JUDGMENT OF THE GENERAL COURT (Eighth Chamber)

6 October 2011 *

In Case T-508/08,

Bang & Olufsen A/S, established in Struer (Denmark), represented initially by K. Wallberg and subsequently by J. Glaesel, lawyers,

applicant,

v

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

defendant,

ACTION brought against the decision of the First Board of Appeal of OHIM of 10 September 2008 (Case R 497/2005-1), concerning an application to register a three-dimensional sign representing a loudspeaker as a Community trade mark,

* Language of the case: English.

THE GENERAL COURT (Eighth Chamber),

composed of L. Truchot, President, M.E. Martins Ribeiro and H. Kanninen (Rapporteur), Judges,

Registrar: S. Spyropoulos, Administrator,

having regard to the application lodged at the Court Registry on 24 November 2008,

having regard to the response lodged at the Court Registry on 8 April 2009,

further to the hearing on 7 April 2011,

gives the following

Judgment

Background to the dispute

1 On 17 September 2003 the applicant, Bang & Olufsen A/S, filed an application for a Community trade mark with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), in accordance with 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 The mark in respect of which registration was sought is the three-dimensional sign reproduced below:



3 The goods and services in respect of which registration of the mark was sought are in Classes 9 and 20 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 correspond to the following description:

— Class 9: 'Electric and electronic apparatus and appliances for analogue, digital or optical reception, processing, reproduction, regulation or distribution of sound signals, loudspeakers';

— Class 20: 'Music furniture'.

4 By decision of 1 March 2005 the examiner rejected the application for registration of a Community trade mark, pursuant to Article 38 of Regulation No 40/94 (now Article 37 of Regulation No 207/2009), for all the goods listed in the preceding paragraph, after concluding that the mark applied for fell within the ground for refusal set out in Article 7(1)(b) of Regulation No 40/94 (now Article 7(1)(b) of Regulation No 207/2009). He found, in essence, that the mark applied for was devoid of any distinctive character and that it had not acquired distinctiveness through use, in accordance with Article 7(3) of Regulation No 40/94 (now Article 7(3) of Regulation No 207/2009).

5 On 27 April 2005 the applicant lodged an appeal with OHIM under Articles 57 to 62 of Regulation No 40/94 (now Articles 58 to 64 of Regulation No 207/2009) against the examiner's decision.

6 The First Board of Appeal of OHIM dismissed that appeal by decision of 22 September 2005 on the ground that the sign in question was barred from registration pursuant to Article 7(1)(b) of Regulation No 40/94 since it was devoid of any inherent distinctive character. The Board of Appeal found that, although the shape of the goods constituting the mark applied for and reflecting essentially aesthetic requirements had unusual features, the applicant had not shown that that shape was distinctive and that it therefore performed a trade mark function from the target consumers' point of view.

7 By application lodged at the Court Registry on 29 December 2005 the applicant brought an action, registered as Case T-460/05, against that decision, based on two pleas in law alleging infringement of Article 7(1)(b) and Article 7(3), respectively, of Regulation No 40/94. The applicant submitted, in particular, that the Board of Appeal had failed to examine its trade mark application pursuant to Article 7(3) of that regulation.

8 By decision of 24 February 2006 the Board of Appeal corrected its decision of 22 September 2005 by corrigendum. It stated that it had made an obvious mistake in failing to examine the application for registration under Article 7(3) of Regulation No 40/94. It considered that such a mistake fell within the scope of Rule 53 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1) and, pursuant to that rule, considered the application. Accordingly, the Board of Appeal corrected its decision of 22 September 2005, stating that the application for registration pursuant to Article 7(3) of Regulation No 40/94 was also rejected, on the ground that the body of evidence provided by the applicant was not sufficient to demonstrate distinctiveness acquired through use of the mark applied for.

9 The applicant submitted its observations on the content of the corrigendum by document lodged at the Court Registry on 3 May 2006.

10 By judgment of 10 October 2007 in Case T-460/05 *Bang & Olufsen* v *OHIM (Shape of a loudspeaker)* [2007] ECR II-4207, the Court upheld the applicant's action on the basis of the plea alleging infringement of Article 7(1)(b) of Regulation No 40/94.

11 First, the Court reviewed the arguments developed by each party and, on that occasion, noted, at paragraph 24 of the judgment, that OHIM considered that it was not certain that the position adopted by the Board of Appeal was the correct one and, accordingly, had asked the Court to determine whether a shape essentially inspired by aesthetic considerations but which does not give substantial value to the goods within the meaning of Article 7(1)(e)(iii) of Regulation No 40/94 (now Article 7(1)(e)(iii) of Regulation No 207/2009) and which differs significantly from a shape commonly used in trade, can perform a trade mark function.

12 Second, the Court, in its findings, stated the following at paragraphs 40 to 45 of the judgment:

'40 The examination of all the presentational features referred to above which make up the mark applied for leads to the conclusion that the shape of the mark is truly specific and cannot be considered to be altogether common. Thus the body of the loudspeaker is formed of a cone which looks like a pencil or an organ pipe the pointed end of which joins to a square base. In addition, a long rectangular panel is fixed to one side of that cone and heightens the impression that the weight of the whole rests only on the point which barely touches the square base. In that way, the whole creates a striking design which is remembered easily.

41 All those features distance the trade mark applied for from the customary shapes of the goods falling within the same category which are commonly found in trade and generally have straight lines with right angles. In that respect, it is indeed stated in paragraph 14 of the contested decision that "there is [no] doubt that the mark applied for is striking in some aspects." It is then specified:

"…compared to a normal loudspeaker, it is inordinately tall and narrow. Furthermore, the core of the speaker is, unusually, a tube, which joins to an inverted cone. The apex of the cone is attached to a square base."

42 Accordingly, the mark applied for departs significantly from the customs of the sector. It has characteristics which are sufficiently specific and arbitrary to retain the attention of average consumers and enable them to be made aware of the shape of the applicant's goods. Thus this is not one of the customary shapes of the goods in the sector concerned or even a mere variant of those shapes, but a shape

having a particular appearance which, having regard also to the aesthetic result of the whole, is such as to retain the attention of the public concerned and enable it to distinguish the goods covered by the trade mark application from those of another commercial origin …

43 Even if the existence of specific or original characteristics does not constitute an essential condition for registration, the fact remains that their presence may, on the other hand, confer the required degree of distinctiveness on a trade mark which would not otherwise have it.

44 As regards the Board of Appeal's argument that the shape of the product constituting the trade mark applied for cannot perform a trade mark function from the relevant consumers' point of view on the ground that that mark is essentially dictated by aesthetic considerations …, it suffices to state that, in so far as the relevant public perceives the sign as an indication of the commercial origin of the goods or services, whether or not it serves simultaneously a purpose other than that of indicating commercial origin is immaterial to its distinctive character …

45 In the light of all (of) the foregoing considerations, it must be concluded that, by taking the view that the trade mark applied for was devoid of any distinctive character, the Board of Appeal misconstrued the wording of Article 7(1)(b) of Regulation No 40/94 from which it follows that a minimum degree of distinctive character is sufficient to render inapplicable the ground for refusal set out in that article …'

13 On 19 November 2007 the Presidium of the Boards of Appeal of OHIM reallocated the case to the First Board of Appeal.

14 By communications of 26 February and 22 April 2008, the Board of Appeal invited the applicant to comment on the application of Article 7(1)(e)(iii) of Regulation No 40/94 stating that the shape covered by the trade mark application could be considered a sign which consists exclusively of the shape which gives substantial value to the goods.

15 By letters of 31 March and 28 May 2008 the applicant submitted its observations, claiming that the Board of Appeal was not competent to examine new absolute grounds for refusal since the case had been referred back to it by the Court. In addition, it considered that Article 7(1)(e)(iii) of Regulation No 40/94 applied only to cases in which the shape of the goods exclusively determines their value, and not where it is essentially seen as an indicator of origin, or simply as one of many characteristics which may influence the choice of consumers.

16 By decision of 10 September 2008 ('the contested decision'), the First Board of Appeal of OHIM annulled the examiner's decision of 1 March 2005 in so far as it held that the mark applied for was devoid of any distinctive character within the meaning of Article 7(1)(b) of Regulation No 40/94. However, firstly, it found that it had competence to examine the application for registration of the sign at issue on the basis of other absolute grounds for refusal besides that provided for in Article 7(1)(b) of Regulation No 40/94, and secondly, it rejected that application, considering the sign at issue to consist exclusively of the shape which gives substantial value to the goods within the meaning of Article 7(1)(e)(iii) of Regulation No 40/94.

Forms of order sought and procedure

17 The applicant claims that the Court should:

— annul point 2 of the operative part of the contested decision;

— order OHIM to pay the costs.

18 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

19 At the hearing on 7 April 2011, the applicant put forward three decisions given by OHIM, two of which had already been mentioned in the application and which concerned applications for registration of a Community trade mark relating to three-dimensional signs. The applicant stated that it wished to put forward those decisions to illustrate its oral arguments. It also produced an extract from a study on Community trade mark law produced by an institute. Asked to give an opinion on the production of those documents, OHIM indicated at the hearing that it was not opposed to them being included in the documents before the Court.

Law

20 As a preliminary point, it must be noted that the extract from the study produced by the applicant for the first time before the Court, as indicated at paragraph 19 above, contains proposals put forward by the institute concerned for securing the future amendment of Article 7(1)(e)(iii) of Regulation No 40/94. Without there being any need to rule on the admissibility of such a document, it suffices to state that it is irrelevant in this case.

21 In addition, OHIM contended that annex A4 to the application, a legal opinion on the application of Article 7(1)(e)(iii) of Regulation No 40/94 given by a third party for the purposes of these proceedings, was inadmissible since it had not already been produced before the Board of Appeal.

22 That document, produced for the first time before the Court, cannot be taken into account. The purpose of actions before the Court is to review the legality of decisions of the Boards of Appeal of OHIM as referred to in Article 63 of Regulation No 40/94 (now Article 65 of Regulation No 207/2009), so it is not the Court's function to review the facts in the light of documents produced for the first time before it. Accordingly, the abovementioned document must be excluded as inadmissible, there being no need to assess its probative value (see, to that effect, Case T-346/04 *Sadas* v *OHIM - LTJ Diffusion (ARTHUR ET FELICIE)* [2005] ECR II-4891, paragraph 19 and the case-law cited).

23 In the application the applicant raises two pleas in law alleging, first, infringement of Article 63(6) of Regulation No 40/94 (now Article 65(6) of Regulation No 207/2009) and, second, infringement of Article 7(1)(e)(iii) of Regulation No 40/94.

The plea alleging infringement of Article 63(6) of Regulation No 40/94

Arguments of the parties

24 The applicant submits that, in the decisions of the examiner of 1 March 2005 and of the Board of Appeal of 22 September 2005 and in *Shape of a loudspeaker*, paragraph 10 above, it has already been decided that Article 7(1)(e)(iii) of Regulation

No 40/94 was not applicable to the mark applied for. Further, it submits in particular that, in that judgment, the Court found that aesthetic considerations were immaterial to the distinctiveness of the mark applied for. The applicant also claims that, during the proceedings that culminated in the judgment in *Shape of a loudspeaker*, OHIM clearly maintained that the sign at issue consisted of a shape essentially inspired by aesthetic considerations but which did not give substantial value to the goods within the meaning of Article 7(1)(e)(iii) of Regulation No 40/94. The Board of Appeal could not therefore undertake a re-examination under that provision. In addition, the applicant claims that OHIM has previously authorised the registration of three-dimensional signs having a certain design as Community trade marks.

25 In the alternative, were it to be held that neither OHIM nor the Court has previously ruled on the applicability of Article 7(1)(e)(iii) of Regulation No 40/94 to this case, the applicant submits that the Board of Appeal was bound to apply *Shape of a loudspeaker*, paragraph 10 above, and proceed solely to register the mark applied for, without the possibility of raising another absolute ground for refusal. No legislation provides that, in a case such as this, the application for registration of the mark can be re-examined by the Board of Appeal on the basis of new absolute grounds for refusal. Nor is such an examination possible in the light of the case-law, since the cases cited in the contested decision are not relevant to the application of Article 63(6) of Regulation 40/94. The absolute ground for refusal based on Article 7(1)(e)(iii) of Regulation No 40/94 should have been raised at the beginning of the proceedings, like all other absolute grounds for refusal. In support of its argument, the applicant also relies on Article 1d(1) of Commission Regulation (EC) No 216/96 of 5 February 1996 laying down the rules of procedure of the Boards of Appeal of OHIM (OJ 1996 L 28, p. 11), as amended by Commission Regulation (EC) No 2082/2004 of 6 December 2004 (OJ 2004 L 360, p. 8).

26 Finally, relying on the judgments in Case C-299/99 *Philips* [2002] ECR I-5475 and in Joined Cases C-53/01 to C-55/01 *Linde and Others* [2003] ECR I-3161 the applicant adds that, since the ground laid down in Article 7(1)(e)(iii) of Regulation No 40/94 constitutes a preliminary obstacle that may prevent a sign from being registered and since it was not raised prior to the consideration of the ground laid down in Article 7(1)(b) of that regulation in respect of the trade mark application, it can no longer be examined and relied on to oppose that application for registration.

27 OHIM disputes the merits of the plea raised by the applicant.

Findings of the Court

28 First, it should be noted that neither the examiner, in his decision of 1 March 2005, nor the Board of Appeal, in its decision of 22 September 2005, decided on the application of Article 7(1)(e)(iii) of Regulation No 40/94 to the mark applied for. Likewise, in *Shape of a loudspeaker*, paragraph 10 above, and in particular at paragraphs 40 to 45 thereof, the Court ruled solely on the distinctive character of the sign at issue within the meaning of Article 7(1)(b) of Regulation No 40/94. The Court did not adjudicate on the application of Article 7(1)(e)(iii) of Regulation No 40/94 to that sign.

29 The applicant's argument that the Board of Appeal was not entitled to consider the mark applied for under Article 7(1)(e)(iii) of Regulation No 40/94, on the ground that that judgment had already decided on the application of that provision to the mark, is therefore unfounded.

30 It is important to note that, where an action is brought before the Courts of the European Union ('the Courts of the Union') against a decision of a Board of Appeal of OHIM, the latter is required, in accordance with Article 233 EC and Article 63(6) of Regulation No 40/94, to take the necessary measures to comply with any judgment ordering annulment that may be given by the Courts of the Union.

31 According to settled case-law, it is not for the Court to issue directions to OHIM; it is for the latter to give due effect to the grounds and operative part of the Court's judgments (Case T-331/99 *Mitsubishi HiTec Paper Bielefeld* v *OHIM (Giroform)* [2001] ECR II-433, paragraph 33, and Case T-441/05 *IVG Immobilien* v *OHIM (I)* [2007] ECR II-1937, paragraph 13).

32 In that context, Article 1d(1) of Regulation No 216/96, as amended, provides, in relation to the referral of a case following a ruling of the Courts of the Union, that if, pursuant to Article 63(6) of Regulation No 40/94, the measures necessary to comply with a judgment of the Courts of the Union annulling all or part of a decision of a Board of Appeal or of the Grand Board of OHIM include re-examination by the Boards of Appeal of the case which was the subject of that decision, the Presidium is to decide if the case is to be referred to the Board which adopted that decision, or to another Board, or to the Grand Board of OHIM.

33 In that regard, even if a sign, the object of an application for a Community trade mark, were to be considered by the Court, contrary to the decision reached by OHIM, not to be covered by one of the absolute grounds for refusal referred to in Article 7(1) of Regulation No 40/94, the annulment by the Court of the OHIM decision refusing registration of that mark would necessarily lead OHIM, which is required to give due effect to the grounds and operative part of the Court's judgment, to reopen the procedure for the examination of the mark in question and to reject it where it considers that the sign in question is covered by another absolute ground for refusal referred to in that provision (see, to that effect, Case T-28/05 *Ekabe International* v *OHIM - Ebro Puleva (OMEGA3)* [2007] ECR II-4307, paragraph 50).

34 Pursuant to Article 74(1) of Regulation No 40/94 (now Article 76(1) of Regulation No 207/2009), when considering the absolute grounds for refusal, OHIM is required to examine of its own motion the relevant facts which may lead it to apply an absolute ground for refusal. If OHIM finds that there are facts justifying the application of an absolute ground for refusal, it is required to inform the applicant for registration thereof and to allow it the opportunity of withdrawing or amending the application or of submitting its observations, pursuant to Article 38(3) of Regulation No 40/94 (now Article 37(3) of Regulation No 207/2009) (Case T-129/04 *Develey* v *OHIM (Shape of a plastic bottle)* [2006] ECR II-811, paragraphs 16 and 17, and judgment of 9 July 2008 in Case T-302/06 *Hartmann* v *OHIM (E)*, not published in the ECR, paragraph 42).

35 It is well-established case-law that the applicability of one of the absolute grounds for refusal set out in Article 7(1) of Regulation No 40/94 suffices for a sign not to be registrable as a Community trade mark (see Case C-104/00 P *DKV* v *OHIM* [2002] ECR I-7561, paragraph 29, and Case T-28/06 *RheinfelsQuellen H. Hövelmann* v *OHIM (VOM URSPRUNG HER VOLLKOMMEN)* [2007] ECR II-4413, paragraph 43 and the case-law cited).

36 In this instance, in *Shape of a loudspeaker*, paragraph 10 above, the Court annulled the decision of 22 September 2005 for the reasons outlined at paragraph 12 of this judgment. Giving due effect to that judgment, at point 1 of the operative part of the contested decision, the Board of Appeal annulled the examiner's decision of 1 March 2005 in so far as it had held that the mark applied for was devoid of any distinctive character within the meaning of Article 7(1)(b) of Regulation No 40/94.

37 Furthermore, taking the view that there could be a risk that the application for registration filed by the applicant was covered by another absolute ground for refusal set out in Article 7(1) of Regulation No 40/94, the Board of Appeal correctly proceeded to a re-examination of that application.

38 The applicant claims, however, that the absolute ground for refusal deriving from Article 7(1)(e)(iii) of Regulation No 40/94 could no longer be applied in the context of a re-examination by OHIM, since, in its submission, that ground should have been considered at the beginning of the proceedings, before the examination of the ground referred to in Article 7(1)(b) of Regulation No 40/94.

39 In that regard, it must be noted that Article 7(1) of Regulation No 40/94 lists the various absolute grounds for refusal which may be raised against registration of a trade mark application but does not specify the order in which those grounds should be considered.

40 Furthermore, contrary to the applicant's submission, it does not emerge from the judgments in *Philips* and *Linde and Others*, paragraph 26 above, that the absolute ground for refusal provided for in Article 7(1)(e)(iii) of Regulation No 40/94 constitutes a ground for refusal which must be considered prior to the ground set out in Article 7(1)(b) of the regulation.

41 In *Linde and Others*, paragraph 26 above (paragraph 67), the Court of Justice stated in particular that it is quite clear from Article 3(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1, a provision essentially identical to Article 7(1) of Regulation No 40/94), that each of the grounds for refusal to register listed in that provision is independent of the others and calls for separate examination.

42 In *Philips* and *Linde and Others*, paragraph 26 above, the Court of Justice held that since Article 3(1)(e) of Directive No 89/104 is a preliminary obstacle that may prevent a sign consisting exclusively of the shape of goods from being registered, it follows that if any one of the criteria listed in that provision is satisfied, the sign cannot be registered as a trade mark (*Linde and Others*, paragraph 44). It further held that it can never acquire a distinctive character for the purposes of Article 3(3) of that provision

through the use made of it (*Philips*, paragraph 26 above, paragraphs 74 to 76, and *Linde and Others*, paragraph 26 above, paragraph 44).

43 Since Article 3(1)(e) and (3) of Directive No 89/104 is essentially identical to Article 7(1)(e) and (3) of Regulation No 40/94, it follows from *Philips* and *Linde and Others*, paragraph 26 above, that a sign caught by Article 7(1)(e) of Regulation No 40/94 can never acquire distinctive character for the purposes of Article 7(3) of the regulation through the use made of it, although that possibility exists, according to that last provision, for signs covered by the grounds for refusal provided for in Article 7(1)(b) of Regulation No 40/94 and in Article 7(1)(c) and (d) of that regulation (now Article 7(1)(c) and (d) of Regulation No 207/2009).

44 Consequently, if the examination of a sign under Article 7(1)(e) of Regulation No 40/94 leads to the conclusion that one of the criteria mentioned in that provision is met, this results in a release from examination of the sign under Article 7(3) of the regulation, since registration of the sign in such circumstances is clearly impossible (see, to that effect, Case C-371/06 *Benetton Group* [2007] ECR I-7709, paragraph 26). That release explains the advantage of undertaking a prior examination of the sign under Article 7(1)(e) of Regulation No 40/94 where several of the absolute grounds for refusal provided for in paragraph 1 may apply, although such a release may not be interpreted as implying that there is an obligation to examine that sign first under Article 7(1)(e) of Regulation No 40/94.

45 However, in the present case, the question whether the shape of the loudspeaker at issue could, through the use made of it, acquire distinctive character, although it was debated at the time of the decision of 22 September 2005 and in the case giving rise to *Shape of a loudspeaker*, paragraph 10 above, within the context of the examination of the application of Article 7(1)(b) of Regulation 40/94, is not discussed in the present proceedings.

46 In those circumstances, there was no reason why the Board of Appeal could not carry out the examination of the ground deriving from Article 7(1)(e)(iii) of Regulation No 40/94 after the examination of the ground deriving from Article 7(1)(b) of the regulation, the Court again observing that that new examination is immaterial to the question whether the shape of the loudspeaker at issue can, through the use made of it, acquire distinctive character.

47 The Board of Appeal did not therefore commit any error of law in the present case by proceeding, after concluding that a further absolute ground for refusal could apply in the present case, to examine the sign under the ground deriving from Article 7(1)(e)(iii) of Regulation No 40/94.

48 Concerning the applicant's argument that OHIM has previously allowed registration of three-dimensional signs having a certain design as Community trade marks, the applicant put forward decisions given by OHIM, as indicated at paragraph 19 above, but its argument cannot succeed.

49 It should be recalled that 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 question whether a sign may be registered as a Community trade mark must be assessed solely on the basis of that regulation, as interpreted by the Courts of the Union, and not on the basis of a previous practice of OHIM (Case T-304/06 *Reber* v *OHIM - Chocoladefabriken Lindt & Sprüngli (Mozart)* [2008] ECR II-1927, paragraph 45 and the case-law cited).

50 Finally, as regards the argument that OHIM had already accepted before the Court, in the context of the case that led to *Shape of a loudspeaker*, paragraph 10 above, that the sign at issue in the present case could not fall within the scope of Article 7(1)(e)(iii) of Regulation No 40/94, it should be borne in mind that, in the light of

the independence of the President and members of the Boards of Appeal of OHIM, laid down in Article 131(4) of Regulation No 40/94 (now Article 136(4) of Regulation No 207/2009), they are not bound by the position adopted by OHIM in a dispute before the Courts of the Union (Case T-402/07 *Kaul* v *OHIM -Bayer (ARCOL)* [2009] ECR II-737, paragraph 99).

51 Consequently, the Board of Appeal was not bound by the position taken by OHIM before the Court regarding the aesthetic character of the shape at issue in the present case, as that was noted at paragraph 24 of *Shape of a loudspeaker*, paragraph 10 above. The Board of Appeal did not therefore have to explain, in the contested decision, the reasons why it departed from it (see, by analogy, *ARCOL*, paragraph 50 above, paragraph 100).

52 It follows that the plea alleging infringement of Article 63(6) of Regulation No 40/94 is unfounded and must be rejected.

The plea alleging infringement of Article 7(1)(e)(iii) of Regulation No 40/94

Arguments of the parties

53 The applicant refers to the origin of Article 7(1)(e) of Regulation No 40/94 and to the case-law of the Court, according to which the rationale of the absolute grounds for refusal laid down in that provision is to prevent trade mark protection from granting the trade mark proprietor a monopoly on technical solutions or functional

characteristics of a product which a user is likely to seek in the products of competitors (*Philips*, paragraph 26 above, paragraph 78). According to the applicant, that judgment does not concern shapes which fall within the scope of Article 7(1)(e)(iii) of that regulation.

54 The applicant claims that Article 7(1)(e)(iii) must be interpreted strictly since it uses the word 'exclusively'. It submits that the substantial value of the goods must result from all the elements of their shape and, if the value of the goods comes from factors other than shape, those elements must be taken into account. The fact that that shape has a particular and distinctive appearance which may contribute to making the goods more attractive or valuable to the consumer is not sufficient to trigger the application of Article 7(1)(e)(iii) of Regulation No 40/94.

55 As regards the value of the goods at issue, the applicant claims, first of all, that, in the business sector concerned, factors other than shape are taken into account by consumers, such as the functional features of the goods, their branding and how they are promoted. The applicant challenges the contested decision in so far as, at paragraphs 27 and 28, the Board of Appeal held that it was not decisive to know, inter alia, the quality of the loudspeaker at issue, the way in which it was marketed or the image of the manufacturer.

56 Next, 'value to the goods' cannot be aimed at all shapes that have a striking design, are appealing to the eye or are dictated by aesthetic considerations because, in such cases, only goods with commonplace shapes would be able to be registered as Community trade marks. Article 7(1)(e)(iii) of Regulation No 40/94 applies to shapes such as jewellery, sculptures or other works of art where it seems obvious that the value of the goods lies to a large extent in their shape.

57 Finally, the mere fact that the shape of a product, such as a loudspeaker, has been registered as a design in one or more Member States and may be protected by copyright within the European Union is of no relevance to the issue of whether that shape may also be protected as a trade mark.

58 As regards the shape of the goods at issue in this case, the applicant claims that the relevant consumers will be guided by the function or performance of the goods, that is to say, the technical qualities of the loudspeakers, the reputation and luxury nature of the brand Bang & Olufsen, how the goods are promoted and their design.

59 OHIM disputes the merits of the applicant's plea.

Findings of the Court

60 A product's shape is a sign which may constitute a trade mark. In the case of the Community trade mark, that follows from Article 4 of Regulation No 40/94 (now Article 4 of Regulation No 207/2009), which provides that a Community trade mark may consist of any signs capable of being represented graphically, such as words, designs, the shape of goods and their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings (Case C-48/09 P *Lego Juris* v *OHIM* [2010] ECR I-8403, paragraph 39 and the case-law cited).

61 However, under Article 7(1)(e) of Regulation No 40/94 signs which consist exclusively of the shape which results from the nature of the goods themselves or the shape of goods which is necessary to obtain a technical result or the shape which gives substantial value to the goods are not to be registered.

62 According to the case-law, each of the grounds for refusal to register listed in Article 7(1) of Regulation No 40/94 must be interpreted in the light of the public interest underlying them (*Lego Juris* v *OHIM*, paragraph 60 above, paragraph 43 and the case-law cited).

63 Thus, in the case of some three-dimensional signs consisting of the shape of the goods and falling within Article 7(1)(e)(ii) of Regulation No 40/94 (now Article 7(1)(e)(ii) of Regulation No 207/2009), the Courts of the Union have already pointed out that the rationale of the ground for refusal to register laid down in that provision is to prevent trade mark protection from granting the trade mark proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors (*Philips*, paragraph 26 above, paragraph 78; *Linde and Others*, paragraph 26 above, paragraph 72, and *Lego Juris* v *OHIM*, paragraph 60 above, paragraph 43), since the registration of the shapes at issue is likely to allow the proprietor of the trade mark to prevent other undertakings not only from using the same shape, but also from using similar shapes (see, to that effect, *Lego Juris* v *OHIM*, paragraph 56).

64 In the first place, the applicant claims that that rationale does not apply in the case of the shapes falling within the scope of Article 7(1)(e)(iii) of Regulation No 40/94. However, nothing permits the inference that the rationale of the ground for refusal to register covered by that provision is different from the rationale that the case-law ascribes to the ground for refusal covered by Article 7(1)(e)(ii), contrary to what is claimed by the applicant.

65 As Advocate General Ruiz-Jarabo Colomer observed at points 30 and 31 of his Opinion in *Philips*, paragraph 26 above (ECR I-5478), concerning Article 3(1)(e) of Directive No 89/104, which is in essence identical to Article 7(1)(e) of Regulation No 40/94, the immediate purpose in barring registration of merely functional shapes or shapes which give substantial value to the goods is to prevent the exclusive and permanent right which a trade mark confers from serving to extend the life of other rights which the legislature has sought to make subject to 'limited periods'.

66 Like the ground for refusal to register that applies to the shapes of goods which are necessary to obtain a technical result, the ground that concerns refusal to register signs consisting exclusively of shapes which give substantial value to the goods is to prevent the granting of a monopoly on those shapes.

67 In the second place, the applicant claims that the shape at issue could not fall within the scope of Article 7(1)(e)(iii) of Regulation No 40/94.

68 First, the sign at issue consists exclusively of the shape as reproduced at paragraph 2 of this judgment.

69 As was already decided at paragraph 40 of *Shape of a loudspeaker*, paragraph 10 above, which is not contested, that shape represents the body of the loudspeaker, consisting of a cone which looks like a pencil or an organ pipe, the pointed end of which joins to a square base, and of a long rectangular panel which is fixed to one side of that cone and heightens the impression that the weight of the whole rests only on the point which barely touches the square base; in that way, the whole creates a striking design which is remembered easily.

70 Second, concerning the argument that the Board of Appeal should have taken into account elements other than shape, particularly the technical qualities of the goods at issue, and held that the shape does not give substantial value to the goods, it must first of all be stated that the Court of Justice has already ruled on the taking into account of the perception of the relevant public in a case concerning the application of Article 7(1)(e)(ii) of Regulation No 40/94.

71 In that regard, the Court of Justice held that, unlike in the situation covered by Article 7(1)(b) of Regulation No 40/94 in which the perception of the target public must be taken into account since it is essential in order to determine whether the sign filed for registration as a trade mark enables the goods or services concerned to be recognised as originating from a particular undertaking, such an obligation cannot be imposed in the context of paragraph 1(e) of that article (see *Lego Juris* v *OHIM*, paragraph 60 above, paragraph 75 and the case-law cited).

72 The Court of Justice considered that the presumed perception of the sign by the average consumer is not a decisive element when applying the ground for refusal under Article 7(1)(e)(ii) of Regulation No 40/94, but, at most, may be a relevant criterion of assessment for the competent authority when it identifies the essential characteristics of the sign (*Lego Juris* v *OHIM*, paragraph 60 above, paragraph 76).

73 In the present case, with regard to the application of Article 7(1)(e)(iii) of Regulation No 40/94, it must be noted that, for the goods at issue, the design is an element which will be very important in the consumer's choice even if the consumer also takes other characteristics of the goods at issue into account.

74 Indeed, the shape for which registration was sought reveals a very specific design and the applicant itself admits, at paragraph 92 of the application in particular, that that design is an essential element of its branding and increases the appeal of the product at issue, that is to say, its value.

75 Furthermore, it is apparent from the evidence referred to at point 33 of the contested decision, namely extracts from distributors' websites and on-line auction or second-hand websites, that the aesthetic characteristics of that shape are emphasised first and that the shape is perceived as a kind of pure, slender, timeless sculpture for music reproduction, which makes it an important selling point.

76 It does not therefore appear that, in the present case, the Board of Appeal committed any error in holding that, independently of the other characteristics of the goods at issue, the shape in respect of which registration was sought gives substantial value to the goods concerned.

77 It must be added that the fact that the shape is considered to give substantial value to the goods does not preclude other characteristics of the goods, such as the technical qualities here, from also conferring considerable value on the goods at issue.

78 The Board of Appeal was therefore fully entitled to conclude that the sign at issue fell within the scope of Article 7(1)(e)(iii) of Regulation No 40/94.

79 Accordingly, the plea alleging infringement of Article 7(1)(e)(iii) of Regulation No 40/94 is not well founded and must be rejected.

80 In the light of all of the above, the action must be dismissed.

Costs

81 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 (Eighth Chamber)

hereby:

1. Dismisses the action;

2. Orders Bang & Olufsen A/S to pay the costs.

Truchot Martins Ribeiro Kanninen

Delivered in open court in Luxembourg on 6 October 2011.

[Signatures]