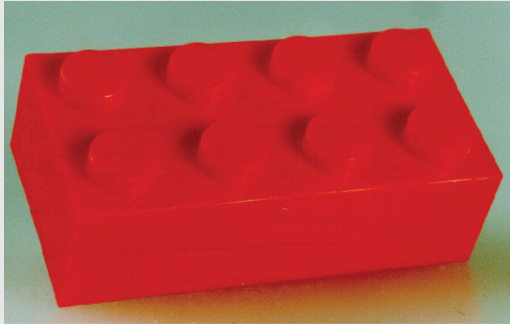


Court of Justice EU, 14 September 2010, Lego v OHIM



TRADEMARK LAW

Sign consisting ‘exclusively’ of the shape of goods which is necessary to obtain a technical result

- that condition is fulfilled when all the essential characteristics of a shape perform a technical function, the presence of non-essential characteristics with no technical function being irrelevant in that context
- it ensures that such a sign cannot be refused registration as a trade mark under that provision if the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative element which plays an important role in the shape

Shape ‘necessary’ to obtain the technical result intended – alternative solutions

- the General Court rightly found, at paragraph 39 of the judgment under appeal, that that condition does not mean that the shape at issue must be the only one capable of obtaining that result

Identification “essential elements”

- As the Advocate General observed at point 63 of his Opinion, the expression ‘essential characteristics’ must be understood as referring to the most important elements of the sign.
- Consequently, the appellant’s argument that the identification of the essential characteristics of a sign in the context of Article 7(1)(e)(ii) of Regulation No 40/94 must in any event be carried out from the target public’s perspective cannot be upheld

Assessing technical functionality: documents relating to previous patents

- The technical functionality of the characteristics of a shape may be assessed, inter alia, by taking account of the documents relating to previous patents describing the functional elements of the shape concerned. In the present case, the Grand Board of Appeal of OHIM and the General Court have taken such documents into consideration with regard to the Lego brick

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Court of Justice EU, 14 September 2010

(V. Skouris, President, A. Tizzano, J.N. Cunha Rodrigues, K. Lenaerts, J.-C. Bonichot, P. Lindh, G. Arestis, A. Borg Barthet)

Judgment of the Court (Grand Chamber)

14 September 2010 (*)

(Appeal – Regulation (EC) No 40/94 – Community trade mark – Suitability of a shape of goods for registration as a trade mark – Registration of a three-dimensional sign consisting of the upper surface and two sides of a Lego brick – Declaration of invalidity of that registration on application by an undertaking marketing toy bricks having the same shape and dimensions – Article 7(1)(e)(ii) of that regulation – Sign which consists exclusively of the shape of goods which is necessary to obtain a technical result)

In Case C-48/09 P,

APPEAL under Article 56 of the Statute of the Court of Justice, brought on 29 January 2009,

Lego Juris A/S, established in Billund (Denmark), represented by V. von Bomhard and T. Dolde,

Rechtsanwälte,

appellant,

the other parties to the proceedings being:

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM),

represented by D. Botis, acting as Agent,

defendant at first instance,

Mega Brands Inc., established in Montreal (Canada),

represented by P. Cappuyns and C. De

Meyer, advocaten,

intervener at first instance,

THE COURT (Grand Chamber),

composed of V. Skouris, President, A. Tizzano, J.N.

Cunha Rodrigues, K. Lenaerts, J.-C. Bonichot and P.

Lindh, Presidents of Chambers, G. Arestis, A. Borg

Barthet, M. Ilešič (Rapporteur), J. Malenovský, L. Bay

Larsen, T. von Danwitz and A. Arabadjiev, Judges,

Advocate General: D. Ruiz-Jarabo Colomer, subsequently P. Mengozzi,

Registrar: C. Strömholm, Administrator,

having regard to the written procedure and further to the hearing on 10 November 2009,

after hearing the Opinion of the Advocate General at the sitting on 26 January 2010,

gives the following

Judgment

1 By its appeal, Lego Juris A/S seeks to have set aside the judgment of the Court of First Instance of the European Communities (now ‘the General Court’) of 12 November 2008 in Case T-270/06 Lego Juris v OHIM – Mega Brands (Red Lego brick) [2008] ECR II-3117 (‘the judgment under appeal’) dismissing its action brought against the decision of the Grand Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 10 July 2006 (Case R 856/2004-G; ‘the contested decision’) relating to an application for a declaration of invalidity.

Legal framework

2 Article 4 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), entitled ‘Signs of which a Community trade mark may consist’, provides:

‘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.’

3 Article 7 of that regulation, entitled ‘Absolute grounds for refusal’, provides:

‘1. The following shall not be registered:

- (a) signs which do not conform to the requirements of Article 4;
- (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;
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- (e) signs which consist exclusively of:
 - (i) the shape which results from the nature of the goods themselves; or
 - (ii) the shape of goods which is necessary to obtain a technical result; or
 - (iii) the shape which gives substantial value to the goods;
- (f) trade marks which are contrary to public policy or to accepted principles of morality;

...

3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.’

4 Article 9(1) of Regulation No 40/94, entitled ‘Rights conferred by a Community trade mark’, provides:

‘A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;
- (b) any sign where, because of its identity with or similarity to the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- (c) any sign which is identical with or similar to the Community trade mark in relation to goods or services

which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.’

5 Article 51 of Regulation No 40/94, entitled ‘Absolute grounds for invalidity’, states:

‘1. A Community trade mark shall be declared invalid on application to [OHIM] or on the basis of a counterclaim in infringement proceedings:

- (a) where the Community trade mark has been registered in breach of the provisions ... of Article 7;
- (b) where the applicant was acting in bad faith when he filed the application for the trade mark.

2. Where the Community trade mark has been registered in breach of the provisions of Article 7 (1)(b), (c) or (d), it may nevertheless not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.’

6 Regulation No 40/94 was repealed by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1), which came into force on 13 April 2009. However, having regard to the time at which the events occurred, the dispute is still governed by Regulation No 40/94.

Background to the dispute, and the contested decision

7 On 1 April 1996, Kirkbi A/S (‘Kirkbi’), the predecessor in title of the appellant, filed an application for a Community trade mark at OHIM, *inter alia*, in respect of goods corresponding to the description ‘Games and playthings’, in Class 28 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 (‘the Nice Agreement’). The trade mark in respect of which registration was sought is the red three-dimensional sign reproduced below:



8 OHIM informed Kirkbi that it intended to refuse the application on the ground, first, that the sign at issue represents only a simple toy-brick shape and is therefore devoid of any distinctive character (Article 7(1)(b) of Regulation No 40/94), and, second, that the sign consists exclusively of the shape of goods which is necessary to obtain a technical result (Article 7(1)(e)(ii) of that regulation). Nevertheless, OHIM agreed to hear Kirkbi, and examined additional observations and evidence submitted by it. On the basis of that evidence,

OHIM concluded that the sign in respect of which registration was sought had acquired distinctive character in the European Union and did not consist exclusively of the shape of goods which is necessary to obtain a technical result.

9 Following that examination procedure, the mark at issue was registered on 19 October 1999.

10 On 21 October 1999, Ritvik Holdings Inc. ('Ritvik'), the predecessor in title of Mega Brands Inc. ('Mega Brands'), applied for a declaration that that mark was invalid pursuant to Article 51(1)(a) of Regulation No 40/94 in relation to 'construction toys' in Class 28 of the Nice Agreement, arguing that its registration was contrary to the absolute grounds for refusal laid down in Article 7(1)(a), (e) (ii) and (iii) and (f) of that regulation.

11 On 8 December 2000, the Cancellation Division of OHIM stayed the proceedings, pending delivery of the Court's judgment in Case C-299/99 Philips [2002] ECR I-5475, concerning the interpretation of the second indent of Article 3(1)(e) 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 whose wording corresponds to that of Article 7(1)(e)(ii) of Regulation No 40/94. The proceedings before the Cancellation Division were resumed on 31 July 2002.

12 By decision of 30 July 2004, the Cancellation Division declared the mark at issue invalid with respect to 'construction toys' in Class 28 of the Nice Agreement, on the basis of Article 7(1)(e)(ii) of Regulation No 40/94, finding that the mark consisted exclusively of the shape of goods which was necessary to obtain a technical result.

13 On 20 September 2004, the appellant filed a notice of appeal against the Cancellation Division's decision.

14 By the **contested decision, the Grand Board of Appeal of OHIM** dismissed that appeal as unfounded, holding that the conditions of Article 7(1)(e)(ii) of Regulation No 40/94 were fulfilled in this case.

15 The Grand Board of Appeal found, first, at paragraph 33 of the contested decision, that an objection raised under Article 7(1)(e)(ii) of Regulation No 40/94 cannot be overcome on the basis of opinion polls or surveys, since, as is apparent from Article 7(3), proof of acquired distinctiveness in consequence of use does not render the sign examined non-functional. At paragraph 36 of that decision, the Grand Board of Appeal also stated that a shape whose essential characteristics perform a technical function does not escape the prohibition on registration if it contains a minor arbitrary element such as a colour.

16 At paragraph 37 of the contested decision, the Grand Board of Appeal stated that the Lego brick 'is characterised, on its upper surface, by two symmetrical rows of four flat cylindrical studs'.

17 Next, at paragraphs 39 and 40 of that decision, the Grand Board of Appeal found that, while it is true that the fact that a sign has been or still is the subject of a patent is not, by itself, a bar to its being registered as a trade mark, in particular in the case of inventions

whose shape is not entirely functional because of the presence of ornamental or arbitrary elements, the fact remains that a prior patent is practically irrefutable evidence that the features therein disclosed or claimed are functional.

18 At paragraphs 41 to 55 of the contested decision, the Grand Board of Appeal then upheld the Cancellation Division's assessment that each of the elements of the shape of the Lego brick, and thus the Lego brick as a whole, is necessary to obtain a technical result. It based that conclusion on the Cancellation Division's analysis of the appellant's prior patents. The Grand Board of Appeal found that the decisive elements of that analysis were as follows:

'42 ... The original interlocking ... toy brick, the ancestor of the Lego brick, was invented by Harry Fisher Page and granted several UK patents: No 529 580 issued on 25 November 1940; No 587 206 issued on 17 April 1947; No 633 055 issued on 12 December 1949; No 673 857, issued on 19 July 1950; No 866 557 issued on 26 April 1961. Th[ose] ... patents covered a brick which possessed the same dimensions and ... circular studs ... as the Lego brick ...

43 Regarding the studs on the upper side of the Lego brick, the [Cancellation Division] found the following: "... patent No 866 557 ... disclosed that ... the [bricks] contained ... projections on the upper part ..., ... arranged in two parallel rows and in transverse pairs, [and] uniformly spaced apart in both longitudinal and transverse directions. This is exactly the way in which the bosses are arranged on the upper side of the mark: eight bosses in two parallel rows and in transverse pairs, uniformly spaced apart The purpose of these bosses is to connect with the underside of like toy bricks so as to allow multiple assembly and disassembly."

44 The [Cancellation Division] also found that the same invention possessing studs on the upper side of the Lego brick had been disclosed ... in ... patent No 587 206. The Board notes that figure 1 of this patent shows two symmetrical rows of four cylindrical studs on the upper surface of the patented brick, which seems to be identical to the Lego brick at issue, but without the red colour ...

45 The proprietor itself admitted before the Board that the aforementioned patents describe the functional elements of the Lego brick and that the existence of the studs is necessary for ... interlocking toy bricks to perform their function...

47 The two symmetrical rows of four studs in cylindrical shape on the upper surface of the patented brick was "the preferred form" of the invention illustrated by figure 1 of ... patent No 587 206 Likewise, the [Cancellation Division] found that ... patent No 866 557 ... "states that the design of the ... projections in cylindrical shape are ... the 'preferred embodiment' of the projections ...". ...

51 Furthermore, the [Cancellation Division] found that the relative dimension of the height of the studs to that of the walls of the brick does influence the "clutch power". If the ratio were too small, the bricks would

disassemble more easily Conversely, if the ratio were too great ..., the ... power needed to disassemble the bricks would be quite large ... [and] a child might not easily be able to take the bricks apart when playing alone. ...

53 The Board notes that the technical function of the relative dimensions and positions of the studs ... is described in ... patent No 866 557 as follows:

“The relative dimensions and positions of the ... projections must be interrelated in a specific manner, and according to the main characterising feature of the invention the ... projections [on the upper side of the brick] are uniformly spaced apart in both longitudinal and transverse directions ...”

54 The [Cancellation Division] conclude[d] that the various features of the Lego brick all perform particular technical functions, namely:

- the bosses [studs]: height and diameter for clutch power; number for fixing versatility; layout for fixing arrangement;
- the secondary projections: clutch power, the number for best clutch power in all positions; ...
- sides: connected with sides of other bricks to produce a wall;
- hollow skirt: to mesh with the bosses and to enable fixing ...;
- overall shape: brick shape for building; size for children to hold.

55 The findings of the [Cancellation Division’s] decision are confirmed by the Board, since they are solidly supported by the evidence surveyed above. Furthermore, the Board finds that the Cancellation Division has not in any way misrepresented, or misinterpreted, the evidence. ...

62 ... [I]t is beyond doubt that [the] dominant feature [of the Lego brick] – the two rows of studs on the upper surface – are intended to endow a simple toy brick, possessing dimensions of width, length and depth in proportion to a real, life-size building brick, with the ... robust and versatile interlocking mechanism which such blocks need to have if they are to be manipulated by a child. Clearly the Lego brick’s features were adopted to perform the abovementioned utilitarian function of the Lego brick, and not for identification purposes ...

63 Consequently ..., the Board [endorses] the [Cancellation Division’s] decision that the Lego brick is wholly functional since there is nothing arbitrary nor ornamental present in it. ... Consequently the Board, with respect to the ... Lego brick, can apply the following words of the ... Philips judgment, namely that “the essential functional characteristics of the shape ... are attributable solely to the technical result”.

Procedure before the General Court and the judgment under appeal

19 By application lodged at the Registry of the General Court on 25 September 2006, the appellant brought an action against the contested decision.

20 In support of its action, the appellant put forward a single plea in law, alleging infringement of Article 7(1)(e)(ii) of Regulation No 40/94. That plea was com-

posed of two parts, alleging, first, incorrect interpretation of that provision and, second, incorrect assessment of the subject-matter of the mark at issue.

21 In the first part of the plea, the appellant submitted that Article 7(1)(e)(ii) of Regulation No 40/94 is not intended to exclude functional shapes per se from registration as a trade mark. The decisive question, in its submission, was whether trade mark protection would create a monopoly on technical solutions or the functional characteristics of the shape in question.

22 The General Court held that that argument could not result in the contested decision being set aside. The essential grounds for that decision are as follows:

‘37 ... the applicant essentially complains that the Grand Board of Appeal misinterpreted the scope of Article 7(1)(e)(ii) of Regulation No 40/94, and in particular the scope of the terms “exclusively” and “necessary”, by considering that the existence of functionally equivalent alternative shapes using the same technical solution is irrelevant for the purposes of the application of that provision.

38 In this respect, it should be noted, first, that the word “exclusively”, which appears both in Article 7(1)(e)(ii) of Regulation No 40/94 and the second indent of Article 3(1)(e) of ... Directive [89/104], must be read in the light of the expression “essential characteristics which perform a technical function”, used in paragraphs 79, 80 and 83 of Philips. It is apparent from that expression that the addition of non-essential characteristics having no technical function does not prevent a shape from being caught by that absolute ground of refusal if all the essential characteristics of that shape perform such a function. Accordingly, the Grand Board of Appeal was right to analyse the functionality of the shape at issue by reference to the characteristics which it considered to be essential. It must therefore be held that it correctly interpreted the term “exclusively”.

39 Second, it follows from paragraphs 81 and 83 of Philips that the expression “necessary to obtain a technical result”, which appears both in Article 7(1)(e)(ii) of Regulation No 40/94 and the second indent of Article 3(1)(e) of ... Directive [89/104], does not mean that that absolute ground for refusal applies only if the shape at issue is the only one which could achieve the intended result. The Court held, at paragraph 81 [of that judgment], that “[the existence] of other shapes which could achieve the same technical result can[not] overcome the ground for refusal” and, at paragraph 83 [of the same judgment], that “registration of a sign consisting of [the] shape [of a product is precluded], even if that technical result can be achieved by other shapes”. Accordingly, in order for that absolute ground for refusal to apply, it is sufficient that the essential characteristics of the shape combine the characteristics which are technically causal of, and sufficient to obtain, the intended technical result, and are therefore attributable to the technical result. It follows that the Grand Board of Appeal did not err in considering that the term “necessary” means that the shape is required to obtain a technical result, even if that result can be achieved by other shapes.

40 Third, it should be noted that, contrary to what the applicant claims, the Court of Justice, at paragraphs 81 and 83 of Philips, dismissed the relevance of the existence of “other shapes which could achieve the same technical result”, without distinguishing shapes using another “technical solution” from those using the same “technical solution”. ...

43 It follows from all the foregoing that Article 7(1)(e)(ii) of Regulation No 40/94 precludes registration of any shape consisting exclusively, in its essential characteristics, of the shape of the goods which is technically causal of, and sufficient to obtain, the intended technical result, even if that result can be achieved by other shapes using the same or another technical solution.

44 It must therefore be held that the Grand Board of Appeal did not err in its interpretation of Article 7(1)(e)(ii) of Regulation No 40/94.’

23 In the second part of the plea put forward in support of its action before the General Court, the appellant complained that the Grand Board of Appeal failed to identify appropriately the essential characteristics of the shape at issue and incorrectly assessed the functional nature of that shape.

24 It complained, first, that the Grand Board of Appeal had included irrelevant elements in its examination, such as the side of the Lego brick which does not form part of the three-dimensional sign at issue, that is to say, the hollow underside of the brick. Second, the Grand Board of Appeal accepted without critical analysis the expert opinion introduced and paid for by Mega Brands, and, at the same time, in identifying the essential characteristics of the shape in question, failed to have regard to relevant evidence adduced by the appellant, such as that relating to consumer perception of the shape.

25 That second part of the plea was also rejected by the General Court. It found in particular as follows:

‘70 In the first place, in so far as the applicant claims that the essential characteristics of the shape at issue must be determined from the point of view of the consumer and that the analysis must take account of consumer surveys, it must be pointed out that the determination of those characteristics takes place, in the framework of Article 7(1)(e)(ii) of Regulation No 40/94, with the specific aim of examining the functionality of the shape at issue. The perception of the target consumer is not relevant to the analysis of the functionality of the essential characteristics of a shape. The target consumer may not have the technical knowledge necessary to assess the essential characteristics of a shape and therefore certain characteristics may be essential from his point of view even though they are not essential in the context of an analysis of functionality and vice versa. Accordingly, it must be held that the essential characteristics of a shape must be determined objectively for the purposes of applying Article 7(1)(e)(ii) of Regulation No 40/94, on the basis of its graphic representation and any descriptions filed at the time of the application for the trade mark. ...

72 In the second place, the applicant [also] complains

that the Grand Board of Appeal failed to identify the essential characteristics of the shape at issue and that it did not examine the shape at issue, but the Lego brick as a whole instead, including in its analysis invisible features such as the hollow underside ...

75 None the less, it must be stated that th[e] analysis [carried out by the Grand Board of Appeal] ... includes all the visible elements on the [sign at issue] each of which, [as set out in paragraph 54 of the contested decision], fulfils specific technical functions It must also be noted that there is nothing in the file that calls into question the accuracy of the identification of those characteristics as essential characteristics of the shape at issue.

76 Since the Grand Board of Appeal correctly identified all the essential characteristics of the shape at issue, the fact that it also took into account other characteristics has no bearing on the lawfulness of the contested decision. ...

78 [Next], it should be pointed out that, when analysing the functionality of the essential characteristics thus determined, there was nothing to prevent the Grand Board of Appeal from taking account of invisible features of the Lego brick, such as the hollow underside and the secondary projections, as well as any other relevant evidence. In the present case the Grand Board of Appeal referred in that connection to the applicant’s prior patents, to the fact that the applicant admitted that those patents describe the functional elements of the Lego brick, and to ... expert opinions.

79 ... As regards [the] expert opinion ... produced and paid for by [Mega Brands], ... the earlier patents corroborate [the] findings [of the author of that expert opinion] concerning the functionality of the characteristics of the Lego brick ...’

Forms of order sought

26 The appellant claims that the Court should:

- set aside the judgment under appeal;
- refer the case back to the General Court; and
- order OHIM to pay the costs.

27 OHIM and Mega Brands contend that the Court should:

- dismiss the appeal; and
- order the appellant to pay the costs.

The appeal

28 The appellant puts forward a single plea in law, alleging infringement of Article 7(1)(e)(ii) of Regulation No 40/94. That plea is divided into three parts. First part, concerning the incorrect interpretation of the subject-matter and of the scope of the ground for refusal set out in Article 7(1)(e)(ii) of Regulation No 40/94

Arguments of the parties

29 The appellant argues that, although Article 7(1)(e)(ii) of Regulation No 40/94 precludes from registration shapes for which protection as a trade mark would illegitimately restrict competitors, it does not seek to preclude from registration any shape performing a technical function. The registration of a shape should be disallowed only if it would create a monopoly on technical solutions or on functional characteristics.

30 In that connection, the expression ‘technical solution’ should be distinguished from the term ‘technical result’, in that a technical result can be achieved by various solutions. The appellant argues that when there are several shapes which are equivalent from a functional point of view, the protection of a specific shape as a trade mark, in favour of an undertaking, does not prevent competitors from applying the same technical solution.

31 The General Court therefore erred in law when it stated in paragraph 43 of the judgment under appeal that, for the reasons set out in paragraphs 37 to 42 thereof, Article 7(1)(e)(ii) of Regulation No 40/94 precludes a shape from registration, even if the technical result can be achieved by another shape using the same technical solution. The Court failed to have regard to the fact that the availability of alternative shapes is highly relevant, since it proves that there is no risk of creating a monopoly. At the same time, the General Court failed to have regard to the fact that, often, the same patented invention may be created with several shapes. Moreover, that is true of the present case, since the appellant’s competitors were perfectly able to apply the same technical solution without copying the shape of the Lego brick.

32 The appellant also submits that in so ruling the General Court disregarded the guidance given in Philips. The appellant states that in that judgment the Court of Justice did not in any way find that the availability of alternative shapes was irrelevant. The Court merely stated, in paragraphs 83 and 84 of Philips, that, once the conditions of Article 7(1)(e)(ii) of Regulation No 40/94 are fulfilled, it becomes irrelevant whether alternative shapes are available.

33 Mega Brands contends that registration of the sign at issue as a trade mark would allow the appellant to prevent any competitor from using, on the toy-brick market, the best, most functional shape. The appellant would regain the monopoly it once enjoyed under its patents.

34 While accepting that mere disclosure of a shape in a patent is not by itself a bar to the shape being registered as a trade mark, Mega Brands observes that such disclosure can nevertheless be evidence that the shape is indeed functional.

35 OHIM contends that the appellant’s argument is contrary to the letter and spirit of Article 7(1)(e)(ii) of Regulation No 40/94. In OHIM’s submission, the inclusion of the words ‘exclusively’ and ‘necessary’ in that provision does not imply that only shapes which are necessary as such for the function sought are barred from registration. The ground for refusal at issue covers all essentially functional shapes attributable to the result.

36 OHIM also states that, if the appellant’s argument were upheld, competitors’ freedom of access to alternative shapes would not be guaranteed. If a trade mark registration were obtained in respect of a specific shape, the appellant could then successfully prevent not only any identical shape, but also similar shapes. That would include, for example, bricks with slightly higher

or wider projections than the Lego brick.

37 As regards the distinction between the various types of intellectual property rights, OHIM states that, outside patent law, the right to block intra-shape competition is laid down, inter alia, for the holders of a design right, under Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (OJ 2002 L 3, p. 1). However, it points out that Article 8(1) of that regulation provides that ‘[a] Community design shall not subsist in features of appearance of a product which are solely dictated by its technical function’.

Findings of the Court

38 According to settled case-law, trade mark law constitutes an essential element in the system of competition in the European Union. In that system, each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs enabling the consumer, without any possibility of confusion, to distinguish those goods or services from others which have another origin (see, to that effect, [Case C-517/99 Merz & Krell \[2001\] ECR I-6959, paragraphs 21 and 22](#); [Case C-206/01 Arsenal Football Club \[2002\] ECR I-10273, paragraphs 47 and 48](#); and [Case C-412/05 P Alcon v OHIM \[2007\] ECR I-3569, paragraphs 53 and 54](#)).

39 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, 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 (see, to that effect, [Joined Cases C-456/01 P and C-457/01 P Henkel v OHIM \[2004\] ECR I-5089, paragraphs 30 and 31](#)).

40 In the present case, it has not been disputed that the shape of the Lego brick has become distinctive in consequence of the use which has been made of it and is therefore a sign capable of distinguishing the appellant’s goods from others which have another origin.

41 Ritvik’s argument, adopted by its successor Mega Brands and upheld by the Cancellation Division, the Grand Board of Appeal and the General Court, that the shape of the Lego brick is, nevertheless, unsuitable for registration as a trade mark, is based on Article 7(1)(e)(ii) of Regulation No 40/94, which provides that signs which consist exclusively of the shape of goods which is necessary to obtain a technical result are not to be registered.

42 The appellant submits that that provision has been interpreted too broadly, and thus incorrectly, by the Grand Board of Appeal and by the General Court.

43 In considering that complaint, it must be borne in mind that 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 ([Henkel v OHIM](#), paragraph 45, and [Case C-173/04 P Deutsche SiSi-Werke v OHIM \[2006\] ECR](#)

I-551, paragraph 59). The interest underlying Article 7(1)(e)(ii) of Regulation No 40/94 is to prevent trade mark law granting an undertaking a monopoly on technical solutions or functional characteristics of a product (see by analogy, with regard to the second indent of Article 3 (1)(e) of Directive 89/104, [Philips](#), paragraph 78, and [Joined Cases C-53/01 to C-55/01 Linde and Others](#) [2003] ECR I-3161, paragraph 72).

44 In that connection, the rules laid down by the legislature reflect the balancing of two considerations, both of which are likely to help establish a healthy and fair system of competition.

45 First, the inclusion in Article 7(1) of Regulation No 40/94 of the prohibition on registration as a trade mark of any sign consisting of the shape of goods which is necessary to obtain a technical result ensures that undertakings may not use trade mark law in order to perpetuate, indefinitely, exclusive rights relating to technical solutions.

46 When the shape of a product merely incorporates the technical solution developed by the manufacturer of that product and patented by it, protection of that shape as a trade mark once the patent has expired would considerably and permanently reduce the opportunity for other undertakings to use that technical solution. In the system of intellectual property rights developed in the European Union, technical solutions are capable of protection only for a limited period, so that subsequently they may be freely used by all economic operators. As OHIM pointed out in its argument summarised in paragraph 37 above, that consideration underlies not only Directive 89/104 and Regulation No 40/94, with regard to trade mark law, but also Regulation No 6/2002, in relation to designs.

47 Furthermore, the legislature has laid down with particular strictness that shapes necessary to obtain a technical result are unsuitable for registration as trade marks, since it has excluded the grounds for refusal listed in Article 7(1)(e) of Regulation No 40/94 from the scope of the exception under Article 7(3). It follows, therefore, from Article 7(3) of the regulation that, even if a shape of goods which is necessary to obtain a technical result has become distinctive in consequence of the use which has been made of it, it is prohibited from being registered as a trade mark (see by analogy, in relation to Article 3(3) of Directive 89/104, which is essentially identical to Article 7(3) of Regulation No 40/94, [Philips](#), paragraph 57, and [Case C-371/06 Benetton Group](#) [2007] ECR I-7709, paragraphs 25 to 27).

48 Second, by restricting the ground for refusal set out in Article 7(1)(e)(ii) of Regulation No 40/94 to signs which consist ‘exclusively’ of the shape of goods which is ‘necessary’ to obtain a technical result, the legislature duly took into account that any shape of goods is, to a certain extent, functional and that it would therefore be inappropriate to refuse to register a shape of goods as a trade mark solely on the ground that it has functional characteristics. By the terms ‘exclusively’ and ‘necessary’, that provision ensures that solely shapes of goods which only incorporate a technical solution, and whose registration as a trade mark

would therefore actually impede the use of that technical solution by other undertakings, are not to be registered.

49 Having thus set out and clarified the subject-matter and scope of Article 7(1)(e)(ii) of Regulation No 40/94, it should be examined whether, as the appellant maintains, the General Court interpreted that provision incorrectly.

50 The General Court summarised its interpretation of that provision at paragraph 43 of the judgment under appeal, finding that it ‘precludes registration of any shape consisting exclusively, in its essential characteristics, of the shape of the goods which is technically causal of, and sufficient to obtain, the intended technical result, even if that result can be achieved by other shapes using the same or another technical solution’.

51 As regards the fact that the ground for refusal covers any sign consisting ‘exclusively’ of the shape of goods which is necessary to obtain a technical result, the General Court stated, at paragraph 38 of the judgment under appeal, that that condition is fulfilled when all the essential characteristics of a shape perform a technical function, the presence of non-essential characteristics with no technical function being irrelevant in that context.

52 That interpretation is consistent with paragraph 79 of [Philips](#). Moreover, it reflects the idea underlying that judgment, as set out by Advocate General Ruiz-Jarabo Colomer at point 28 of his Opinion in that case and also at point 72 of his Opinion in [Case C-363/99 Koninklijke KPN Nederland](#) [2004] ECR I-1619, that is to say, that the presence of one or more minor arbitrary elements in a three-dimensional sign, all of whose essential characteristics are dictated by the technical solution to which that sign gives effect, does not alter the conclusion that the sign consists exclusively of the shape of goods which is necessary to obtain a technical result. In addition, since that interpretation implies that the ground for refusal under Article 7(1)(e)(ii) of Regulation No 40/94 is applicable only where all the essential characteristics of the sign are functional, it ensures that such a sign cannot be refused registration as a trade mark under that provision if the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative element which plays an important role in the shape.

53 As regards the condition that registration of a shape of goods as a trade mark may be refused under Article 7(1)(e)(ii) of Regulation No 40/94 only if the shape is ‘necessary’ to obtain the technical result intended, the General Court rightly found, at paragraph 39 of the judgment under appeal, that that condition does not mean that the shape at issue must be the only one capable of obtaining that result.

54 It is true, as the appellant points out, that, in some cases, the same technical result may be achieved by various solutions. Thus, there may be alternative shapes, with other dimensions or another design, capable of achieving the same technical result.

55 However, contrary to the appellant’s submission, that fact does not in itself mean that registering the

shape at issue as a trade mark would have no effect on the availability, to other economic operators, of the technical solution which it incorporates.

56 In that connection, it should be observed, as OHIM points out, that under Article 9(1) of Regulation No 40/94 registration as a trade mark of a purely functional product shape is likely to allow the proprietor of that trade mark to prevent other undertakings not only from using the same shape, but also from using similar shapes. A significant number of alternative shapes might therefore become unusable for the proprietor's competitors.

57 That would be particularly so if various purely functional shapes of goods were registered at the same time, which might completely prevent other undertakings from manufacturing and marketing certain goods having a particular technical function.

58 Those considerations are moreover reflected in paragraphs 81 and 83 of Philips, which state that the existence of other shapes which could achieve the same technical result does not in itself preclude application of the ground for refusal set out in the second indent of Article 3(1)(e) of Directive 89/104, whose wording corresponds to that of Article 7(1)(e)(ii) of Regulation No 40/94.

59 To the extent that the appellant also submits, and OHIM does not dispute, that in order to use the same technical solution, its competitors do not need to place on the market toy bricks whose shape and dimensions are in all respects identical to those of the Lego brick, it is sufficient to observe that that fact cannot prevent application of the rules laid down by the European Union's legislature, interpreted above, under which a sign consisting of the shape of a product that, without the inclusion of significant non-functional elements, merely performs a technical function cannot be registered as a trade mark. Such a registration would unduly impair the opportunity for competitors to place on the market goods whose shapes incorporate the same technical solution.

60 That applies a fortiori in a case of this kind, where it has been found by the competent authority that the solution incorporated in the shape of goods examined is the technically preferable solution for the category of goods concerned. If the three-dimensional sign consisting of such a shape were registered as a trade mark, it would be difficult for the competitors of the proprietor of that mark to place on the market shapes of goods constituting a real alternative, that is to say, shapes which are not similar and which are nevertheless attractive to the consumer from a functional perspective.

61 In those circumstances, the position of an undertaking which has developed a technical solution cannot be protected – with regard to competitors placing on the market slavish copies of the product shape incorporating exactly the same solution – by conferring a monopoly on that undertaking through registering as a trade mark the three-dimensional sign consisting of that shape, but can, where appropriate, be examined in the light of rules on unfair competition. Such an examination is, however, outside the scope of these

proceedings.

62 Since, for all the foregoing reasons, the arguments put forward by the appellant in the first part of its plea cannot be upheld, that part of the plea must be rejected.

Second part, concerning the application of incorrect criteria in the identification of the essential characteristics of a shape of goods

Arguments of the parties

63 The appellant submits that the concept of 'essential characteristics' is synonymous with that of 'dominant and distinctive elements' and that the identification of those characteristics must be carried out from the perspective of the relevant public, that is to say, the average consumer who is reasonably well informed and reasonably observant and circumspect.

64 The appellant submits that, in the light of Philips, any examination of the ground for refusal set out in Article 7(1)(e)(ii) of Regulation No 40/94 must involve two stages, that is to say, first, identification of the essential characteristics of the sign from the perspective of the average consumer and, second, examination, with the assistance of experts, of whether those characteristics are necessary to obtain a technical result.

65 Thus, by upholding, at paragraph 70 of the judgment under appeal, the Grand Board of Appeal's view that, in order to identify the essential characteristics of a three-dimensional sign, there is no need to take account of the perception of the consumer, and of consumer surveys, the General Court erred in law.

66 Mega Brands submits that the concept of 'essential characteristics' must be understood in the context of the words 'exclusively' and 'necessary' contained in Article 7(1)(e)(ii) of Regulation No 40/94. Against that background, the criteria advanced by the appellant, such as distinctive character and the public's perception, are irrelevant.

67 OHIM contends that, even if it were accepted that the identification of the essential elements of the shape should precede the assessment of their functionality, both those stages are part of the same exercise, namely determining whether those elements are essential for the function of the shape.

Findings of the Court

68 The correct application of Article 7(1)(e)(ii) of Regulation No 40/94 requires that the essential characteristics of the three-dimensional sign at issue be properly identified by the authority deciding on the application for registration of the sign as a trade mark.

69 As the Advocate General observed at point 63 of his Opinion, the expression 'essential characteristics' must be understood as referring to the most important elements of the sign.

70 The identification of those essential characteristics must be carried out on a case-by-case basis. There is no hierarchy that applies systematically between the various types of elements of which a sign may consist (see, to that effect, [Case C-488/06 P L & D v OHIM \[2008\] ECR I-5725](#), paragraph 55). Moreover, in determining the essential characteristics of a sign, the competent authority may either base its assessment directly on the overall impression produced by the sign, or first exam-

ine in turn each of the components of the sign concerned (see, by analogy, [Joined Cases C-468/01 P to C-472/01 P Procter & Gamble v OHIM \[2004\]](#) ECR I-5141, paragraph 45, and [Case C-286/04 P Euro-cermex v OHIM \[2005\]](#) ECR I-5797, paragraph 23).

71 Consequently, the identification of the essential characteristics of a three-dimensional sign with a view to a possible application of the ground for refusal under Article 7(1)(e)(ii) of Regulation No 40/94 may, depending on the case, and in particular in view of its degree of difficulty, be carried out by means of a simple visual analysis of the sign or, on the other hand, be based on a detailed examination in which relevant criteria of assessment are taken into account, such as surveys or expert opinions, or data relating to intellectual property rights conferred previously in respect of the goods concerned.

72 Once the sign's essential characteristics have been identified, the competent authority still has to ascertain whether they all perform the technical function of the goods at issue. As has been observed at paragraph 52 above, Article 7(1)(e)(ii) of Regulation No 40/94 cannot be applicable where the application for registration as a trade mark relates to a shape of goods in which a non-functional element, such as a decorative or imaginative element, plays an important role. In that case, competitor undertakings easily have access to alternative shapes with equivalent functionality, so that there is no risk that the availability of the technical solution will be impaired. That solution may, in that case, be incorporated without difficulty by the competitors of the mark's proprietor in shapes which do not have the same non-functional element as that contained in the proprietor's shape and which are therefore neither identical nor similar to that shape.

73 In the present case, the Grand Board of Appeal found, at paragraph 62 of the contested decision, that the most important element of the sign composed of the Lego brick consists in the two rows of studs on the upper surface of that brick. In its examination of the analysis carried out by the Cancellation Division, the Board placed particular emphasis on the inclusion of that element in Kirkbi's prior patents. As a result of that examination, it was found that that element is necessary to obtain the intended technical result of the product in question, that is to say, the assembly of toy bricks. In addition, as is apparent from paragraphs 54 and 55 of the contested decision, the Grand Board of Appeal found that, with the sole exception of its colour, all the other elements of the sign constituted by that brick are also functional.

74 Since the same points of fact led the General Court to find that all the elements of the Lego brick shape, except for its colour, are functional, its assessment cannot be reviewed by the Court of Justice on appeal, as the appellant has not pleaded that the evidence was distorted.

75 As regards the appellant's argument that the General Court erred in law in finding that the surveys on the target public's perception of the shape of the goods at issue were irrelevant, it must be observed that, unlike in

the situation covered by Article 3(1)(b) of Directive 89/104 and Article 7(1)

(b) of Regulation No 40/94, where 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 (see, to that effect, [Case C-104/01 Libertel \[2003\]](#) ECR I-3793, paragraph 62, and [Koninklijke KPN Nederland](#), paragraph 34), such an obligation cannot be imposed in the context of paragraph 1(e) of those articles.

76 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.

77 Consequently, the appellant's argument that the identification of the essential characteristics of a sign in the context of Article 7(1)(e)(ii) of Regulation No 40/94 must in any event be carried out from the target public's perspective cannot be upheld.

78 It follows that the second part of the plea must also be rejected.

Third part, concerning the application of incorrect functionality criteria

Arguments of the parties

79 The appellant submits that the assessment of functionality requires technical knowledge and is therefore usually carried out by scientific experts. An expert opinion examining the functionality of characteristics of a shape necessarily does so by comparing those characteristics with alternatives.

80 The General Court therefore erred in law in holding that the existence of alternative shapes is irrelevant and in refusing to consider the expert evidence placed before it by the appellant.

81 Mega Brands contends that the appellant's reasoning is based on the erroneous premiss that alternative shapes are relevant to assessing functionality. It also points out that alternative shapes may be less useful for performing the intended function, or may be more expensive to produce.

82 OHIM contends that the General Court rightly held that, in assessing functionality, the Grand Board of Appeal was entitled to rely on the prior patents and not on the existence of alternative shapes.

Findings of the Court

83 For the reasons set out in paragraphs 55 to 60 above, the existence of other shapes which could achieve the same technical result is not, for the purposes of the application of Article 7(1)(e)(ii) of Regulation No 40/94, such as to exclude the ground for refusal of registration, as the Court of Justice has moreover made clear at paragraphs 81 and 83 of *Philips*, in relation to the second indent of Article 3(1)(e) of Directive 89/104.

84 In examining the functionality of a sign consisting of the shape of goods, once the essential characteristics of the sign have been identified, it is only necessary to assess whether those characteristics perform the tech-

nical function of the product concerned. Clearly, that examination must be carried out by analysing the sign filed with a view to its registration as a trade mark, and not signs consisting of other shapes of goods.

85 The technical functionality of the characteristics of a shape may be assessed, *inter alia*, by taking account of the documents relating to previous patents describing the functional elements of the shape concerned. In the present case, the Grand Board of Appeal of OHIM and the General Court have taken such documents into consideration with regard to the Lego brick.

86 In the light of the foregoing, the third part of the plea must also be rejected.

87 Since none of the parts of the single plea in law be upheld, the appeal must be dismissed in its entirety.

Costs

88 Under Article 69(2) of the Rules of Procedure, which applies to the procedure on appeal 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. Since OHIM and Mega Brands have applied for costs and the appellant has been unsuccessful, it must be ordered to pay the costs.

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

1. Dismisses the appeal;
 2. Orders Lego Juris A/S to pay the costs.
- [Signatures]

Opinion of Advocate General Mengozzi

delivered on 26 January 2010 1(1)

Case C-48/09 P

Lego Juris A/S

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)

and

MEGA Brands, Inc.

(Appeal – Community trade mark – Three-dimensional trade mark in the shape of a Lego brick – Application for a declaration of invalidity – Declaration of partial invalidity of a Community trade mark)

I – Introduction

1. 'The Lego of life'. That was the title a few months ago of an article, in the German weekly *Die Zeit*, on a new branch of science, 'synthetic biology'. (2) The comparison with the well-known building game was based on the fact that, in order to create organisms, for example artificial proteins from microbes, scientists use the same method a child uses when faced with its box of Lego: first, they gather together the bricks (bio-bricks, or standardised genetic fragments, for the researcher), which already number more than 3 000; next, they select the most suitable in terms of the desired characteristics of the new cell and, lastly, they insert the fragments of DNA into the genes of a cell of another specimen in order to 'give life' to the new entity.

2. This is an appeal by Lego Juris A/S ('Lego Juris')

against the judgment of the Court of First Instance of 12 November 2008 in Case T-270/06 *Lego Juris v OHIM*. (3) It does not involve assessing the merits of Lego, whose instructional value and value in fostering logic and creativity are undoubted, but rather ascertaining whether the Court of First Instance's interpretation of the Community trade mark legislation and of the only precedent of the Court of Justice are vitiated by the errors alleged by Lego Juris.

3. The Lego company and its main competitor, MEGA Brands, dispute whether it is possible to register as a trade mark a photographic representation of a typical Lego brick or whether its design contains essential characteristics of the shape of the brick which, because of their functionality, must remain available to any toy manufacturer and are therefore prohibited from registration.

II – Legal framework

A – Applicable provisions

4. Although the Community trade mark has in essence been governed by Regulation (EC) No 207/2009 since 13 April 2009, (4) for the purposes of determining this appeal, the provisions of Regulation (EC) No 40/94 remain applicable *ratione temporis*. (5)

5. In Regulation No 40/94, Article 4 should be highlighted, which provides:

'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.'

6. Article 7(1) of that regulation provides:

'1. The following shall not be registered:

- (a) signs which do not conform to the requirements of Article 4;
- (b) trade marks which are devoid of any distinctive character; ...
- (c) signs which consist exclusively of:
 - (i) ...
 - (ii) the shape of goods which is necessary to obtain a technical result; or
 - (iii) the shape which gives substantial value to the goods;

...'

7. By contrast, Article 7(3) states:

'Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.'

B – Case-law: the Philips judgment (6)

8. Although extracts from the Court of Justice's own judgments are not usually included in the account of the relevant law for determining cases brought before the Court, the fact that there has to date been only one ruling relevant to settling the outcome of this dispute amply justifies the inclusion under this heading of the findings of certain paragraphs from the judgment in *Philips*. In those circumstances, the interpretation of the arguments therein is to a certain extent comparable to a

legal rule.

9. The dispute in the main proceedings in Philips concerned the graphic representation of the shape of the head of a type of electric razor designed by Philips.

10. Thus, in Philips the Court described Article 7(1)(e)(ii) of Regulation No 40/94 as ‘a preliminary obstacle’, which is ‘liable to prevent a sign consisting exclusively of the shape of a product from being registrable’. (7)

11. It also stated that the rationale of Article 3(1)(e) of Directive 89/104/EEC (8) is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors; it is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark. (9)

12. The Court further clarified the rationale of that provision, stating that it is intended to preclude the registration of shapes whose essential characteristics perform a technical function with the result that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function; (10) and it added that the provision ‘pursues an aim which is in the public interest, namely that a shape whose essential characteristics perform a technical function ... may be freely used by all’. (11)

13. Lastly, the Court held that the provision at issue in Philips ‘reflects the legitimate aim of not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions’, (12) and that there is nothing in the wording of that provision from which it may be concluded that the existence of other shapes for achieving the same technical result can overcome the ground for refusal or invalidity contained in the provision. (13)

III – Background to the dispute

14. On 1 April 1996, the predecessor in title of Lego Juris A/S filed an application for a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (‘OHIM’). It sought registration of the red three-dimensional toy brick reproduced below:

15. The application for registration was in relation to goods in Class 9 (which are irrelevant to this appeal and therefore not listed) and Class 28 of the Nice Agreement, (14) *inter alia* for ‘games and playthings’ in Class 28.

16. On 19 October 1999, the mark applied for was registered as a Community trade mark. However, two days later, on 21 October 1999, the predecessor of Mega Brands, Inc. (‘MEGA Brands’) applied for a declaration that that registration was invalid pursuant to Article 51(1)(a) of Regulation No 40/94 in relation to ‘construction toys’ in Class 28. MEGA Brands argued

that the registered mark was contrary to the absolute grounds for refusal laid down in Article 7(1)(a), (e)(ii) and (iii) and (f) of that regulation.

17. The Cancellation Division hearing the application stayed the proceedings, pending the judgment of the Court of Justice in Philips, which was delivered in June 2002, and it resumed proceedings on 31 July 2002. By a decision of 30 July 2004, the Cancellation Division declared the registration invalid with respect to ‘construction toys’ in Class 28, on the basis of Article 7(1)(e)(ii) of Regulation No 40/94, finding that the mark at issue consisted exclusively of the shape of goods which was necessary to obtain a technical result.

18. On 20 September 2004, the trade mark applicant filed an appeal against that decision at the Boards of Appeal of OHIM, whose Presidium, after a number of procedural vagaries, (15) and at the request of Lego Juris, referred the case to the Grand Board of Appeal. (16)

19. By decision of 10 July 2006, (17) the Grand Board of Appeal dismissed the appeal as unfounded, holding that, under Article 7(1)(e)(ii) of Regulation No 40/94, the mark at issue was not registrable in relation to ‘construction toys’ in Class 28.

20. The Grand Board of Appeal observed that the acquisition of distinctive character through use, provided for in Article 7(3) of Regulation No 40/94, does not prevent the application of Article 7(1)(e)(ii) of that regulation. (18) It pointed out that that article is designed to bar from registration shapes whose essential characteristics perform a technical function, hence allowing them to be freely used by all, and that a shape does not escape that prohibition if it contains a minor arbitrary element such as a colour. (19) It dismissed the relevance of the existence of other shapes which can achieve the same technical result. (20)

21. In addition, the Grand Board of Appeal stated that the word ‘exclusively’, used in Article 7(1)(e)(ii) of Regulation No 40/94, means that the shape must have no purpose other than that of achieving the desired technical result and that the word ‘necessary’, used in that same provision, means that the shape is required to achieve that technical result, although there may be other shapes that can also perform the same task. (21) Further, the Grand Board of Appeal identified the characteristics of the shape at issue which it regarded as essential (22) and conducted an analysis of their functionality. (23)

IV – The procedure before the Court of First Instance and the judgment under appeal

22. By application lodged at the Registry of the Court of First Instance on 25 September 2006, Lego Juris brought an action for annulment of the decision of the Grand Board of Appeal. It put forward a single plea in law, alleging infringement of Article 7(1)(e)(ii) of Regulation No 40/94 (‘the provision at issue’), composed of two parts, alleging incorrect interpretation of the provision at issue and incorrect assessment of the subject-matter of the mark in question respectively.

23. In summary, (24) Lego Juris submitted that the Grand Board of Appeal had misconstrued the true

scope of Article 7(1)(e)(ii), which does not exclude functional shapes per se from registration as a trade mark, but only signs which consist ‘exclusively’ of the shape of goods which is ‘necessary’ to obtain a technical result. It submitted that, in order to fall within that provision, a shape must have only functional features, and that its external appearance must be capable of being altered in its distinctive characteristics in such a way that it would lose its functionality. Lego Juris also submitted that the existence of functionally equivalent alternative shapes using the same ‘technical solution’ is the correct criterion for establishing whether the grant of a trade mark may give rise to a monopoly for the purposes of Article 7(1)(e)(ii).

24. Before the Court of First Instance Lego Juris further submitted that the provision at issue does not preclude ‘industrial designs’ from trade mark protection, which can be registered as trade marks even if they consist exclusively of elements that have a function. The decisive question is whether that protection would create a monopoly on technical solutions or the functional characteristics of the shape in question, or whether competitors have sufficient freedom to apply the same technical solution and use the same characteristics.

25. However, the Court of First Instance did not take that view, and it proposed that the word ‘exclusively’, which is found in Article 7(1)(e)(ii) of Regulation No 40/94, (25) should be interpreted in the light of the expression ‘essential characteristics which perform a technical function’, used in paragraphs 79, 80 and 83 of Philips. The Court of First Instance concluded from that expression that the addition of non-essential characteristics having no technical function does not prevent a shape from being caught by that absolute ground for refusal if all the essential characteristics of that shape perform such a function.

26. With regard to the expression ‘necessary to obtain a technical result’, which is used in both the provision at issue and at paragraphs 81 and 83 of Philips, the Court of First Instance concluded that it did not mean that that absolute ground for refusal applied only if the shape is the only one which could achieve the intended result. It recalled that at paragraph 81 of Philips the Court of Justice had held that ‘[the existence] of other shapes which could achieve the same technical result can[not] overcome the ground for refusal’ and, at paragraph 83 of Philips, that ‘registration of a sign consisting of [the] shape [in question is precluded], even if that technical result can be achieved by other shapes’. From those findings the Court of First Instance concluded that, in order for the absolute ground for refusal in question to apply, it is sufficient that the essential characteristics of the shape combine the characteristics which are technically causal of, and sufficient to obtain, the intended technical result, and are therefore attributable to that technical result.

27. The Court of First Instance also rejected the arguments of Lego Juris that the existence of other shapes which could achieve the same technical result was significant, since at paragraphs 81 and 83 of Philips the Court of Justice had dismissed the relevance of that

fact, without distinguishing shapes using another ‘technical solution’ from those using the same ‘technical solution’.

28. In addition, the Court of First Instance considered, first, paragraph 78 of Philips, which stated that the rationale of the provision at issue was to prevent a trade mark right from granting its proprietor a monopoly on the functional characteristics of a product and from forming an obstacle preventing competitors from freely offering for sale products incorporating such functional characteristics. The Court of First Instance added that it cannot be ruled out that the functional characteristics of a product which, according to the Court of Justice, must be left available to competitors, are specific to a precise shape. Second, referring to paragraph 80 of Philips, in which it is stated that the provision at issue pursues an aim which is in the public interest, namely that a shape whose essential characteristics perform a technical function may be freely used by all, the Court of First Instance emphasised that that aim does not relate solely to the technical solution incorporated in such a shape, but to the shape itself and its essential characteristics. Accordingly, if the shape as such must be capable of being freely used, the distinction advocated by Lego Juris between shapes using another ‘technical solution’ and those using the same ‘technical solution’ cannot be accepted.

29. The Court of First Instance therefore found that Article 7(1)(e)(ii) of Regulation No 40/94 precludes registration of any shape consisting exclusively, in its essential characteristics, of the shape of the goods which is technically causal of, and sufficient to obtain, the intended technical result, even if that result can be achieved by other shapes. It thereby endorsed the Grand Board of Appeal’s analysis and rejected the first part of the single plea of the action.

30. The second part of the plea was in turn divided into three complaints, of which only two are relevant to this appeal. The first concerns the failure to identify the essential characteristics of the mark in question, and the second concerns errors in assessing the functional nature of those essential characteristics. (26)

31. In the first complaint, Lego Juris complained that the Grand Board of Appeal had failed to identify the essential characteristics of the shape at issue, namely the design and proportion of the studs, assessing the functionality of the Lego brick as a whole, including features that do not fall under the protection applied for, such as the hollow skirt and the secondary projections. Thus, the contested decision failed to take into account that the registration sought would have enabled Lego Juris to oppose applications for registration covering building bricks having the same appearance but not those covering bricks with a different appearance, regardless of the technical solution they implemented.

32. Lego Juris further submitted that the essential characteristics of a shape must be determined from the point of view of the consumer and not by experts according to a purely technical analysis.

33. As regards the second complaint, concerning the functionality of those characteristics, Lego Juris criti-

cised the Grand Board of Appeal for considering that functionally equivalent design alternatives used by its competitors were irrelevant, whereas they do matter for assessing whether protection of a shape leads to a monopoly on a technical solution. Lego Juris also criticised the Grand Board of Appeal for failing to appreciate the impact of previous patent protection on the assessment of whether a shape is functional.

34. Lastly, Lego Juris denied that it obtained a monopoly on a technical solution because of the protection as a trade mark of the shape at issue, submitting that in order to apply the same technical solution competitors were not obliged to copy the shape of the Lego brick.

35. The Court of First Instance also rejected the second part of the single plea for annulment. (27)

36. With regard to the first complaint, it held that the point of view of consumers was irrelevant, since it was unlikely that they would have the technical knowledge necessary to assess the essential characteristics adequately. It also found that since the Grand Board of Appeal had correctly identified all the essential characteristics of the Lego brick, the fact that it took into account other characteristics did not affect the lawfulness of its decision.

37. As regards the second complaint, the Court of First Instance rejected the arguments of Lego Juris concerning the relevance of alternative shapes, referring once more to paragraph 80 of Philips, from which it concluded that the functionality of a shape must be assessed independently of whether other shapes exist. As regards the probative value of the prior patents, it held that the arguments of Lego Juris were not relevant, for the Grand Board of Appeal had expressly stated, at paragraph 39 of its decision, that a sign could be protected by a patent and by a trade mark, having referred to the first of those two intellectual property rights only in order to highlight the essential characteristics of the Lego brick (the primary cylindrical studs).

38. Lastly, as regards the statement that the competitors of Lego Juris do not need to copy the shape of the Lego brick in order to apply the same technical solution, the Court of First Instance emphasised that that argument was based on the incorrect assumption that the availability of other shapes incorporating the same technical solution demonstrates that the shape at issue is lacking in functionality, which it had rejected earlier in the same judgment by reference to Philips, which establishes the principle that the functional shape itself must be available to all.

39. Since it did not uphold any of the arguments of Lego Juris, the Court of First Instance dismissed the action.

V – The procedure before the Court of Justice and the forms of order sought by the parties

40. The appeal of Lego Juris was received at the Court Registry on 2 February 2009, and the response of MEGA Brands and that of OHIM were received on 15 and 23 April 2009 respectively; (28) no reply or rejoinder was lodged.

41. Lego Juris claims that the Court should set aside the judgment under appeal and refer the matter back to the

Court of First Instance, ordering OHIM to pay the costs.

42. OHIM and MEGA Brands contend that the Court should dismiss the appeal and order the appellant to pay the costs.

43. At the hearing on 10 November 2009, the respective representatives of both parties and those of MEGA Brands presented oral argument and answered questions from Members of the Grand Chamber and the Advocate General.

VI – Analysis of the appeal

A – Summary of the positions of the parties and the scope of my analysis

1. Arguments of the parties

44. Lego Juris bases its appeal on three complaints, summarised below, which are moreover substantially the same as those put forward before the Court of First Instance.

45. First, the appellant submits that the judgment under appeal provided an incorrect interpretation of Article 7(1)(e)(ii) of Regulation No 40/94 that bars from trade-mark protection all shapes which perform a function, independently of whether the criteria of that provision are fulfilled or not. It submits that the Court of First Instance departed from the judgment in Philips, in which the Court of Justice distinguished between ‘technical solutions’ and ‘technical results’, associating the requirement to maintain availability with technical solutions so that competitors are not obliged to seek different solutions leading to the same result, but calling on them to find different shapes using the same solution. That misinterpretation on the part of the Court of First Instance led it to hold that the functional shape itself must be available to all, whereas it is apparent from the judgment in Philips that only the functional characteristics of the shape itself must be available to all.

46. Second, Lego Juris submits that the judgment under appeal used incorrect criteria in order to ascertain the essential characteristics of three-dimensional signs. Where a trade mark right is used effectively, the concept of ‘essential characteristics’ is synonymous with that of ‘dominant and distinctive elements’, which must be assessed from the perspective of the average consumer who is reasonably well informed and reasonably observant and circumspect. (29) However, at paragraph 70 of its judgment, the Court of First Instance disregarded the rule that the perception of the consumer must be taken into account, following the circular approach of determining the essential characteristics precisely from the task performed by various parts of the shape.

47. Third, Lego Juris criticises the judgment under appeal for using incorrect functionality criteria. It submits that the best way to assess whether a specific characteristic of the shape of an object fulfils a function is to alter that characteristic. If altering it has no impact on the function, then that characteristic is not functional. In that context, alternative shapes must be taken into account, since they would show that the grant of a trade mark in respect of a specific shape will not lead to a

monopoly, and thus the shape is not caught by the absolute prohibition on registration contained in Article 7(1)(e)(ii) of Regulation No 40/94.

48. Both OHIM and MEGA Brands reject all the arguments of the appellant, and maintain that the reasoning and decision of the judgment under appeal are valid.

2. Scope of my analysis

49. It is necessary in the present appeal to explain to economic operators the relevant criteria for registering as a trade mark the shapes of goods which are adapted to the technical functions which they must perform.

50. Undoubtedly the judgment in Philips set out the principles for interpreting the provision at issue, albeit by reference to the directive. However, the facts of that case resulted in a somewhat emphatic judgment as regards the registrability of signs composed of functional shapes. It is apparent from the judgment that there was a certain consensus that the graphic representation of the head of the electric shaver marketed by Philips was purely functional.

51. By focussing so narrowly on the facts of the case, the reply from the Court of Justice to the Court of Appeal (England and Wales) emphasised the grounds on which it was appropriate to refuse registration of a mark having those characteristics, but it scarcely set out for undertakings the guidelines for registering functional signs as trade marks. The judgment, faithful to the spirit of the legislation, did not absolutely preclude marks composed of functional shapes from being registered, although it did not make this easy. To use a metaphor, the Court did not close the door on registering functional signs, but rather left it ajar; and this appeal must determine the size of the gap left by that half-closed door.

52. In fact, Lego Juris submits not only that Article 7(1)(e)(ii) of Regulation No 40/94 has been misinterpreted in the judgment under appeal (first complaint), but also that inadequate interpretative criteria have been used for determining the functional characteristics of its block or brick (second and third complaints). Consequently, the appeal must consider both substantive aspects, that is to say the possible errors of interpretation, and methodological aspects, namely the *modus operandi* for assessing the characteristics of objects and defining their functionality.

53. I believe that there has been only one precedent, and that this appeal is the second opportunity in 10 years for the Court to explore the intricacies of the provision at issue, which justifies the attempt to provide a reply which goes beyond the limits imposed by the grounds of appeal put forward by the appellant, before then examining those grounds. Furthermore, I hope thereby to meet the logical expectations of the business community as to the requirements for registering functional signs, which is anxious to receive clarification on this complex issue.

B – Towards a broader interpretation of Article 7(1)(e)(ii) of Regulation No 40/94

1. Consolidated and less rigid interpretative guidelines

54. Comparing the judgment in Philips with the case-

law of some of the national legal systems, I discern certain similarities in the interpretation of the respective provisions implementing the directive, in addition to some considerable differences which are very telling as regards the appropriateness of harmonising the requirements for registering functional trade marks. In the pleadings lodged by the parties before the Court, United States trade mark law is examined, as a result of which I feel obliged to make reference thereto where this may be useful to the present case.

55. As regards the similarities, it is unanimously accepted that Article 7(1)(e)(ii) of Regulation No 40/94 and its national counterparts are based on a twofold premiss: first, that of preventing a monopoly on technical solutions for goods through trade-mark law, in particular where those solutions have previously enjoyed the protection afforded by another industrial property right, (30) and, second, that of keeping separate trade-mark protection and the protection conferred by other forms of intellectual property. (31)

56. In the interests of clarity, it should be recalled that in Philips the reply to the fourth question referred by the Court of Appeal was based precisely on those two ideas, (32) thereby following the Opinion of Advocate General Ruiz-Jarabo. (33)

57. However, those underlying features, common to both national and Community trade-mark law, have not been sufficient to harmonise judicial practice completely. Thus, in terms of Philips itself, as regards the national courts of each Member State, while the Swedish courts have held that a shape must be regarded as purely functional where no other allows the same function to be performed, the English courts have preferred to find that the national provision corresponding to Article 7(1)(e)(ii) of Regulation No 40/94 precludes from registration all cases in which the function was the principal reason for which the product had the shape for which registration as a trade mark was sought. (34)

58. The national judgments referred to in the previous paragraph predate the judgment of the Court in Philips; however, at times the highest national courts appear to reduce the principles in that judgment to their bare minimum, so that the prohibition contained in the provision at issue, or its national counterpart, becomes ineffective, with the attendant increase in the difficulties faced by competitors in entering the market for the object whose functional shape has been successfully registered. (35)

59. That divergence probably stems from the fact that, while it could have adopted a more stringent criterion, restricting the prohibition to signs composed solely of functional characteristics, the judgment in Philips preferred a more flexible approach which would include more functional marks within the prohibition, by requiring that the 'essential characteristics' had to perform a technical function. (36) However, by adopting that approach, it introduced an element of vagueness, which is now exacting its price.

60. The risk that the guidelines developed by the Court may not be treated identically in all the Member States is therefore evident, which is why I consider it appro-

prate to identify some additional criteria to help develop the case-law which, since Philips is the only precedent, is overly focussed on the signs which must be precluded from registration, pursuant to Article 7(1)(e)(ii) of Regulation No 40/94. The best method of clarifying the scope of that provision is to identify also those cases in which the trade mark sought deserves to be registered, although it contains some functional characteristics.

2. Proposed interpretation

61. First of all, I wish to make clear that I do not propose a change in the case-law, but merely a more nuanced approach, principally as to methodology, since the principles laid down by the judgment in Philips are valid, (37) that is to say: first, the twofold rationale, referred to above, underlying Article 7(1)(e)(ii) of Regulation No 40/94, comprising the ‘anti-monopoly’ criterion and the criterion for the strict delineation of the different industrial property rights; second, the fact that the provision at issue precludes the registration of shapes whose essential characteristics perform a technical function; (38) and, lastly, the fact that it is established that there are other shapes which could achieve the same technical result cannot overcome the absolute ground for refusal or invalidity contained in that provision. (39)

62. It is, however, necessary to complete this basis for interpretation by referring to certain methodological guidelines for the application of the provision in question; in my view, the procedure when applying Article 7(1)(e)(ii) of Regulation No 40/94 involves up to three stages. (40)

a) First stage

63. At the outset, the body responsible for examining the absolute ground for refusal or invalidity must identify the most important elements of the shape which has been submitted to it for registration. At this stage the guidelines to be followed assume a fundamental importance.

64. Since it is not yet a question of determining whether the sign has distinctive character, but merely of identifying its principal characteristics, each of the individual features of the get-up of the mark concerned must be analysed in turn. (41) In contrast to the assessment of distinctive character, it is not necessary to take into account the overall impression, unless, for example, in the case of a simple object all the characteristics comprising its shape are regarded as essential.

65. It may be inferred from the wording of Article 7(1)(e)(ii) that the essential characteristics of the shape must be ascertained and compared with the technical result in order to assess whether there is a necessary connection between those characteristics and that technical result. In that context, the purpose of ascertaining those essential characteristics is not to determine whether the sign can perform the essential function of a trade mark, that of guaranteeing the origin of the marked goods, (42) but rather to determine its necessary character in relation to the technical result, the features of which must also be precisely defined.

66. At this initial stage, the point of view of the consumer is therefore irrelevant, because, as Philips makes clear, (43) only a preliminary requirement, applicable to signs consisting exclusively of the shape of a product, is being assessed, and those signs may be refused registration if that requirement is not fulfilled; whether the signs have distinctive character is not yet being assessed, and that is the stage at which the case-law always regards the opinion of the consumer as being relevant. (44)

67. Lastly, as part of the first stage, it remains necessary to determine the functionality of each of the essential characteristics that has been identified. Ascertaining such functionality in turn raises methodological issues. Evidently, this cannot be based on mere conjecture or generalisations based on current experience; (45) as a rule, for those goods which have enjoyed patent or design protection, the explanations included with the certificates of registration for those industrial property rights constitute a simple, yet very powerful, presumption that the essential characteristics of the shape of the object perform a technical function, as the Grand Board of Appeal had already noted, referring to the case-law of the US Supreme Court in the *Traffix* case. (46) Beyond those cases, the services of an expert may always be used.

68. The continuation of the procedure depends on the result of that assessment of functionality: if, on the one hand (hypothesis A), all the defining characteristics of the shape for which registration is sought perform a technical function, the shape itself is functional and registration must be refused or, if registration has already been granted, it must be cancelled; in that case, the initial stage marks the end of the assessment. However, if, on the other hand (hypothesis B), not all of those characteristics are functional, the second stage is proceeded to.

b) Second stage

69. At the second stage, the body responsible for examining the mark is faced with a shape only some of whose essential characteristics are in part functional. A strict interpretation of Philips would preclude Article 7(1)(e)(ii) of Regulation No 40/94 from being applied, since paragraph 84 of that judgment states that a sign consisting exclusively of the shape of a product is unregistrable, ‘... if it is established that the essential functional features of that shape are attributable only to the technical result’. However, I believe that once more the judgment in Philips focuses too narrowly on the facts of the case.

70. In fact, considering the two basic premisses underlying Article 7(1)(e)(ii) of Regulation No 40/94 – that it ‘reflects the legitimate aim of [not allowing individuals] ... to acquire or perpetuate exclusive rights relating to technical solutions’ (47) and that a functional shape ‘may be freely used by all’ (48) – I believe that the provision does have effect in this hybrid situation involving functional and non-functional characteristics.

71. The examination merely becomes more complex.

72. The problem arises of determining whether the grant of a trade mark will prevent competitors from us-

ing the essential functional characteristics which that mark would protect; for in a situation such as that described, it is not inconceivable that several or many of those functional characteristics are essential for market competitors, for example, to ensure that their own goods are interoperable with those of the proprietor of the functional shape whose registration is being sought. Since such a result contrasts sharply with the premisses of Philips, I envisage two alternatives.

73. The first restricts a trade mark right to the essential and distinctive non-functional elements. Thus, for example, memory sticks (49) are composed of a part which clearly serves to connect to a computer or other device, and another part which, while performing a technical function, may be – and usually is – adorned with a particular shape which is more aesthetic. I do not perceive any obstacle to granting trade marks in respect of those USB keys, albeit restricted to the part covered by the design, since the other part always remains functional. However, OHIM would have to adopt a more flexible registration practice, facilitating the use of disclaimers, given that it does not use its power under Article 37(2) of Regulation No 207/2009, (50) and rigidly applies the principle, not laid down in the case-law of the Court of Justice, (51) that signs composed of a number of components cannot claim protection in respect of one component alone. (52) Even though the manufacturers of USB sticks may seek protection for the aesthetic element, without including the connection part in the image in the trade mark application, the trade mark will be less effective, since the consumer might not recognise it as being part of a USB key, thereby reducing the manufacturer's interest in obtaining a trade mark.

74. That difficulty prompts me to propose a second alternative. Since the purpose of the provision at issue is overwhelmingly to protect competition, the examination of a sign composed in part of functional elements would have to be subject to a requirement that any industrial property right granted must not lead to significant non-reputation related disadvantage for competitors vis-à-vis their own signs. (53) At this stage, it would be necessary to compare the other compatible market options, as the appellant persistently requests. Without considering that alternative in detail at the present juncture, it should be noted that the alternative shapes would have to be analysed taking into account interoperability and the requirement of availability, which represent the public interest also underlying Article 7(1)(e)(ii) of Regulation No 40/94.

c) Third stage

75. Lastly, once those obstacles have been overcome by means of disclaimers or because it has been established that the shape does not harm competition, the bodies responsible for determining the functionality of a shape of this hybrid type, generally a trade mark office or a court hearing a counterclaim for a declaration of invalidity, begin the third stage, in which it is ascertained whether the mark (shape) has distinctive character. At this point, the overall impression conveyed by the sign, the point of view of the consumer, and the goods or

services in respect of which registration has been applied for are now relevant, in accordance with the case-law. (54)

76. In addition, Article 7(3) of Regulation No 40/94, which prohibits the proprietor of a functional shape from relying on the fact that the latter has become distinctive through use, still pertains. (55) In that connection, first, I believe that the exclusion of functional shapes from the possible benefit conferred by that Article 7(3) caters for the legislature's wish to prevent an object which has enjoyed patent or design protection from benefiting from that possibility. Thus once that other industrial property right has expired, it is probable, particularly in the case of innovative goods, such as Lego, that these already enjoy, in the eyes of the consumer, what would normally be regarded as 'distinctive character', since they have remained unique in their category of goods during the period in which the patent or design right was valid. (56) Second, the Court of Justice has held that the intention of the Community legislature was to grant protection as a Community trade mark only to those marks whose distinctive character had been acquired through use prior to the date of application for registration. (57) Therefore, the proprietor of a trade mark obtained by means of a disclaimer could never rely on the benefit of Article 7(3) of Regulation No 40/94 in order to extend the protection to essential functional characteristics.

C – Consequences for this appeal

77. Having outlined the principal features of the broader interpretation of Article 7(1)(e)(ii) of Regulation No 40/94, it is necessary to examine its consequences for assessing the complaints put forward by Lego Juris in its single ground of appeal.

78. I would mention at this point that the work carried out by the Court of First Instance in the judgment under appeal seems to me worthy and consistent with the judgment in Philips. In particular, it has treated the arguments of Lego Juris circumspectly, providing replies to them which are legally impeccable; and thus, since my analysis invalidates the core of the complaints of Lego Juris, I need consider only the substance of those criticisms, without this in any way undermining my refutation of the appellant's arguments.

1. First complaint, alleging incorrect interpretation of Article 7(1)(e)(ii) of Regulation No 40/94 79

In the appeal of Lego Juris, which is not without an element of confusion, it is submitted that the judgment under appeal arrives at a decision which deprives all functional shapes of the protection conferred by trademark law, regardless of whether they meet the criteria of the provision at issue. It is alleged that the Court of First Instance departed from the judgment in Philips which allowed functional shapes to be registered provided that there were other shapes that were equivalent. Against that background, it is argued that it would be incorrect to find that a functional shape as such must remain available to all, since in Philips only the functional characteristics of a shape were to remain available to all.

80. I do not concur with that method of interpreting the

judgment under appeal.

81. The appellant is mistaken, although it interprets both the judgment in Philips and the provision at issue creatively.

82. First, as MEGA Brands points out, the lengthy comments on the alleged differences between ‘technical solutions’ and ‘technical results’ find no support in Philips or in Article 7(1)(e)(ii) of Regulation No 40/94. This was rightly confirmed by the Court of First Instance at paragraph 40 of the judgment under appeal, referring to paragraphs 81 and 83 of Philips, which make no distinction between ‘technical solution’ and ‘technical result’.

83. Second, it is apparent from paragraphs 80 and 83 of Philips that the public interest aim pursued by the provision at issue requires that functional shapes may be freely used by all, the existence of alternative shapes being irrelevant in assessing their functionality. Therefore, there is no indication of any error of law on the part of the Court of First Instance in the judgment under appeal.

84. I will allow myself to return to the interpretation of Article 7(1)(e)(ii) of Regulation No 40/94 proposed in the previous section.

85. I have already indicated that the judgment in Philips focussed narrowly on the facts of the case, which certainly gave rise to a clear stance on the part of the Court. Indeed, in the present case, the facts of the case are also decisive.

86. Thus, paragraph 75 of the judgment under appeal stated that the Grand Board of Appeal of OHIM had carried out an exhaustive analysis of the Lego brick, concluding that all the elements of its shape fulfilled technical functions. Against that background, which corresponds to the first stage of my interpretative guidelines, it was to be expected that the Community agency in question should refuse to register the sign applied for by Lego Juris, since not only its essential characteristics, but also the brick as a whole, were dictated exclusively by their functional requirements, a situation in which the following stage of my interpretation is not to be proceeded to (hypothesis A). (58)

87. Since the judgment in Philips is clear, at least in the paragraphs discussed, and in light of the assessment (unappealable on points of fact) that the Grand Board of Appeal carried out of the Lego brick’s functionality, which was left unchanged in the judgment under appeal and which the appellant does not challenge before the Court by arguing that the facts and the clear sense of the evidence have been distorted, the interpretation of Article 7(1)(e)(ii) of Regulation No 40/94 given by the Court of First Instance must be upheld and the complaint rejected.

2. Second complaint, alleging that the essential characteristics of a three-dimensional mark have been inadequately defined

88. By this complaint, Lego Juris submits in essence that in the analysis of the essential characteristics account must be taken of the point of view of the consumer, which the Court of First Instance failed to do, rejecting this explicitly at paragraph 70 of its judg-

ment.

89. If the interpretation that I propose is followed, it would not be difficult to reject this complaint, since, in accordance with the methodological guidelines set out, the analysis of the distinctive character of functional marks only occurs at the third stage. (59) I have already observed, when examining the preceding complaint, that in the light of the conclusion that all the elements of the Lego brick were functional, neither the Grand Board of Appeal of OHIM nor the Court of First Instance had to embark on the following stages.

90. However, even if my view is not shared, I believe that the complaint of Lego Juris is unacceptable whichever angle it is approached from. Thus, at paragraph 76 of Philips, the Court of Justice observed that the absolute ground for refusal analysed in this case constituted a ‘preliminary obstacle’; thus, the examination of that absolute ground for refusal is not subject to the same guidelines as the examination of dominant and distinctive elements, the investigation of which seeks to ascertain whether the sign serves as an indication of origin in the eyes of the consumer, which is a different task from identifying the essential elements of a shape.

91. In fact, if the argument of Lego Juris were taken to its logical conclusion, the criterion of the average consumer, as he is usually referred to in the case-law of the Court of Justice, would have to be applied also in respect of Article 7(1)(f) of Regulation No 40/94, and the ‘accepted principles of morality’ or ‘public policy’ would therefore have to be assessed from the point of view of the consumer.

92. The absurdity of such a consequence is the result of disregarding the premiss that the different grounds for refusing registration contained in Article 7(1) of Regulation No 40/94 reflect the differing intentions of the legislature, since each ground contains its own normative force as a result of criteria which may be, but do not have to be, identical in all cases of refusal/cancellation of registration. In the present case, since the rationale underlying Article 7(1)(e) is so far removed from the essential function of the trade mark, unlike Article 7(1)(b) (relating to distinctive character), the criterion of the average consumer cannot be accepted.

93. The appellant is therefore mistaken in seeking to transpose the typical criteria for investigating distinctive character to the essential elements of a shape for the purposes of determining whether it is functional, such elements having to be ascertained objectively, as the Court of First Instance rightly observed in the judgment under appeal. Consequently, the second complaint must also be rejected.

3. Third complaint, alleging the use of incorrect functionality criteria

94. In its third complaint, Lego Juris defends the comparative method for ascertaining the functionality of the characteristics of a shape. On the one hand, it claims that those essential characteristics should be altered in order to assess whether they fulfil a function, those characteristics being functional where the change has an impact on that function. In that context, it submits

that the existence of alternative shapes is important, which would indicate that the trade mark in respect of a particular shape would not give rise to a monopoly, and this would not be affected by the absolute ground for refusal considered in this appeal.

95. I am not convinced by that argument of the appellant either.

96. Keeping to my methodology for interpreting Article 7(1)(e)(ii) of Regulation No 40/94, the criticism of the judgment under appeal is irrelevant. Although I have accepted that comparing the optional shapes is potentially relevant in order to assess the state of competition, I have left such comparative analysis to the second stage; there it makes sense in order to determine whether the monopoly conferred by a trade mark on a product with certain functional characteristics may eliminate competition in the market. As I have already indicated, once it has been established that the piece of Lego is completely functional, the following stages are not to be undertaken.

97. In addition, in accordance with Philips, and the provision at issue, it can be seen that the error which Lego Juris alleges the judgment under appeal contains is without foundation. The judgment in Philips was abundantly clear, at paragraphs 81 to 84 thereof, that '[the existence] of other shapes which could achieve the same technical result can[not] overcome the ground for refusal or invalidity contained in [the provision at issue]', which, by precluding from registration signs composed exclusively of the shape necessary to obtain a technical result, is entirely applicable to the case of the Lego brick which has been shown to be purely functional. Thus, Lego Juris could not rely on the nuances in the judgment in Philips itself in relation to the limitation to essential characteristics, since all the characteristics of the brick, essential or otherwise, seemed to be functional; in such a case, it is not necessary to consider the alternatives, since the trade mark which would be granted would always monopolise the shape.

98. In the light of the foregoing, I conclude that the third complaint is unfounded, which must be rejected like the first two complaints. Therefore, since all the complaints have been rejected, the single ground of appeal fails.

VII – Costs

99. Since Lego Juris has been unsuccessful in all its claims in this appeal, it must bear the costs, pursuant to the first paragraph of Article 122, in conjunction with the first subparagraph of Article 69(2), of the Rules of Procedure of the Court of Justice.

VIII – Conclusion

100. In the light of the foregoing considerations, I suggest that the Court of Justice:

(1) dismiss the appeal brought by Lego Juris against the judgment of the Eighth Chamber of the Court of First Instance of 12 November 2008 in Case T-270/06;

(2) order the appellant to pay the costs.

1 – Original language: Spanish.

2 – Maier, J., 'Lego des Lebens', DIE ZEIT No 32, 30 July 2009, p. 27.

3 – Case T-270/06 Lego Juris v OHIM — Mega Brands

(Lego brick) [2008] ECR II-0000.

4 – Council Regulation of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1), in force since the date referred to in the point to which this footnote refers.

5 – Council Regulation of 20 December 1993 (OJ 1994 L 11, p. 1), as amended by Council Regulation (EC) No 3288/94 of 22 December 1994 amending Regulation (EC) No 40/94 on the Community trade mark for the implementation of the agreements concluded in the framework of the Uruguay Round (OJ 1994 L 349, p. 83) and, most recently, by Council Regulation (EC) No 422/2004 of 19 February 2004 (OJ 2004 L 70, p. 1).

6 – Case C-299/99 Philips [2002] ECR I-5475.

7 – Paragraph 76 of the judgment.

8 – First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1; 'the directive'); that article corresponds to Article 7(1)(e)(ii) of Regulation No 40/94.

9 – Philips, paragraph 78.

10 – Paragraph 79.

11 – Paragraph 80.

12 – Paragraph 82.

13 – Paragraph 81.

14 – 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.

15 – Paragraphs 9 and 10 of the judgment under appeal.

16 – Pursuant to Article 1b(3) of Commission Regulation (EC) No 216/96 of 5 February 1996 laying down the rules of procedure of the Boards of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OJ 1996 L 28, p. 11).

17 – Decision of the Grand Board of Appeal of OHIM of 10 July 2006 (Case R 856/2004-G) relating to invalidity proceedings between MEGA Brands, Inc. and Lego Juris A/S.

18 – Paragraphs 32 and 33 of the decision.

19 – Paragraphs 34 and 36 of the decision.

20 – At paragraph 58.

21 – Paragraph 60.

22 – Paragraphs 54 and 55.

23 – Paragraphs 41 to 63.

24 – Paragraphs 27 to 34 of the judgment under appeal.

25 – It also appears in the second indent of Article 3(1)(e) of the directive. Reference must be made to that directive, since it was the provision which was actually interpreted in Philips.

26 – Paragraphs 51 to 68 of the judgment under appeal.

27 – Paragraphs 70 to 88 of the judgment under appeal.

28 – Fax of 20 April 2009.

29 – By reference to Case C-210/96 Gut Springenheide and Tuský [1998] ECR I-4657, paragraph 31, which established such a criterion, reproduced in the subsequent case-law on trade marks.

30 – In German law, Hacker, F., 'Als Marke Schutzfähige Zeichen – § 3', in Ströbele/Hacker, Markengesetz, 8th ed., Carl Heymanns, Cologne, 2006, p. 85; in Spanish law, Marco Arcalá, L.A., 'Artículo 5.

Prohibiciones absolutas', in Bercovitz Rodríguez-Cano, A. (editor), *Comentarios a la Ley de Marcas*, 2nd ed., Thomson Aranzadi, Pamplona, 2008, Vol. I, p. 204; in French law, Azéma, J./Galloux, J.-Ch., *Droit de la propriété industrielle*, 6th ed., Dalloz, Paris, 2006, p. 773; and in US law, Wong, M., 'The aesthetic functionality doctrine and the law of trade-dress protection', *Cornell Law Review*, Vol. 83, 1998, pp. 1116 and 1154.

31 – Ibidem; that line of thought is particularly prevalent in Spanish and French law, which refer to the attendant misuse of rights, 'fraude de ley' and 'abus de droit' respectively, if patent or industrial design protection is extended by means of trademark law.

32 – In particular at paragraphs 79 and 82 respectively.

33 – In particular points 30 and 39.

34 – Cornish, W./Llewelyn, D., *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 6th ed., Thomson Sweet & Maxwell, London, 2007, p. 710.

35 – The more lax interpretation of the judgment in Philips by the Bundesgerichtshof (German Supreme Court) is criticised in Hildebrandt, U., *Marken und andere Kennzeichen*

– Einführung in die Praxis, Carl Heymanns, Cologne, 2006, pp. 109 and 110. Nevertheless, the German Supreme Court has not allowed the Lego brick, the subject of the present dispute, to be registered, since it regards it as purely functional, which thereby resulted in the trade mark, which had initially been granted in Germany, being cancelled (Bundesgerichtshof, Press Release No 158/2009 (<http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung>)).

36 – Philips, paragraph 79.

37 – The judgment in Philips has always been followed by the Court of First Instance, by OHIM and, albeit with the hesitancy referred to, by the different national courts.

38 – Philips, paragraph 79.

39 – Philips, paragraphs 81 to 83.

40 – My analysis is based mutatis mutandis on German law, Hacker, F., op. cit., p. 88, and on US law, McCormick, T., 'Will TraFFix "Fix" the Splintered Functionality Doctrine?: TraFFix Devices, Inc. v. Marketing Displays, Inc.', *Houston Law Review*, 40, 2003, pp. 541 and 566.

41 – I deduce this statement a contrario sensu from the judgment in Case C-286/04 P Eurocermex v OHIM [2005] ECR I-5797, paragraphs 22 and 23 and the case-law referred to. That judgment was confirmed by Case C-238/06 P Devey v OHIM [2007] ECR I-9375, paragraph 82.

42 – The settled case-law of the Court of Justice; for example, Case 102/77 Hoffmann-La Roche [1978] ECR 1139, paragraph 7; Case C-206/01 Arsenal Football Club [2002] ECR I-10273, paragraph 48; and Case C-412/05 P Alcon v OHIM [2007] ECR I-3569, paragraph 53.

43 – At paragraph 76.

44 – For example, Case C-304/06 P Eurohypo v OHIM [2008] ECR I-3297, paragraph 67, and Case C-25/05 P Storck v OHIM [2006] ECR I-5719, paragraph 25.

45 – As correctly noted by Hacker, F., op. cit., p. 88.

46 – Paragraph 40 of its decision in the Lego case; *TraFFix Devices, Inc. v Marketing Displays, Inc.*, 532 U.S. 23(2001).

47 – Philips, paragraph 82.

48 – Philips, paragraph 80.

49 – Also known as 'USB keys' or 'pen drives'.

50 – Which replaces Article 38(2) of Regulation No 40/94.

51 – Moreover, if the legislature itself provides that it is possible for the protection conferred by a trade mark not to extend to the sign as a whole, the position defended by OHIM seems to me not to be wholly convincing.

52 – Bender, A., 'Der Ablauf des Anmeldeverfahrens', in Fezer, K.-H., *Handbuch der Markenpraxis – Band I Markenverfahrensrecht*, C.H. Beck, Munich, 2007, p. 585.

53 – 'Significant non-reputation related disadvantage' is the US law term, McCormick, T., op. cit., p. 567.

54 – Joined Cases C-473/01 P and C-474/01 P *Procter & Gamble v OHIM* [2004] ECR I-5173, paragraph 33; *Storck v OHIM*, paragraph 25; and *Eurohypo v OHIM*, paragraph 67.

55 – Philips, paragraph 57; and Case C-371/06 *Benetton Group* [2007] ECR I-7709, paragraphs 24 to 27.

56 – See, to that effect, Hildebrandt, U., op. cit., p. 110.

57 – Case C-542/07 P *Imagination Technologies v OHIM* [2009] ECR I-0000, paragraph 44.

58 – Point 68 of this Opinion.

59 – Point 75 above.