JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)
16 February 2000 *

In Case T-122/99,

The Procter & Gamble Company, a company established in Cincinnatti, Ohio, United States of America, represented by T. van Innis, of the Brussels Bar, with an address for service in Luxembourg at the Chambers of K. Manhaeve, 56-58 Rue Charles Martel,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs), represented by O. Montalto, Director of its Legal Department, E. Joly and S. Laitinen, of its Legal Service, acting as Agents, with an address for service in Luxembourg at the office of C. Gómez de la Cruz, of the Commission's Legal Service, Wagner Centre, Kirchberg,

defendant,

APPLICATION for annulment of the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of

* Language of the case: French.

15 March 1999 (Case R 74/1998-3) relating to Community trade mark application No 230680 concerning a representation of soap,

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

composed of: J. Pirrung, President, A. Potocki and A.W.H. Meij, Judges,

Registrar: J. Palacio González, Administrator,

having regard to the application lodged at the Registry of the Court on 20 May 1999,

having regard to the response lodged at the Registry of the Court on 12 August 1999,

following the hearing on 8 December 1999,

gives the following

Judgment

Background to the dispute

1 On 16 April 1996 the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (hereinafter 'the Office') received from the applicant a Community trade mark application for registration of a figurative trade mark.

2 The goods in respect of which registration of the mark was sought were 'soaps' in class 3 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.

3 On 20 February 1997 the examiner informed the applicant by telephone that its trade mark application did not contain a representation of the mark applied for. By courier which reached the Office on 25 February 1997, the applicant sent a reproduction of the mark, which at that stage it described as a 'figurative 3D trade mark'.

4 The examiner had meanwhile informed the applicant by fax of 20 February 1997 that its application had been granted a filing date of 16 April 1996.

5 In a notice of 24 November 1997 the examiner informed the applicant that the sign applied for, which consisted exclusively of the shape which results from the nature of the goods themselves, was not eligible for registration under Article 7(1)(e)(i) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, as amended (OJ 1994 L 11, p. 1).

6 The applicant, who had been invited to submit its observations within a period of two months, did not respond to the examiner's objections.

7 By fax of 18 March 1998 the examiner informed the applicant that he had decided to refuse registration of the three-dimensional trade mark on the basis of Article 7(1)(e)(i).

8 On 15 May 1998 the applicant appealed against the examiner's decision to the Office under Article 59 of Regulation No 40/94.

9 The statement of the grounds of appeal was filed on 17 July 1998. The applicant argued in that statement that the claimed three-dimensional shape was distinctive because its waisted bone shape formed by indentations on the longest side was not common in the trade. It also pointed out that the shape had been registered in several Member States and that its applications to that end in other countries had proceeded without objections from competitors.

10 The appeal was submitted to the examiners for interlocutory revision pursuant to Article 60 of Regulation No 40/94.

11 On 14 August 1998 the appeal was remitted to the Boards of Appeal.

12 By a communication to the applicant of 22 January 1999, the Rapporteur of the Board of Appeal drew to the applicant's attention the fact that, whilst the application form indicated a figurative trade mark, the representation of the mark applied for corresponded to a three-dimensional trade mark. The applicant was invited to submit its observations on this.

13 By fax of 15 February 1999 the applicant acknowledged the error in the application form and stated that the mark claimed was indeed a three-dimensional trade mark.

14 The appeal was dismissed by decision of 15 March 1999 (hereinafter 'the contested decision').

15 According to the Board of Appeal, the application form did not expressly state that the mark applied for was three-dimensional, as required by Rule 3(4) of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Council Regulation No 40/94 on the Community trade mark (OJ 1995 L 303, p. 1). Since such a correction substantially changes the trade mark within the meaning of Article 44(2) of Regulation No 40/94, the contested application must be declared inadmissible.

16 The Board of Appeal states that the application must in any event be refused on three absolute grounds of refusal.

17 First of all, the claimed shape is devoid of distinctive character under Article 7(1)(b) of Regulation No 40/94. Its sole distinguishing feature, the indentation along the length of the soap, is not so pronounced that an average consumer who is reasonably observant and circumspect would recognise the product as that of the applicant.

18 Secondly, since the claimed shape resembles the usual shape of bars of soap and results from normal use of the product, it consists exclusively of the shape which results from the nature of the goods themselves for the purposes of Article 7(1)(e)(i).

19 Thirdly, because the purpose of the indentation is to allow a better grip of the product, the claimed shape is necessary to obtain a technical result within the meaning of Article 7(1)(e)(ii) of Regulation No 40/94.

20 Finally, the Board of Appeal rejected the applicant's argument that the mark had been registered in certain Member States on the ground that that fact did not bind the Office.

Forms of order sought

21 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to publish Community trade mark application No 230680 after expiry of the period referred to in Article 39(6) of Regulation No 40/94;

— order the Office to pay the costs.

22 The Office contends that the Court should:

— dismiss as inadmissible the second head of forms of order sought by the applicant;

— dismiss the appeal on the ground that the mark covered by application No 230680 is devoid of any distinctive character;

— order the applicant to pay the costs.

23 During the hearing, the applicant withdrew the second head and the Court has taken formal notice thereof.

Lack of competence of the Board of Appeal

Arguments of the parties

24 The applicant claims that the Board of Appeal was not competent to re-examine the circumstances of the filing of the application or to raise of its own motion the two absolute grounds for refusal not raised by the examiner, namely the claimed shape's lack of distinctiveness within the meaning of Article 7(1)(b) and the technical necessity, within the meaning of Article 7(1)(e)(ii), for that shape.

25 The Office maintains that the Board of Appeal is entitled to rule on the basis of the facts pleaded and, *a fortiori*, of pleas in law raised by it of its own motion. In *ex parte* proceedings, such as those in this case, Article 74(1) of Regulation No 40/94 gives the Office the authority to examine facts of its own motion. Furthermore, the Board of Appeal cannot refuse to take into account pleas raised before it solely on the ground that they were not advanced before the examiner (Case T-163/98 *The Procter & Gamble Company* v *OHIM ('Baby Dry')* [1999] ECR II-2383, paragraph 43). Finally, under Article 61(2) of Regulation No 40/94, the Board of Appeal, like the examiner whose decision is in dispute, only rules following an examination during the course of which it invites the parties to file observations as often as necessary.

Findings of the Court

26 To the extent that the appeal to the Board of Appeal sought to have the examiner's refusal to register the mark on an absolute ground overturned, the

Board was thereby placed, in the examination of the merits of the application for registration, in the position of the examiner.

27 It follows that, under Article 62(1) of Regulation No 40/94, the Board of Appeal was competent to reopen the examination of the application in the light of all the absolute grounds for refusal set out in Article 7 of Regulation No 40/94, without being limited by the examiner's reasoning (*Baby Dry*, paragraph 43).

28 Consequently, the Board was entitled to raise as against the applicant the two new absolute grounds for refusal to register, namely, first, the claimed shape's lack of distinctive character and, secondly, the technical necessity for that shape.

29 However, as regards the applicant's claim that the Board was not competent to re-examine the circumstances in which the application for registration was filed, it must be observed that, if the examiner had initially dismissed that application as inadmissible owing to a formal irregularity, the applicant could have either appealed to the Board of Appeal or immediately made a fresh application for registration to the Office.

30 By raising of its own motion and *a posteriori* a formal irregularity not raised by the examiner, the Board of Appeal thus deprived the applicant of that choice, and in particular of the second option, which would have enabled it to have a filing

date earlier than that which it could obtain after the adoption of the contested decision.

31 In addition, Article 130 of Regulation No 40/94 confers jurisdiction on the Boards of Appeal 'for deciding on appeals from decisions of the examiners...'. Under Article 58 of Regulation No 40/94, such appeals are only open to a party 'adversely affected' by a decision.

32 In this case, the Board of Appeal examined the regularity of the procedure followed by the examiner even though the applicant had not raised the matter before it nor could the matter be so raised without a decision refusing in that regard to grant the applicant's claims.

33 Finally, since, in ruling on this point, the Board of Appeal was not examining the merits of an action brought before it, it cannot effectively be argued that, under Article 62(1) of Regulation No 40/94, it enjoyed the same powers as the examiner.

34 It follows from the foregoing that the plea must be upheld to the extent that the contested decision declared the application for registration inadmissible.

Infringement of the rights of the defence

Arguments of the parties

35 The applicant observes that the Board of Appeal did not invite it to submit its observations, either on the question whether the conditions for filing the application were met or on the matter of the two new grounds for refusal.

36 The Office maintains that the applicant was able to express its view on the grounds relied on by the Board in applying Article 44(2) of Regulation No 40/94.

37 On the other hand, the Office acknowledges that the Board did not formally invite the applicant to present its comments on the claimed shape's lack of distinctive character. However, it argues that that omission does not constitute an infringement of the applicant's rights of defence in this case.

38 There is a clear parallel between a mark comprising a sign referred to in Article 7(1)(b) and a sign which consists exclusively of a shape which results from the nature of the goods themselves, referred to in Article 7(1)(e)(i), in that both are devoid of distinctiveness. That point was understood by the applicant both at the stage of examination by the examiner and before the Board of Appeal.

Findings of the Court

39 Since the Board of Appeal was not competent to raise of its own motion the formal irregularity of the application for registration, the question whether it failed to invite the applicant to submit its observations need be examined only with reference to the two new absolute grounds for refusal which it accepted.

40 The principle of the protection of the rights of the defence is laid down in Article 73 of Regulation No 40/94, which provides that decisions of the Office are to be based only on reasons on which the parties have had an opportunity to present their comments.

41 Furthermore, the 11th recital in the preamble to Regulation No 40/94 provides that the Office is to exercise the implementing powers conferred on it by that regulation 'within the framework of Community law'.

42 In that respect, it is common ground that observance of the rights of the defence is a fundamental principle of Community law, according to which addressees of decisions of public authorities which, as in this case, perceptibly affect their interests must be enabled to express their views effectively (Case 17/74 *Transocean Marine Paint Association* v *Commission* [1974] ECR 1063, paragraph 15).

43 The Court finds that the applicant was not invited effectively to submit its observations on the ground of refusal raised by the Board of Appeal of its own motion on the basis of the claimed shape's lack of distinctive character. Contrary to the arguments of the Office, the absolute grounds for refusal set out in

Article 7(1)(b) on the one hand and Article 7(1)(e)(i) on the other cannot be reduced to lack of distinctiveness and so deemed equivalent since they are contained in two separate provisions of Regulation No 40/94.

44 Furthermore, it follows from the arguments it advanced before the Court that the Office itself considers the sign applied for to be devoid of distinctive character but still without regarding it as consisting exclusively of a shape which results from the nature of the goods themselves.

45 Signs which are devoid of distinctive character under Article 7(1)(b) are, where they have become distinctive in consequence of the use which has been made of them, registrable under Article 7(3) of Regulation No 40/94, which is not true of signs which consist exclusively of the shape which results from the nature of the goods themselves, referred to in Article 7(1)(e)(i).

46 Furthermore, it is common ground that the applicant was not enabled to express its view on the application of the new absolute ground, of the technical necessity of the shape claimed, raised by the Board of Appeal under Article 7(1)(e)(ii).

47 It follows that the Board of Appeal infringed the applicant's rights of defence by failing to accord it an opportunity to express its views on the two new absolute grounds for refusal which it applied of its own motion.

48 To that extent, the plea must therefore be upheld.

The merits of the declaration of inadmissibility of the application for registration

49 Since, as the Court has found above, the Board of Appeal lacks jurisdiction to raise of its own motion a formal irregularity in the application form, there is no need to examine whether it also misapplied Article 44(2) of Regulation No 40/94, as the applicant claims.

The merits of the three absolute grounds for refusal to register applied by the Board of Appeal

50 Since the contested decision infringed the rights of the defence in applying the two absolute grounds on which it relied of its own motion, the Court need not examine the merits thereof.

51 For the purposes of those proceedings, therefore, it is necessary only to rule on the merits of the absolute ground for refusal based on the sign's consisting exclusively of the shape which results from the nature of the goods themselves, provided for in Article 7(1)(e)(i).

52 On this point the applicant argues essentially that the shape in dispute is not the usual shape of a bar of soap and that the Board of Appeal is interpreting

too broadly an exception to the general rule that a mark may consist of a shape.

53 The Office accepts that Article 7(1)(e)(i) is manifestly inapplicable to the shape claimed by the applicant.

54 Under Article 7(1)(e)(i), signs which consist exclusively of the shape which results from the nature of the goods themselves are not to be registered.

55 It need only be observed that, as the Office has rightly pointed out before the Court, the shape claimed bends inwards along its length and has grooves which do not come about as a result of the nature of the product itself. It is common ground that there are other shapes of soap bar in the trade without those features.

56 The Board of Appeal therefore erred in law in relying, as an absolute ground for refusal, on the idea that the mark consists exclusively of a shape which results from the nature of the goods themselves, as provided for in Article 7(1)(e)(i).

57 To that extent, the plea must therefore be upheld.

The plea that the claimed shape has been registered in the Member States

58 The applicant observes that the claimed shape has been registered as a soap trade mark in several Member States following examination by the national offices of the absolute grounds for refusal applied in this case.

59 The Office maintains that, pursuant to paragraph 8.1.4. of the examination guidelines (Official Journal of the Office 1996, p. 1327), the Board of Appeal, having considered the relevance of the national registrations, was right to find that the Office was not bound by them.

60 The Court observes that, according to the first recital in the preamble to Regulation No 40/94, the purpose of the Community trade mark is to enable 'the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers'.

61 Registrations already made in the Member States are therefore a factor which may only be taken into consideration, without being given decisive weight, for the purposes of registering a Community trade mark.

62 Having regard to the principle of the unitary character of the Community trade mark referred to in the second recital in the preamble to Regulation No 40/94, it does not therefore appear that the Board of Appeal erred in law on the issue raised by this plea.

63 It is therefore appropriate to dismiss the plea as unfounded.

Conclusions

64 Having regard to all the foregoing considerations, the Court concludes that the contested decision must be annulled in so far as the Board, firstly, exceeded its jurisdiction in declaring inadmissible of its own motion the contested application for registration, secondly, failed to invite the applicant to submit its observations on two new absolute grounds for refusal, which it applied of its own motion, and thirdly, refused registration of the mark applied for on the ground that it consists exclusively of a shape which results from the nature of the goods themselves, within the meaning of Article 7(1)(e)(i).

Costs

65 Under Article 87(2) of the Rules of Procedure, 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 Office has been unsuccessful and the applicant has asked for costs to be awarded against it, the Office must be ordered to bear its own costs and to pay those of the applicant.

On those grounds,

THE COURT OF FIRST INSTANCE (Second Chamber)

hereby:

1. Annuls the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 15 March 1999 (Case R 74/1998-3);

2. Orders the Office to bear its own costs and to pay those of the applicant.

Pirrung Potocki Meij

Delivered in open court in Luxembourg on 16 February 2000.

H. Jung J. Pirrung

Registrar President