JUDGMENT OF THE COURT (First Chamber)

9 September 2010 *

In Case C-265/09 P,

APPEAL under Article 56 of the Statute of the Court of Justice, brought on 10 July 2009,

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

appellant,

the other party to the proceedings being:

BORCO-Marken-Import Matthiesen GmbH & Co. KG, established in Hamburg (Germany), represented by M. Wolter, Rechtsanwalt,

applicant at first instance,

* Language of the case: German.

THE COURT (First Chamber),

composed of A. Tizzano, President of the Chamber, E. Levits, A. Borg Barthet, J.-J. Kasel and M. Safjan (Rapporteur), Judges,

Advocate General: Y. Bot,
Registrar: R. Grass,

having regard to the written procedure,

after hearing the Opinion of the Advocate General at the sitting on 6 May 2010,

gives the following

Judgment

1 By its appeal, the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) seeks to have set aside the judgment of 29 April 2009 of the Court of First Instance of the European Communities (now 'the General Court') in Case T-23/07 *BORCO-Marken-Import Mattthiesen* v *OHIM (α)* [2009] ECR II-861

('the judgment under appeal'), by which that court annulled the decision of the Fourth Board of Appeal of OHIM of 30 November 2006 (Case R 808/2006-4) dismissing the appeal against the decision of the examiner who had refused registration of the figurative sign 'α' as a Community trade mark ('the contested decision').

Legal context

2 Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) was repealed by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version) (OJ 2009 L 78, p. 1), which entered into force on 13 April 2009. Nevertheless, the present action is governed, having regard to the date of the facts, by Regulation No 40/94.

3 Under Article 4 of Regulation No 40/94:

'A Community trade mark may consist of any signs 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.'

4 Pursuant to Article 7(1) of that regulation, the following are not to be registered:

'...

(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 or service;

…'

5 In accordance with Article 74(1) of that regulation, '[i]n proceedings before it, [OHIM] shall examine the facts of its own motion.'

Background to the dispute

6 On 14 September 2005, BORCO-Marken-Import Matthiesen GmbH & Co. KG ('BORCO') filed an application for registration of the sign

α

as a Community trade mark.

7 The goods in respect of which registration was sought are in Class 33 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 description 'alcoholic beverages (except beers), wines, sparkling wines and beverages containing wine'.

8 By decision of 31 May 2006, the examiner refused the application for registration on the ground that the sign at issue lacked distinctive character, on the basis of Article 7(1)(b) of Regulation No 40/94. The examiner found that the mark applied for constituted a faithful reproduction of the Greek lower-case letter 'α', without graphical modifications, and that Greek-speaking purchasers would not detect in that sign an indication of the commercial origin of the goods described in the trade mark application.

9 On 15 June 2006, BORCO lodged an appeal with OHIM against that decision.

10 That appeal was dismissed by the contested decision on the ground that the sign at issue was devoid of the distinctive character required under Article 7(1)(b) of Regulation No 40/94.

The action before the General Court and the judgment under appeal

11 On 5 February 2007, BORCO brought an action before the General Court seeking the annulment of the contested decision, relying on three pleas in law alleging infringement of Article 7(1)(b), Article 7(1)(c) and Article 12 of Regulation No 40/94 respectively. BORCO submitted, inter alia, in the context of its first plea, that the sign at issue had the distinctive character required under Article 7(1)(b) of Regulation

No 40/94, in that it made it possible to identify the goods at issue in Class 33 under the Nice Agreement as coming from its undertaking and, consequently, to distinguish them from the goods of other undertakings. Owing to the fact that, under Article 4 of that regulation, marks may consist of letters, it could not be assumed that, by definition, such marks lack distinctive character, within the meaning of Article 7(1)(b) of that regulation, if Article 4 were not to be rendered meaningless.

12 In paragraph 39 of the judgment under appeal, the General Court first pointed out that the Fourth Board of Appeal of OHIM ought to have determined whether the sign was incapable of distinguishing, in the eyes of the average Greek-speaking consumer, BORCO's goods from those of a different origin, since a minimum degree of distinctiveness is sufficient to prevent application of the absolute ground for refusal provided for in Article 7(1)(b) of Regulation No 40/94.

13 As regards the analysis carried out in the case by that Board of Appeal, the General Court stated, in paragraphs 40 to 52 of the judgment under appeal, that the Board of Appeal had refused, in breach in particular of Article 4 of Regulation No 40/94, to accept that single letters can have distinctive character without undertaking the examination based on the facts mentioned above.

14 The General Court continued with its assessment of the decision of the Fourth Board of Appeal of OHIM as follows:

'53 Fourthly, the [Fourth] Board of Appeal [of OHIM] found, in paragraph 25 of the decision [in question], that the reference public "might" view the letter "α" as a

reference to quality ("A" quality), an indication of size, or of a type or kind of alcoholic beverage, such as those covered by the application.

54 OHIM cannot claim that, in making such a finding, the [Fourth] Board of Appeal [of OHIM] carried out an examination as to whether, on the facts, the sign at issue had distinctive character. As well as being of a doubtful nature which renders it valueless, that ground does not refer to any specific fact capable of substantiating the finding that the mark at issue would be perceived by the relevant public as a reference to quality, an indication of size, or of a type or kind, in respect of the goods covered by the application (see, to that effect, [Case T-302/06 *Hartmann* v *OHIM (E)* [2008] ECR II-132], paragraph 44). It follows that the [Fourth] Board of Appeal [of OHIM] failed to establish that the sign at issue lacked distinctive character.'

15 In paragraph 56 of the judgment under appeal, the General Court concluded:

'It follows from all of the foregoing that, by assuming from its lack of graphical modifications or ornamentations that, by definition, the sign at issue lacked distinctive character in relation to the Times New Roman character font, without carrying out an examination as to whether, on the facts, that sign is capable of distinguishing, in the mind of the reference public, the goods at issue from those of [BORCO's] competitors, the Board of Appeal misapplied Article 7(1)(b) of Regulation No 40/94.'

16 The General Court accordingly upheld the first plea and annulled the contested decision, without examining the other two pleas submitted by BORCO. Pointing out that, pursuant to Article 63(6) of Regulation No 40/94, it was for OHIM to re-examine BORCO's application for registration in the light of the grounds of the judgment under appeal, the General Court considered that there was no need to adjudicate on BORCO's second head of claim, which sought a declaration that Article 7(1)(b), (c)

and (2) of Regulation No 40/94 did not preclude the registration of the sign at issue in respect of the goods described in the application for registration.

Forms of order sought

17 In its appeal, in support of which it raises a single plea in law which is subdivided into three parts concerning, respectively, the requirement of an examination of distinctive character based on the facts, the allegedly doubtful nature of the a priori examination, and the burden of proof, OHIM claims the Court should:

— set aside the judgment under appeal;

— dismiss BORCO's action at first instance;

— in the alternative, refer the case back to the General Court, and

— order BORCO to pay the costs incurred before both the General Court and the Court of Justice.

18 BORCO contends that the Court should dismiss the appeal and order OHIM to pay the costs.

The appeal

The first part of the single plea

Arguments of the parties

19 OHIM claims that, contrary to the General Court's assessment, the examination of the distinctive character of a sign on the basis of Article 7(1)(b) of Regulation No 40/94 does not always imply a determination of whether that sign is capable of distinguishing the different goods in the context of an examination, based on the facts, focused on those goods.

20 The General Court applied Article 7(1)(b) of that regulation incorrectly inasmuch as it rejected the view of the Fourth Board of Appeal of OHIM on the sole ground that the Board of Appeal established, in respect of a specific category of signs, the principle that those signs cannot normally serve as an indication of origin. The General Court ought to have ascertained whether the Board of Appeal's assertion was actually correct.

21 In support of its argument, OHIM relies on the case-law of the Court in relation to three-dimensional signs (Case C-136/02 P *Mag Instrument* v *OHIM* [2004] ECR I-9165), and to marks consisting of colours (Case C-104/01 *Libertel* [2003] ECR I-3793, and Case C-49/02 *Heidelberger Bauchemie* [2004] ECR I-6129), and on the case-law of the General Court concerning advertising slogans and domain names. The case-law cited allows, for certain categories of signs, an examination of distinctive character, based on the facts, for the purposes of Article 7(1)(b) of Regulation

No 40/94, relying on general assertions concerning the consumer's perception and how that perception is conditioned, often forgoing a specific examination of the goods and services referred to in the trade mark application in question.

22 OHIM claims that, if it is permissible, in the context of assessing three-dimensional shapes, to maintain that consumers, in the absence of any graphic or word element, are not in the habit of making assumptions about the origin of products on the basis of their shape (*Mag Instrument* v *OHIM*, paragraph 30), it should also be permissible to maintain that consumers are not in the habit of making assumptions about the origin of products on the basis of single letters without any graphic element.

23 In the context of examining the category of signs consisting of colours, the Court has held that, save in exceptional cases, colours do not initially have a distinctive character, but may be capable of acquiring such character as the result of the use made of them in relation to the goods or services claimed (*Heidelberger Bauchemie*, paragraph 39). OHIM takes the view that an identical assertion should be permitted regarding single letters, more particularly in view of the fact that single letters are normally perceived as a designation of type or code numbers, an indication of size or other similar information.

24 BORCO contests the interpretation suggested by OHIM. It contends that the concept of distinctive character must be interpreted in the same way in respect of all categories of marks. Article 7(1)(b) of Regulation No 40/94 does not distinguish between different categories of marks as regards the assessment of their distinctive character. The distinctive character of a mark must always be assessed by reference to the goods or services in respect of which registration of the mark is sought. Such greater difficulty as might be encountered in the specific assessment of the distinctive character

of certain trade marks cannot, by itself justify the assumption that such marks are, a priori, devoid of distinctive character.

25 In contrast to what OHIM claims, the principles developed in the case-law in respect of the distinctive character of marks consisting of colours and three-dimensional marks are not transferable to the present case. Since the mark applied for is a figurative mark representing a single letter of the Greek alphabet, namely 'α', in an up-to-date font and without any other graphic element, the principles developed in relation to word marks should therefore be applied.

26 The empirical rule expounded by the Court that average consumers are not in the habit of making assumptions about the origin of goods on the basis of their shape or the shape of their packaging in the absence of any graphic or word element (Case C-25/05 P *Storck* v *OHIM* [2006] ECR I-5719, paragraph 27), is not transferable to the present case. A single letter is still a sign irrespective of the nature of the goods designated by the mark at issue. It is not, moreover, apparent that consumers' perception of a mark consisting of a single letter will be any different from that of a mark comprised of two or more letters.

27 In addition, the view that it is possible to dispense with an examination by reference to the goods and services specifically claimed clearly conflicts with the settled case-law of the Court.

Findings of the Court

28 As a preliminary point, it should be recalled that, according to Article 4 of Regulation No 40/94, letters are among the categories of signs of which a Community trade mark may consist, provided that they are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

29 However, the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service (Joined Cases C-456/01 P and C-457/01 P *Henkel* v *OHIM* [2004] ECR I-5089, paragraph 32).

30 Under that provision, marks which are devoid of any distinctive character are not to be registered.

31 According to settled case-law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (*Henkel* v *OHIM*, paragraph 34; Case C-304/06 P *Eurohypo* v *OHIM* [2008] ECR I-3297, paragraph 66; and Case C-398/08 P *Audi* v *OHIM* [2010] ECR I-535, paragraph 33).

32 It is settled case-law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public (*Storck* v *OHIM*, paragraph 25; *Henkel* v *OHIM*, paragraph 35; and *Eurohypo* v *OHIM*, paragraph 67).

Furthermore, the Court has held, as OHIM points out in its appeal, that that method of assessment is also applicable to an analysis of the distinctive character of signs consisting solely of a colour per se, three-dimensional marks and slogans (see, to that effect, respectively, Case C-447/02 P *KWS Saat* v *OHIM* [2004] ECR I-10107, paragraph 78; *Storck* v *OHIM*, paragraph 26; and *Audi* v *OHIM*, paragraphs 35 and 36).

33 However, while the criteria for the assessment of distinctive character are the same for different categories of marks, it may be that, for the purposes of applying those criteria, the relevant public's perception is not necessarily the same in relation to each of those categories and it could therefore prove more difficult to establish distinctiveness in relation to marks of certain categories as compared with marks of other categories (see Joined Cases C-473/01 P and C-474/01 P *Proctor & Gamble* v *OHIM* [2004] ECR I-5173, paragraph 36; Case C-64/02 P *OHIM* v *Erpo Möbelwerk* [2004] ECR I-10031, paragraph 34; *Henkel* v *OHIM*, paragraphs 36 and 38; and *Audi* v *OHIM*, paragraph 37).

34 In that regard, the Court has already stated that difficulties in establishing distinctiveness which may be associated with certain categories of marks because of their very nature – difficulties which it is legitimate to take into account – do not justify laying down specific criteria supplementing or derogating from application of the criterion of distinctiveness as interpreted in the case-law (see *OHIM* v *Erpo Möbelwerk*, paragraph 36, and *Audi* v *OHIM*, paragraph 38).

35 It is apparent from the case-law of the Court on Article 3 of 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 wording of which is identical to that in Article 7 of Regulation No 40/94, that the distinctive character of a mark must always be assessed specifically by reference to the goods or services designated (see, to that effect,

Libertel, paragraph 76, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraphs 31 and 33).

36 As the Advocate General observed at point 47 of his Opinion, the requirement of an examination as to whether, on the facts, the sign in question is capable of distinguishing the goods or services designated from those of other undertakings, allows for the accommodation of the ground for refusal laid down in Article 7(1)(b) of Regulation No 40/94 with the general capacity of a sign to constitute a trade mark recognised in Article 4 thereof.

37 In that regard, it should be pointed out that, even though it is apparent from the case-law cited that the Court has recognised that there are certain categories of signs which are less likely prima facie to have distinctive character initially, the Court, nevertheless, has not exempted the trade mark authorities from having to carry out an examination of their distinctive character based on the facts.

38 In relation, more particularly, to the fact that the sign at issue consists of a single letter with no graphic modifications, it should be borne in mind that registration of a sign as a trade mark is not subject to a finding of a specific level of linguistic or artistic creativity or imaginativeness on the part of the proprietor of the trade mark (Case C-329/02 P *SAT.1* v *OHIM* [2004] ECR I-8317, paragraph 41).

39 It follows that, particularly as it may prove more difficult to establish distinctiveness for marks consisting of a single letter than for other word marks, OHIM is required to assess whether the sign at issue is capable of distinguishing the different goods and services in the context of an examination, based on the facts, focusing on those goods or services.

40 Therefore, in ascertaining whether the Fourth Board of Appeal of OHIM carried out an examination as to whether, on the facts, the sign at issue was capable of distinguishing the goods designated from those of other undertakings, the General Court correctly applied Article 7(1)(b) of Regulation No 40/94.

41 It follows that the first part of the single plea must be rejected as unfounded.

The second part of the single plea

Arguments of the parties

42 According to OHIM, the General Court disregarded the fact that the examination of the distinctive character of a sign is an a priori examination and that, therefore, there is always an element of conjecture in the decision taken after that examination. It argues that the average consumer is a legal concept and that the examination of the distinctive character of a sign must be carried out independently of any actual use of that sign on the market.

43 BORCO contends that mere conjecture is not a sufficient basis for a finding that a sign is devoid of any distinctive character. If that were the case, OHIM could, without specific reasons, refuse any trade mark application for lack of distinctive character, relying solely on the conjecture that the mark at issue could possibly, for reasons unknown even to OHIM, be devoid of the required distinctive character. That course would not be consistent with the case-law of the Court, according to which OHIM

must, in the context of its examination of the absolute grounds for refusal, carry out a full and complete examination of all the relevant facts and circumstances.

Findings of the Court

44 It must be noted that the requirement to carry out an a priori examination of the distinctive character of a sign does not preclude that examination being based on the facts.

45 As is clear from the case-law of the Court, the examination of trade mark applications must not be minimal, but must be stringent and full, in order to prevent trade marks from being improperly registered and, for reasons of legal certainty and good administration, to ensure that trade marks whose use could be successfully challenged before the courts are not registered (see, to that effect, *Libertel*, paragraph 59, and *OHIM* v *Erpo Möbelwerk*, paragraph 45).

46 The very objective of an a priori review would be thwarted if, despite the requirement, recalled in paragraph 39 above, to carry out an examination, based on the facts, of the distinctive character of the mark applied for, it was open to OHIM, without relevant justification, to rely on conjecture or mere doubts.

47 It follows that the General Court was right to find, in paragraph 54 of the judgment under appeal, that the Fourth Board of Appeal of OHIM, by relying on a ground of conjecture, was not able to satisfy the requirements applicable to examination of the

distinctive character of a sign for which registration as a trade mark is sought under Regulation No 40/94.

48 Accordingly, the second part of the single plea must be rejected as unfounded.

The third part of the single plea

Arguments of the parties

49 OHIM claims that the General Court misjudged the burden of proof in the context of the examination carried out on the basis of Article 7(1)(b) of Regulation No 40/94, in so far as it held that OHIM must always establish the lack of distinctive character of the mark for which registration is sought by reference to specific facts.

50 As the registration procedure is an administrative procedure and not an adversarial one in which OHIM would have to prove to the applicant that the grounds for refusal were justified, it is for the applicant who is relying, on appeal, on the distinctive character of the mark applied for, to provide specific and substantiated information establishing that that mark has distinctive character.

51 According to OHIM, where it finds that a mark for which registration is sought is devoid of intrinsic distinctive character, it may base its analysis on facts arising from practical experience generally acquired from the marketing of general consumer goods, which are likely to be known by anyone and are, in particular, known by the consumers of those goods. In such a case, OHIM is not obliged to give examples of such practical experience.

52 The General Court disregarded that principle when, in paragraph of 54 of the judgment under appeal, it criticised the Fourth Board of Appeal of OHIM for not relying on any specific fact. The Board of Appeal was entitled, contrary to what the General Court held, to base its analysis on facts arising from the generally acquired experience according to which single letters are used normally as, inter alia, designations of type, code numbers or indications of size, and are perceived as such.

53 According to BORCO, those arguments are legally erroneous.

54 Pursuant to Article 74(1) of Regulation No 40/94, OHIM is required, when examining absolute grounds for refusal in the course of the registration procedure, to examine of its own motion the relevant facts. It is only where OHIM has set out specific indications of a lack of distinctive character that the applicant for a trade mark is able to refute those indications, and only then does the applicant bear a burden of proof in the context of legal proceedings. OHIM, in its appeal, disregards essential principles relating to the burden of proof.

Findings of the Court

55 It must be held at the outset that, in criticising the Fourth Board of Appeal of OHIM for not having established that the trade mark applied for lacked distinctive character, the General Court merely applied the case-law, cited in paragraph 35 above, according to which an examination, based on the facts, must always be carried out in relation to the distinctive character of the sign at issue.

56 As the Advocate General states in point 59 of his Opinion, considerations relating to the burden of proof, in the context of the procedure for registration of a mark, cannot exempt OHIM from the obligations imposed on it by Regulation No 40/94.

57 According to Article 74(1) of that regulation, when examining absolute grounds for refusal, OHIM is required to examine, of its own motion, the relevant facts which might lead it to apply such a ground.

58 Contrary to what OHIM claims, that requirement cannot be made relative or reversed, to the detriment of the applicant for a trade mark, on the basis of paragraph 50 of the judgment in Case C-238/06 P *Develey* v *OHIM* [2007] ECR I-9375.

59 As is apparent from that paragraph, it is only inasmuch as, despite OHIM's analysis, an applicant claims that a trade mark applied for is distinctive, that it is for that applicant to provide specific and substantiated information to show that the trade mark applied for has distinctive character (*Develey* v *OHIM*, paragraph 50).

60 Accordingly, since the analysis by the Fourth Board of Appeal of OHIM does not comply with the requirements set out in paragraph 35 above, such an obligation cannot be attributed to BORCO.

61 It follows that the third part of the single plea raised by OHIM is unfounded.

62 Given that none of the three parts of the single plea raised by OHIM is well founded, the appeal must be dismissed.

Costs

63 Under Article 69(2) of the Rules of Procedure, which applies to appeal proceedings by virtue of Article 118 thereof, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. As BORCO sought an order for costs against OHIM, and as it has been unsuccessful in its appeal, OHIM must be ordered to pay the costs.

On those grounds, the Court (First Chamber) hereby:

1. Dismisses the appeal;

2. Orders the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) to pay the costs.

[Signatures]