the Court on 28 June 2000,

having regard to the response lodged at the Registry of the Court on 10 October 2000,

having regard to the reply lodged at the Registry of the Court on 9 January 2001,

having regard to the rejoinder lodged at the Registry of the Court on 20 February 2001,

further to the hearing on 26 February 2002,

gives the following

Judgment

Background to the dispute

1 On 17 March 1997 the applicant filed an application for a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM, hereinafter 'the Office') 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 sign in respect of which registration was sought was the shade of orange *per se* with standard reference HKS7.

3 The goods and services in respect of which registration of the sign was sought are in Classes 7, 11, 31 and 42 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 descriptions:

— 'Treatment installations for seeds, namely for the cleaning, dressing, pilling, calibration, treatment with an active agent, quality control and sifting of seeds' in Class 7;

— 'Installations for drying seeds' in Class 11;

— 'Agricultural, horticultural and forestry products' in Class 31;

— 'Technical and business consultancy in the area of plant cultivation, in particular in the seed sector' in Class 42.

4 By a decision of 25 March 1999, the examiner refused the application under Article 38 of Regulation No 40/94, on the ground that the mark applied for was not distinctive within the meaning of Article 7(1)(b) of that regulation.

5 On 21 May 1999 the applicant filed an appeal against the examiner's decision at the Office under Article 59 of Regulation No 40/94.

6 By a decision of 19 April 2000 (hereinafter 'the contested decision'), which was served on the applicant on 28 June 2000, the Second Board of Appeal dismissed the appeal. It essentially found that the mark claimed was devoid of any distinctive character within the meaning of Article 7(1)(b) of Regulation No 40/94.

Forms of order sought

7 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to pay the costs.

8 The Office contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

9 At the hearing the applicant made an oral application to restrict the list of goods and services specified in the trade mark application. The list would essentially be confined to industrial goods and services for Classes 7 and 11, and agro-industrial goods and services for Classes 31 and 42. The applicant argues that restricting the list in this way makes it clearer who the business sectors actually concerned are.

10 The defendant considers, first, that such an application may not be made during the course of the proceedings and, second, that, even with such a restriction, the colour of the goods specified would not be distinctive for the relevant industrial sectors.

11 In that regard it must be borne in mind that the power to restrict the list of goods or services is vested solely in the applicant for the Community trade mark, who may at any time apply to the Office for that purpose under Article 44 of Regulation No 40/94 and Rule 13 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1).

12 It is clear from those provisions that the list of goods and services specified in a Community trade mark application may be restricted only in accordance with certain detailed rules. Since the application made by the applicant orally at the hearing does not comply with those rules, it cannot be considered to be an application for amendment within the meaning of those provisions. It does not appear from the file that the applicant made an application for amendment in the course of the procedure before the Board of Appeal (see, to that effect, Case T-24/00 *Sunrider* v *OHIM (VITALITE)* [2001] ECR II-449).

13 Secondly, to allow this application would be tantamount to changing the subject matter of the dispute pending before the Court and so infringe the principle of *audi alteram partem*. Under Article 135(4) of the Rules of Procedure of the Court of First Instance, the parties' pleadings may not change the subject-matter of the proceedings before the Board of Appeal. The task of the Court of First Instance in these proceedings is to review the legality of decisions of the Boards of Appeal. *A fortiori*, to restrict the list of goods and services, and therefore to alter the relevant public, in the course of the hearing before the Court of First Instance would necessarily alter the scope of the proceedings in a manner contrary to the Rules of Procedure. That does not preclude the possibility of a partial withdrawal, however, although that has not arisen here.

14 In the light of the foregoing considerations, the application to restrict the list of goods and services identified in the trade mark application must be refused as inadmissible. Accordingly these proceedings relate to the position as the Board of Appeal considered it.

The application for annulment

15 The applicant advances two pleas in law in support of its application, alleging, first, infringement of Article 7(1)(b) of Regulation No 40/94 and, second, infringement of Articles 73 and 74 of Regulation No 40/94.

Plea alleging infringement of Article 7(1)(b) of Regulation No 40/94.

Arguments of the parties

16 The applicant argues that customers perceive colours as an indication of the commercial origin of the goods in question. That is clear from the advertising used by the company which offers coloured seeds as a means of differentiating them from competitors' seeds. The applicant points out that all manufacturers use their own typical colour and indeed some seeds are sold in coloured form only.

17 It observes that the colours usually used for seeds are various shades of blue, yellow or red, and not orange, which is therefore an imaginative, unusual and original colour for the goods referred to. In addition, the particular shade of orange applied for, standard HKS7, is not the natural colour of the goods concerned. It is therefore immediately obvious to the relevant customers that, where the goods are coloured with HKS7 orange, they originate from a very specific supplier.

18 The applicant also disagrees with the Board of Appeal's view that the colour in question must be kept free. Unlike other colours in general use, orange is extremely unusual in the target business sector. Competitors therefore have no need to use that particular colour.

19 The applicant notes that the usual colour used for treatment installations for seeds is red rather than orange, and that such installations are distinct from agricultural machinery in general.

20 With regard to technical and business consultancy in the area of plant cultivation, the applicant argues that the one example of a Netherlands undertaking that uses orange in connection with services relating to the supply to the agricultural sector of advertising and the dissemination of information, which was first cited by the Office only at this stage of the proceedings, bears no relation to the services offered by the applicant and is not, therefore, sufficient to support the contention that orange is commonplace in the specific area of those services.

21 The Office considers that, in order for a colour *per se* to be capable of registration as a trade mark, it must be capable of distinguishing the goods and services concerned, and the public must be able to recognise it as a trade mark without

any prior information. The colour itself must enable the commercial origin of the goods and services with which it is associated to be identified without the help of additional features, yet not convey any other information to consumers.

22 The Office argues that some seeds are naturally orange. The consumer will therefore associate the colour with the goods and not with their commercial origin. The Office points out that the purpose of the colour is to draw the consumer's attention to certain specific characteristics, such as a treatment which the goods have undergone or a condition of their use, not to indicate their commercial origin. It argues that, even where a colour's purpose is to indicate commercial origin, an association in the mind of the consumer between a colour and a manufacturer can only be built up by consistent and reliable use.

23 The Office notes that use of all shades of orange is very widespread for agricultural machinery. Moreover, orange is the natural colour of red lead, an anti-corrosive used on such machinery. Standard HKS7 orange is therefore not perceived as an indication of the commercial origin of those machines, but as either decorative or functional. In addition, the Office claims that, given their characteristics and purpose, treatment installations for seeds fall under the general category of agricultural machinery, for which various hues of red and orange are commonplace.

24 With regard to the services, the Office points out that colours are used in all business sectors for decorative purposes and are therefore not perceived by consumers as indicating the commercial origin of the goods but merely as a decorative aspect of their commercial presentation. In this case, the Office considers that there is nothing to cause the consumer to associate the colour in question with the identity of the commercial origin of the services. Moreover, it notes that at least one of the applicant's competitors uses the colour orange and that that colour cannot therefore be regarded as wholly exceptional for those services.

Findings of the Court

25 It must first of all be observed that colours or colour combinations *per se* may constitute a Community trade mark in so far as they are capable of distinguishing the goods or services of one undertaking from those of another.

26 However, the fact that a category of signs is, in general, capable of constituting a trade mark does not mean that signs belonging to that category necessarily have distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94 in relation to a particular product or service.

27 Signs that are devoid of any distinctive character under Article 7(1)(b) of Regulation No 40/94 are incapable of performing the essential function of a trade mark, namely that of identifying the origin of the goods or services, thus enabling the consumer who acquired them to repeat the experience, if it proves to be positive, or to avoid it, if it proves to be negative, on the occasion of a subsequent acquisition.

28 A sign's distinctive character can be assessed only by reference, first, to the goods or services in respect of which registration is sought and, secondly, to the relevant public's perception of it.

29 Next, it must be observed that Article 7(1)(b) of Regulation No 40/94 does not draw any distinction between different types of sign. However the relevant public's perception is not necessarily the same in the case of a sign composed of a colour or colour combination *per se* as it is in the case of a word or figurative

mark, where the sign is independent of the appearance of the goods which it identifies. While the public is accustomed to perceiving word or figurative marks immediately as signs identifying the commercial origin of the goods, the same is not necessarily true where the sign forms part of the external appearance of the goods or where the sign is composed merely of a colour or colours used to signal services.

30 Lastly, it must be pointed out that colours or colour combinations may have a number of functions, including technical or decorative, or as indicating the commercial origin of goods or services. In that connection, in so far as the relevant public recognises the sign as an indication of the commercial origin of the goods or services, the fact that it serves several purposes simultaneously is immaterial to its distinctive character.

31 In this case, the Board of Appeal found that 'the services [in question] are not everyday goods, but are targeted at a specialist market operating in a particular sector'. The relevant public must be regarded as a particular sector of the public which is more knowledgeable and attentive than the general public. Nevertheless that public neither specialises in each of the goods and services taken separately, as the applicant indirectly suggests, nor is it a lay public made up of the sectors concerned generally, as defined by the Office at the hearing.

32 With regard to agricultural, horticultural and forestry products in Class 31, and especially seeds, which were the goods mentioned in particular by the applicant, it must be considered that, in view of their nature, and in particular their size and shape, which may make it difficult to affix a word or figurative mark to them, since the degree of knowledge of the relevant public enables it immediately to distinguish the shade of colour claimed from the natural colour of the goods, that public can recognise the colour as a specific aspect of the goods that enables their commercial origin to be identified. Moreover, since the seeds are for planting in

the earth out of sight, the relevant public will not be led to think that the shade of colour has any decorative or aesthetic function, but understand that it is intended to distinguish the goods so coloured from goods of a different commercial origin.

33 None the less, as the Board of Appeal found at paragraph 18 of the contested decision, the use of colours, including the shade of orange claimed or very similar shades, for those goods is not rare. The sign applied for will therefore not enable the relevant public immediately and with certitude to distinguish the applicant's goods from those of other undertakings which are coloured other shades of orange.

34 Further, even if the colour is not usual for certain categories of seed, such as maize or beet which were mentioned by the applicant at the hearing, it must be observed that other colours are also used by some undertakings to indicate that seeds have been treated.

35 In that regard it must be observed that, as was pointed out at paragraph 31 above, the relevant public has a degree of knowledge that is at least sufficient for it not to be unaware that seed colour may, amongst other things, indicate that seeds have been treated. In such cases, as the Board of Appeal pointed out, the relevant public will not perceive the colour claimed as an indication of the commercial origin of the seeds concerned.

36 That conclusion cannot be gainsaid by the applicant's argument that, as far as its goods are concerned, the colour claimed has no technical function for the purposes of seed preparation.

37 Given the general use of colours for technical purposes in the sector concerned, the relevant public cannot immediately disregard the possibility that the use of orange is or may be intended to indicate that the seeds have been treated. If it has no prior knowledge, the relevant public cannot infer that the orange colour applied for indicates the commercial origin of the seeds.

38 The trade mark application is, moreover, not limited to sugar beet and maize seeds and must therefore be assessed by reference to seeds in general, a category mentioned as an example of the agricultural products at issue in the trade mark application, and not by reference to the seeds of a particular specifically-designated species.

39 As regards treatment installations in Classes 7 and 11, it must be observed that these goods fall within the general category of agricultural machinery. The applicant did not plead any factors on the basis of which it is possible, by reason of the nature or intended purpose of such installations, or the ways in which they are marketed, to create a special category of goods for which certain colours are not commonly used. Moreover, the relevant public is also the average consumer, in this case of all agricultural machinery, and not a very specific public whose level of attention or knowledge is capable of influencing its perception of the colours used for agricultural machinery and which is especially well-informed just with regard to treatment installations.

40 In the light of those considerations, the Board of Appeal rightly stated, at paragraph 21 of the contested decision, that it is not rare to come across machines in that or a similar colour. It must be held that, being commonplace, the colour orange will not enable the relevant public to distinguish immediately and with certainty the applicant's installations from machines in similar shades of orange with a different commercial origin. Rather, it will perceive the colour claimed as merely an element of the finish of the goods in question.

41 As regards the services in Class 42, as is clear from paragraph 21 of the contested decision, the Board of Appeal found that the shade claimed would not be seen as an indication of origin without additional graphic or verbal elements.

42 In that regard the Court finds, first, that, as regards services, a colour does not attach to the service itself, services by nature having no colour, nor does it confer any substantive value. The relevant public can therefore distinguish between use of a colour as mere decoration and its use as an indication of the commercial origin of the service. In the absence, *inter alia*, of any words, the relevant public is able to determine at once whether the colour used in conjunction with the services is the result of an arbitrary choice made by the undertaking supplying those services.

43 On that point, it should be noted that, in the example given by the Office to demonstrate that use of orange for services as part of their commercial presentation is commonplace, the colour is used in combination with other colours as part of a logo and is ancillary to the predominant word mark; it is not used *per se*.

44 Secondly, in so far as it has not been established that the colour fulfils other more immediate functions, the colour is easily and instantly memorable to the relevant public as a distinctive sign for the services specified. The fact that a colour mark lacks communicative power, because it does not by itself enable the applicant to be identified as the supplier of the services concerned without additional graphic features, does not affect its distinctive character. It is not necessary for the sign to convey exact information as to the identity of the supplier of the services. It is sufficient that the mark enables the public concerned to distinguish the services it designates from those which have a different commercial origin.

45 Further, in so far as the colour claimed for the particular services is a specific shade, many colours remain available for identical or similar services. Accordingly, the Board of Appeal was wrong to find that registration of the sign would unduly restrict competitors' ability to choose to use that colour to present their services or identify their undertaking.

46 It must accordingly be concluded that the sign composed of the shade of orange *per se* is capable of enabling the relevant public to distinguish the services concerned from those of a different commercial origin when they come to make a choice on the occasion of a subsequent purchase.

47 It follows from all of the foregoing considerations that the plea alleging infringement of Article 7(1)(b) of Regulation No 40/94 must be upheld in relation to the services in Class 42 but dismissed in regard to agricultural, horticultural and forestry products within Class 31 and treatment installations in Classes 7 and 11.

Plea alleging infringement of Articles 73 and 74 of Regulation No 40/94

Arguments of the parties

48 The applicant argues that Article 73 of Regulation No 40/94 requires the Office to state the reasons on which its decisions are based. That obligation is intended to compel the Office to draw up its decisions with due care on the basis of factual research.

49 The applicant argues that the evidence on which the Office's decision was based was not communicated to it, making it impossible to verify the accuracy of the Office's research, to comprehend the reasoning underlying the decision and the merits thereof and, if appropriate, to contest its conclusions. The applicant considers that it was thereby deprived of its right to a hearing, and of the option of restricting the list of goods and services in the application.

50 Furthermore, the applicant states that any decision must, under Article 74(1) of Regulation No 40/94, be based on specific facts. The existence in this case of decisions similar to the contested decision does not remove the requirement to give reasons.

51 The Office states that a distinction must be drawn between the duty to give reasons and a duty to produce evidence conclusively to prove the substantive facts and correctness in law of that reasoning.

52 It points out that Article 73 of the Regulation must be construed in the light of the Community case-law, which provides that the extent of the duty to give reasons varies according to the nature of the act in question and the context in which it was adopted.

53 The Office states that by, exceptionally, giving the applicant the opportunity to submit a reply, the Court of First Instance specifically intended to enable it to contest the pertinence of the Office's arguments and the evidence adduced in support thereof.

Findings of the Court

54 First of all, the Office's duty to state the reasons on which its decisions are based is laid down in the first sentence of Article 73 of Regulation No 40/94.

55 The statement of reasons must enable the applicant, if need be, to take cognisance of the reasons for refusing its application for registration and to challenge the contested decision effectively (see, to that effect, Case T-135/99 *Taurus-Film* v *OHIM (Cine Action)* [2001] ECR II-379, paragraph 35, and Case T-136/99 *Taurus- Film* v *OHIM (Cine Comedy)* [2001] ECR II-397, paragraph 35).

56 As is clear from the contested decision in this case, the Board of Appeal described the various tests applied to determine whether a colour is distinctive, including in particular 'target customers'' perception of the colour, whether the colour is unusual, and the use made of it in relation to the various goods and services referred to. Although the statement of reasons in the contested decision is brief, it enables the applicant to take cognisance of the reasons why its application for registration was refused in regard to each of the goods and services specified. Moreover, on the difficult question as to whether seeds are coloured or not, the Board of Appeal gave more precise reasons, which included references to the factual evidence used. The applicant therefore had all the information necessary to comprehend the contested decision and to challenge its legality before the Community courts.

57 The second point to be made is that, under Article 73 of Regulation No 40/94, decisions of the Office are to be based only on reasons or evidence on which the parties concerned have had an opportunity to present their comments.

58 With regard to the applicant's submission that the evidence on the basis of which the Board of Appeal reached the contested decision was not communicated to it, and that it was not able to comment thereon, the Court finds that that evidence was not crucial for it to understand the decision and, if need be, exercise its right to restrict the list of goods and services specified. It appears from the grounds of appeal submitted to the Board of Appeal that the applicant was essentially aware of the arguments and facts which were going to be examined by the Board of Appeal for the purposes of determining whether to set aside or uphold the examiner's decision, and did therefore have an opportunity to state its views.

59 The Board of Appeal did not therefore infringe Article 73 of Regulation 40/94 by not communicating to the applicant the evidence used purely for the purposes of drawing up and justifying the contested decision, on the basis of grounds and reasoning with which the applicant was already acquainted.

60 Furthermore, on the question of the Office's obligation to examine the facts of its own motion pursuant to Article 74(1) of Regulation No 40/94, the Court finds that the Board of Appeal did consider and make use of a number of pertinent facts in assessing the sign's distinctive character in relation to the various goods and services referred to in the trade mark application. In that connection, the Office's earlier analogous decisions or the examples taken from the internet are not a substitute for the reasoning in the contested decision nor do they constitute new evidence not examined by the Office of its own motion, but they are additional factors put forward by the Office in its pleadings to enable the legal basis of the contested decision to be reviewed.

61 In the light of the foregoing considerations, the plea alleging infringement of Articles 73 and 74 must be rejected.

Costs

62 Under Article 87(3) of the Rules of Procedure of the Court of First Instance, where each party succeeds on some and fails on other heads the Court may order that the costs be shared. In this case, since the applicant has been successful only in regard to the services category, it must bear its own costs and two thirds of the costs incurred by the defendant.

On those grounds,

THE COURT OF FIRST INSTANCE (Second Chamber),

hereby:

1. Annuls the decision of the Second Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 19 April 2000 (Case R 282/1999-2) in regard to services in Class 42;

2. **Dismisses the remainder of the action;**

3. **Orders the applicant to bear its own costs and two thirds of the costs incurred by the defendant. The defendant shall bear one third of its costs.**

Moura Ramos Pirrung Meij

Delivered in open court in Luxembourg on 9 October 2002.

H. Jung

Registrar

R.M. Moura Ramos

President