

European Court of Justice, 4 October 2001, Merz & Krell (Bravo)

BRAVO



## TRADEMARK LAW

- **Essential function: indication of origin**

The purpose of the protection afforded by the registered trade mark is in particular to guarantee that trade mark's function as indication of origin

From that point of view, the essential function of the trade mark is to guarantee the identity of the origin of the marked goods or service to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or service from others which have another origin. That essential function of trade marks has been incorporated by the Community legislature into Article 2 of the Directive, which provides that signs which are capable of being represented graphically may only constitute a trade mark if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings. Accordingly, signs or indications that are not capable of fulfilling the essential function of a trade mark cannot enjoy the protection conferred by registration. As is made clear by the tenth recital in the preamble to the Directive, the purpose of the protection afforded by the registered trade mark is in particular to guarantee that trade mark's function as an indication of origin.

## DESCRIPTIVE TRADE MARKS

- **Customary in the current language**

Article 3(1)(d) only precludes registration of trade marks that have become customary in the current language or in the bona fide and established practices of the trade

It follows that Article 3(1)(d) of the Directive must be interpreted as only precluding registration of a trade mark where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought.

It is immaterial, when that provision is applied, whether the signs or indications in question are descriptive

It follows that Article 3(1)(d) of the Directive must be interpreted as meaning that it subjects refusal to register a trade mark to the sole condition that the signs or indications of which the trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought. It is immaterial, when that provision is applied, whether the signs or indications in question describe the properties or characteristics of those goods or services.

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## European Court of Justice, 4 October 2001

(G.C. Rodríguez Iglesias, C. Gulmann, M. Wathelet and V. Skouris, J.-P. Puissechet, P. Jann, L. Sevón, R. Schintgen, F. Macken, N. Colneric and C.W.A. Timmermans)

### JUDGMENT OF THE COURT

4 October 2001 (1)

*(Trade marks - Approximation of laws - Article 3(1)(d) of First Directive 89/104/EEC - Grounds for refusal or invalidity - 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 - Need for signs or indications to have become customary to designate the goods or services in respect of which registration of the mark is sought - No need for the signs or indications to be directly descriptive of the properties or characteristics of the goods or services in respect of which registration of the mark is sought)*

In Case C-517/99,

REFERENCE to the Court under Article 234 EC by the Bundespatentgericht (Germany) for a preliminary ruling in the proceedings pending before that court brought by

Merz & Krell GmbH & Co.,

on the interpretation of Article 3(1)(d) 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),

THE COURT,

composed of: G.C. Rodríguez Iglesias, President, C. Gulmann, M. Wathelet and V. Skouris (Presidents of Chambers), J.-P. Puissechet, P. Jann, L. Sevón, R. Schintgen, F. Macken (Rapporteur), N. Colneric and C.W.A. Timmermans, Judges,

Advocate General: D. Ruiz-Jarabo Colomer,

Registrar: R. Grass,

after considering the written observations submitted on behalf of:

- the German Government, by W.-D. Plessing and B. Muttelsee-Schön, acting as Agents,
- the United Kingdom Government, by G. Amodeo, acting as Agent, assisted by D. Alexander, Barrister,

- the Commission of the European Communities, by K. Banks, acting as Agent, and I. Brinker and W. Berg, Rechtsanwälte, having regard to the report of the Judge-Rapporteur, after hearing the [Opinion of the Advocate General](#) at the sitting on 18 January 2001, gives the following

#### **Judgment**

1. By an order of 20 October 1999, received at the Court on 31 December 1999, the Bundespatentgericht (Federal Patents Court) referred for a preliminary ruling under Article 234 EC a question on the interpretation of Article 3(1)(d) 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, hereinafter 'the Directive').

2. That question was raised in proceedings brought by Merz & Krell GmbH & Co. (hereinafter 'Merz & Krell') against a refusal by the Deutsches Patent- und Markenamt (German Patent and Trade Mark Office) to register the word mark Bravo in respect of writing implements.

#### **Legal background**

3. The purpose of the Directive is, as the first recital in its preamble states, to approximate the laws of the Member States on trade marks in order to remove existing disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market. It is not, according to the third recital, intended to effect full-scale approximation of those laws.

4. Article 2 of the Directive sets out a list of signs of which a trade mark may consist. It provides as follows: 'A trade mark may consist of any sign 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.'

5. Article 3(1) of the Directive provides:

'The following shall not be registered or if registered shall be liable to be declared invalid:

- (a) signs which cannot constitute a trade mark;
  - (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;
  - (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;
- ...'

6. It should be pointed out that only the Danish and Swedish versions of Article 3(1)(d) contain a reference to signs and indications which have become customary in the current language or in the bona fide and estab-

lished practices of the trade 'for the goods or services' ('for varen eller tjenesteydelsen' in Danish and 'för varan eller tjänsten' in Swedish).

7. Article 3(3) of the Directive provides as follows:

'A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.'

8. The Gesetz über den Schutz von Marken und sonstigen Kennzeichnungen of 25 October 1994 (German law on the protection of trade marks and other distinctive signs, BGBl. 1994 I, p. 3082, hereinafter 'the Markengesetz'), which entered into force on 1 January 1995, transposed the Directive into German law.

9. Paragraph 8(2)(3) of the Markengesetz provides that '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 to designate the goods or services' shall not be registered.

#### **The main proceedings and the question referred to the Court**

10. Merz & Krell filed an application for registration of the word mark Bravo in respect of 'writing implements'. That application was refused by the Deutsches Patent- und Markenamt on the ground that the word Bravo is, for the class of persons to whom it is addressed, purely a term of praise. Those classes of persons view the claimed mark 'Bravo' as no more than a term of praise and an advertising slogan devoid of any distinctive character, thus rendering it ineligible for protection.

11. Merz & Krell brought an action against that decision before the Bundespatentgericht which considers that the merits of the refusal to register the applicant's word mark must be assessed in the light of Paragraph 8(2)(3) of the Markengesetz.

12. It points out that the term 'Bravo' has the same meaning in many European languages as a term of praise in the sense of 'well done'. It also observes that that word is in fact used in advertising in Germany and various other European countries as a term of praise in respect of various goods and services. However, it states that it has not been able to find any use of the word in connection with writing implements.

13. The Bundespatentgericht takes the view that under Article 3(1)(d) of the Directive it is sufficient for the word 'Bravo' to be refused registration as a word mark that it has become customary in the current language or in the bona fide and established practices of the trade, and that it need not specifically describe the goods in question.

14. But, the Bundespatentgericht says, on a literal interpretation of Paragraph 8(2)(3) of the Markengesetz, the claimed word must have become customary to designate the goods and services in respect of which the

mark is sought to be registered in order for it to be refused registration under that provision.

15. Furthermore, the wording of Paragraph 8(2)(3) of the Markengesetz does not specify whether it is sufficient that there be a general connection with the goods or services covered by the mark in order for registration to be refused under that provision, or whether it is necessary for there to be a specific connection with those goods or services.

16. Taking the view that Paragraph 8(2)(3) of the Markengesetz should be interpreted in a manner compatible with Article 3(1)(d) of the Directive which it incorporates into German law, the Bundespatentgericht decided to stay proceedings and refer the following question to the Court for a preliminary ruling:

‘Is Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks to be interpreted restrictively, contrary to the wording thereof, as meaning that only signs or indications which directly describe the specific goods and services in respect of which registration is sought, or the essential characteristics or features thereof, are affected by the bar to registration? Or is the provision to be construed as meaning that, in addition to generic signs and names, signs or indications which have become customary in the current language or in the bona fide and established practices of the trade in the relevant or a similar sector as advertising slogans, indications of quality or incitements to purchase etc., without directly describing specific characteristics of the goods or services in respect of which registration is sought, may likewise not be registered?’

#### **The first part of the question**

17. By the first part of the question the Bundespatentgericht is essentially asking if Article 3(1)(d) of the Directive must be interpreted as not precluding registration of a trade mark unless the signs or indications of which that trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services for which the mark is sought to be registered.

18. The German and United Kingdom Governments and the Commission submit that Article 3(1)(d) of the Directive must be interpreted as meaning that only those signs or indications which, in the current language or in the bona fide and established practices of the trade, have become customary to designate goods or services of the type for which the trade mark is sought to be registered are barred from registration.

19. The German Government also argues that interpreting the provision more widely would result in an unwarranted reduction in the number of signs or indications available for registration.

20. It must be pointed out that the purpose of the Directive, as is clear from the first and seventh recitals in its preamble, is to make the conditions for obtaining and continuing to hold a registered trade mark the same in all the Member States so as to remove disparities in the laws of the Member States which may impede the free

movement of goods and the freedom to provide services and may distort competition within the common market.

21. Trade mark rights constitute an essential element in the system of undistorted competition which the Treaty is intended to establish. In such a system, undertakings must be able to attract and retain customers by the quality of their products or services, which is made possible only by distinctive signs allowing them to be identified (see, inter alia, [Case C-349/95 Loendersloot \[1997\] ECR I-6227, paragraph 22](#)).

22. From that point of view, the essential function of the trade mark is to guarantee the identity of the origin of the marked goods or service to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or service from others which have another origin (see, inter alia, [Case C-39/97 Canon \[1998\] ECR I-5507, paragraph 28](#)).

23. That essential function of trade marks has been incorporated by the Community legislature into Article 2 of the Directive, which provides that signs which are capable of being represented graphically may only constitute a trade mark if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

24. Accordingly, signs or indications that are not capable of fulfilling the essential function of a trade mark cannot enjoy the protection conferred by registration. As is made clear by the tenth recital in the preamble to the Directive, the purpose of the protection afforded by the registered trade mark is in particular to guarantee that trade mark's function as an indication of origin.

25. Article 3(1)(d) of the Directive must be interpreted in the light of those considerations.

26. Under Article 3(1)(d) of the Directive, trade marks which consist exclusively of signs or indications which have become customary in the current language or trade practices are to be refused registration.

27. It is true that, unlike Paragraph 8(2)(3) of the Markengesetz, which refers to trade marks that consist exclusively of signs or indications which have become customary in the current language or trade practices ‘to designate the goods or services’, Article 3(1)(d) of the Directive contains no such qualification. It cannot, however, be concluded from that that, in order to assess the merits of an application for registration of a trade mark, account should not be taken of the connection between the signs or indications constituting the trade mark and the goods or services covered by that mark.

28. The purpose of Article 3(1)(d) of the Directive is to prevent the registration of signs or indications that are not capable of distinguishing the goods or services of one undertaking from those of other undertakings and so do not satisfy the criterion laid down in Article 2 of the Directive.

29. The question whether particular signs or indications possess distinctive character cannot, however, be considered in the abstract and separately from the goods or services those signs or indications are intended to distinguish.

30. That finding is corroborated by Article 3(3) of the Directive. As the Court held at paragraph 44 of the judgment in [Joined Cases C-108/97 and C-109/97 Windsurfing Chiemsee \[1999\] ECR I-2779](#), it is through the use made of it that such a sign acquires the distinctive character which is a prerequisite for its registration under that provision. However, whether a sign does have the capacity to distinguish as a result of the use made of it can only be assessed in relation to the goods or services covered by it.

31. It follows that Article 3(1)(d) of the Directive must be interpreted as only precluding registration of a trade mark where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought.

#### **The second part of the question**

32. By the second part of its question, the national court is asking whether Article 3(1)(d) of the Directive precludes registration of a trade mark only where the signs or indications of which the trade mark is exclusively composed describe the properties or characteristics of the goods and services in respect of which the mark is sought to be registered or also where those signs or indications are advertising slogans, indications of quality or incentives to purchase even if they do not describe the properties or characteristics of those goods and services.

33. The United Kingdom Government submits that trade marks will fall within Article 3(1)(d) of the Directive even if the signs or indications of which they are composed are not directly descriptive of the goods or services in question but are commonly associated with those goods or services.

34. The Commission also argues that Article 3(1)(d) of the Directive does not lay down as a precondition for its application that the signs or indications of which a trade mark is composed directly describe the goods or services in respect of which the mark is sought to be registered. It considers that that provision prohibits registration of signs or indications which, as generic signs or names, designate the goods or services themselves or which, if they do not designate them, ordinarily have a particular additional connotation.

35. It must first of all be observed that, although there is a clear overlap between the scope of Articles 3(1)(c) and 3(1)(d) of the Directive, marks covered by Article 3(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered.

36. It follows that, in order for Article 3(1)(d) of the Directive to be effective, the scope of the provision in respect of which the Court's interpretation is sought should not be limited solely to trade marks which describe the properties or characteristics of the goods or services covered by them.

37. In that regard it must be pointed out that signs or indications constituting a trade mark which have be-

come customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by that mark are not capable of distinguishing the services of one undertaking from those of other undertakings and do not therefore fulfil the essential function of a trade mark - unless the use which has been made of those signs or indications has enabled them to acquire a distinctive character capable of being recognised under Article 3(3) of the Directive.

38. In such a case it is not therefore necessary to consider whether the signs or indications in question are descriptions of the properties or characteristics of the goods or services.

39. It also follows that, where the signs or indications concerned have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by the mark, it is of little consequence that they are used as advertising slogans, indications of quality or incentives to purchase those goods or services.

40. However, registration of a trade mark which consists of signs or indications that are also used as advertising slogans, indications of quality or incentives to purchase the goods or services covered by that mark is not excluded as such by virtue of such use. It is for the national court to determine in each case whether the signs or indications have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by that mark.

41. It follows that Article 3(1)(d) of the Directive must be interpreted as meaning that it subjects refusal to register a trade mark to the sole condition that the signs or indications of which the trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought. It is immaterial, when that provision is applied, whether the signs or indications in question describe the properties or characteristics of those goods or services.

#### **Costs**

42. The costs incurred by the German and United Kingdom Governments and by the Commission of the European Communities, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the proceedings pending before the national court, the decision on costs is a matter for that court.

#### **On those grounds,**

#### **THE COURT,**

in answer to the question referred to it by the Bundespatentgericht by order of 20 October 1999, hereby rules:

1. Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as only precluding registration of a trade mark where the signs or indications of which the mark

is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought.

2. Article 3(1)(d) must also be interpreted as meaning that it subjects refusal to register a trade mark to the sole condition that the signs or indications of which the trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought. It is immaterial, when that provision is applied, whether the signs or indications in question describe the properties or characteristics of those goods or services.

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OPINION OF ADVOCATE GENERAL

RUIZ-JARABO COLOMER

delivered on 18 January 2001 (1)

Case C-517/99

Merz & Krell GmbH & Co.

*(Reference for a preliminary ruling from the Bundespatentgericht)*

*(Trade marks - Approximation of laws - Directive 89/104/EEC - Grounds for refusal or invalidity - 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 - Need for association between the trade mark and the goods or services it identifies - Strength of such association)*

**I - Introduction**

1. The question which the Bundespatentgericht has referred for a preliminary ruling seeks the interpretation of Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (2) ('the First Directive').

2. The Bundespatentgericht wishes to know whether signs or indications which have become customary in the current language or in the trade practices of a particular sector may not be registered as trade marks or whether, in fact, this bar to registration only affects such signs or indications insofar as they have become customary in relation to the specific goods or services they are intended to identify. In the event that the latter response is given, the Bundespatentgericht also wishes to know whether it is necessary for the signs or indications to describe directly the goods and services, or their essential characteristics and features.

**II - The facts of the main proceedings and the question referred**

3. Merz & Krell GmbH & Co ('Merz & Krell') applied for the word mark 'Bravo' to be entered in the register of trade marks in respect of 'writing implements'. The Trade Mark Department for Category 16 of the Deutsche Patent- und Markenamt (German Patent and Trade mark Office) rejected the application on the ground that the word for which registration was sought constituted a term of praise or an advertising slogan in

respect of the goods it was intended to protect, thus barring its registration as a trade mark.

4. Merz & Krell disagreed with this decision and lodged a complaint with the Bundespatentgericht. Since, in its opinion, the decision it must take depends on the interpretation of Article 3(1)(d) of the First Directive, the national court has referred the following question to the Court of Justice of the European Communities:

'Is Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks to be interpreted restrictively, contrary to the wording thereof, as meaning that only signs or indications which directly describe the specific goods and services in respect of which registration is sought, or the essential characteristics or features thereof, are affected by the bar to registration? Or is the provision to be construed as meaning that, in addition to generic signs and generic names, signs or indications which have become customary in the current language or in the bona fide and established practices of the trade in the relevant or a similar sector as advertising slogans, indications of quality or incitements to purchase etc., without directly describing the specific characteristics of the goods or services for which registration is sought, may likewise not be registered?'

**III - The legal framework**

**A. International law**

5. The Paris Convention for the Protection of Industrial Property ('the Convention' or 'the Paris Convention') of 20 March 1883, to which all the Member States are signatories, (3) was, and still, is the basic tool for the international regulation of industrial property. In its wake an international system was established, comprising a collection of multilateral provisions. (4)

6. The first provision of the Convention establishes the Union for the protection of industrial property (Article 1(1)), known as the Union of Paris. The Convention constitutes a frame of reference to which the laws of the signatory States and the agreements and treaties entered into by these States between themselves must adhere (Articles 25 and 19).

7. The basic pillars of the Convention are:

(1) The principle of national treatment, laid down in Article 2, whereby the nationals of any country of the Union are entitled to receive in all the other countries of the Union the same treatment as these countries grant their own nationals.

(2) The principle of Union treatment, also laid down in Article 2, whereby, in addition to the rights derived from the principle of national treatment, citizens of the Member States of the Union may enjoy the rights specially provided for by the Convention.

(3) The principle of priority, provided for by Article 4, which grants anyone who has applied for protection of an item of industrial property in one of the Member States a right of priority for the purpose of filing in the other member countries.

8. Pursuant to Article 6 quinquies (B):

‘Trade marks covered by this Article may be neither denied registration nor invalidated except in the following cases:

...

2. when they are devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed; (5)

...’

## **B. Community law**

### **1. The Treaty establishing the European Community**

9. Article 36 of the EC Treaty (now, after amendment, Article 30 EC) provides:

‘The provisions of Articles 30 and 34 [now, after amendment, Articles 28 EC and 29 EC] (6) shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of ... the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.’

### **2. The First Directive**

10. The aim of the First Directive is to approximate the laws of the Member States relating to trade marks, with a view to the establishment and functioning of the internal market. This approximation is only partial and is limited to national provisions of law which most directly affect the functioning of the internal market. Its scope is limited to trade marks acquired by registration, (7) leaving Member States free to fix the provisions of procedure concerning the registration, revocation and invalidity of trade marks so acquired. (8)

11. Article 2 of the First Directive prescribes the signs of which a trade mark may consist:

‘A trade mark may consist of any sign 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.’

12. Article 3 of the First Directive lists the situations in which a trade mark registration may be refused or, where appropriate, declared invalid:

‘1. The following shall not be registered or if registered shall be liable to be declared invalid:

- (a) signs which cannot constitute a trade mark;
- (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;

(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; (9)

...

2. ...

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

4. ...’

### **3. Council Regulation (EC) No 40/94**

13. On 20 December 1993, the Council of the European Union adopted Regulation (EC) No 40/94 on the community trade mark (10) (‘the Regulation’), in order that the internal market could enjoy conditions similar to those in a national market and, in particular, conditions which, from a legal perspective, ‘... enable undertakings to adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services ...’. (11) The aim was to create ‘trade marks ... which are governed by a uniform Community law directly applicable in all Member States’. (12) This aim is to be pursued without attempting to replace the laws of the Member States on trade marks. (13)

14. The Regulation adopts the same approach as the First Directive and lists the signs of which a Community trade mark may consist (Article 4) and then goes on to set out the grounds for refusal of registration (Articles 7 and 8).

15. Under Article 4:

‘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.’

16. Article 7 provides that registration should be refused in the case of:

‘...

(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; (14)

...’

17. The German version of this provision of the Regulation is different:

‘...

(d) trade marks which consist exclusively of signs or indications to designate the goods or services which have become customary in the current language or in the bona fide and established practices of the trade. (15)

...’

## **C. The German legislation**

18. In order to transpose the First Directive into national law, the German legislature adopted the Gesetz über den Schutz von Marken und sonstigen Kennzeichnungen (German Law on the Protection of Trade Marks and Other Identification Marks) of 25 October 1994 (16) ('the Trade Mark Law').

19. The absolute grounds for refusal to register a trade mark are set out in Article 8 of the Trade Mark Law, paragraph 2 of which provides:

'(2) The following trade marks shall not be registered:

...

3. those 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 to designate the goods or services; (17)

...'

#### **IV - Procedure before the Court of Justice**

20. The German and United Kingdom Governments and the Commission submitted written observations in these proceedings within the period prescribed for that purpose by Article 20 of the EC Statute of the Court of Justice.

21. Since none of the parties applied to present oral arguments within the prescribed period, the Court decided not to hold a hearing, pursuant to Article 104(4) of the Rules of Procedure. (18)

#### **V - Analysis of the question referred for a preliminary ruling**

22. The question concerning interpretation referred to the Court of Justice by the Bundespatentgericht is very precise. (19) However, the legal framework which must be looked at for the purposes of answering the question is less clear.

##### **A. The structure of Community trade mark law**

23. There is no denying the importance to the establishment of a single market of adequate regulation of industrial property, of which trade marks form a category. (20) So much so that it was felt necessary to include it, alongside other important values, (21) in the Community's founding Treaty as a restriction on one of the basic pillars of Community law, namely the free movement of goods. This is how Article 36 of the EC Treaty should be interpreted, although, like all exceptions, it should be interpreted restrictively. (22)

24. As far as trade marks are concerned, the Community legislature made clear their importance in the preambles to the First Directive and to the Regulation, from which it can be seen that while trade mark rights could be a barrier to the establishment of a single market they could also, if properly regulated, be a useful tool for the future expansion of that market. The First Directive states that the disparities between the trade marks of the Member States may impede the free movement of goods and the freedom to provide services and may distort competition within the common market, (23) while the Regulation declares that trade marks are a particularly useful legal instrument whereby undertakings can adapt their activities to the single market. (24) The First Directive and the Regulation are, therefore, two sides of the same coin.

25. In effect, Community law had to intervene in the regulation of trade marks from two angles which, despite their differences, had a shared aim and were, therefore, complementary. First, there was the need to approximate, albeit partially, the laws of the Member States relating to trade marks through the harmonisation of those areas which most directly affect the internal market, while allowing the Member States to retain freedom in all other areas. This was the achievement of the First Directive. (25)

26. Second, there was the need, met by the Regulation through the establishment of laws which are directly applicable in all the Member States, to create Community arrangements for trade marks so that undertakings who so wish may overcome the obstacles caused by the territoriality of the rights conferred on the proprietors of this type of distinctive sign by the laws of the Member States. The way was thus left open for the ownership of trade marks which enjoy uniform protection and which take effect throughout the whole territory of the Community. (26)

27. There are two dimensions to Community trade mark rights, resulting from the dual intervention referred to above and achieved by means of various legislative instruments which, despite their different legal effects, (27) have a single aim and a shared goal: the establishment and functioning of the internal market.

28. Moreover, a third, external, but by no means insignificant, point of view should be added to this double perspective. It is derived from the Paris Convention, to which all the Member States are signatories, and must be borne in mind when interpreting Community trade mark law. If it was the Community legislature's wish that the provisions of the First Directive should be entirely consistent with those of the Convention, (28) then this consistency must be retained when it comes to interpreting and applying this legislation.

29. The above is not, nor is it intended to be, a mere theoretical digression but rather a statement of fact from which can be drawn a conclusion that will be important when it comes to answering the question referred to the Court by the Bundespatentgericht: the provisions of the First Directive, in particular Article 3(1)(d), must be interpreted in such a way as to integrate them with the whole body of Community trade mark law. (29)

##### **B. The function of trade mark rights**

30. Trade mark rights are 'an essential element in the system of undistorted competition which the Treaty seeks to establish and maintain'. (30) By intervening in this area, the Community legislature has sought to safeguard this system so that the essential function of trade marks is fulfilled. The Court has dealt with this essential function on numerous occasions, stating that it is 'to guarantee the identity of the origin of the marked product to the consumer or ultimate user by enabling him without any possibility of confusion to distinguish that product from products which have another origin'. (31)

31. In order to achieve such protection, the trade mark owner is granted an assortment of rights and powers which are intended to reserve for him the exclusive right to use the distinctive sign and to protect the trade mark against competitors who wish to take advantage of its status and reputation. This is what has become known in the case-law of the Court as 'the specific object of a trade mark'. (32)

32. This immediate aim (to place the trade mark owner in a precise legal position) is a means to achieving the ultimate objective (to guarantee a real system of competition where there is no risk of confusion between goods of different origins). (33)

33. Every provision of Community trade mark law should be interpreted by reference to the aforementioned objective, including provisions governing the rights of advantage conferred on trade mark owners by virtue of their position as such and provisions prescribing the grounds on which registration of a trade mark may be refused or declared invalid, as the case may be. Looking at it the other way around, and in the Court's own words, 'in order to determine the exact scope of this right exclusively conferred on the owner of the trade mark, regard must be had to the essential function of the trade mark'. (34)

34. Regard must therefore be had to two interpretation criteria when responding to the question referred in the present proceedings: the teleological criterion, which centres on the function of the trade mark, and the integration criterion which seeks to provide an integrated interpretation of the relevant rule, as I have discussed at point 29 above.

#### **C. Names and signs which are customary in the current language or in the practices of the trade**

35. The provision which the Court has been asked to interpret, and which I have transcribed at point 12 above, is an almost literal transcription of the closing sentences of Article 6 quinquies (B)(2) of the Paris Convention. (35) In addition, the wording of Article 7(1)(d) in each of the different linguistic versions of the Regulation is completely identical. The only exception is the German version, which links the signs or indications which have become customary to the goods or services the trade mark is intended to identify. (36)

36. This discrepancy is easily reconciled. The German version cannot be considered in isolation but should be looked at in the light of the versions in all the other languages, (37) having regard at all times to the legal framework created by the First Directive and the Paris Convention. As the Commission states in its written observations, the German wording of Article 7(1)(d) of the Regulation is not relevant to the interpretation of Article 3(1)(d) of the First Directive.

37. Therefore, the body of legislation referred to precludes the registration of trade marks consisting exclusively of signs or indications which have become customary in the current language or in the practices of the trade. In more general terms, this body of legislation bars the way for the registration of signs which lack the potential to differentiate. Having established

this, it is now possible to look directly at the heart of the question referred by the Bundespatentgericht.

#### **1. The need for an association between the distinctive sign and the goods or services it identifies**

38. The function of a trade mark is to distinguish. This function may seem obvious but it needs to be reiterated in order not to lose sight of it. Article 2 of the First Directive expresses the function of a trade mark in clear, unequivocal terms, providing that a sign may constitute a trade mark provided that it is '... capable of distinguishing the goods or services of one undertaking from those of other undertakings'. (38) Therefore, any sign which lacks the capacity to distinguish cannot be a trade mark. (39) This deficiency may be inherent or acquired; in the latter case, it may arise where an identical or similar sign has already been registered (or a well-known mark is in use) in respect of the same or similar goods. This distinction permits the Community legislature to differentiate between absolute grounds for refusal (set out in Article 3) and relative grounds for refusal (set out in Article 4). (40) Also, for the same reason, the proprietor of a registered trade mark is entitled to prevent all third parties from using identical or similar signs which are likely to cause confusion. (41) Article 3(1) of the Directive, in particular subparagraphs (b), (c) and (d), which cannot be read in isolation, should be interpreted with this in mind.

39. Leaving aside subparagraph (a) which, read in conjunction with Article 2, precludes registration of any sign which is not capable of being represented graphically, the meaning of the following three subparagraphs is clear. First there is a statement precluding signs which are devoid of any distinctive character (subparagraph (b)), followed by two specific examples of indications which are not capable of distinguishing goods or services, that is, those which are descriptive (subparagraph (c)) and those which are customary (subparagraph (d)). The remaining grounds for refusal are based on reasons other than the lack of capacity to distinguish.

40. In any event, the important point, for the purposes of the question referred in the present case, is that the *raison d'être* of the ground for refusal set out in Article 3(1)(d) of the First Directive is that the indications to which it refers do not meet the conditions for qualification as a trade mark laid down in Article 2, namely that they must be capable of distinguishing the goods or services of one undertaking from those of other undertakings. This is supported by the fact that Article 3(3), by way of exception, permits the registration of this type of indication (and the indications referred to in subparagraphs (b) and (c)) as a trade mark if, through use, it has acquired a distinctive character which it previously lacked.

41. What is meant by distinctive character? How does one determine whether a sign or indication is capable of distinguishing goods or services? The notion of 'distinctive character' is an imprecise legal concept which should be clarified in the light of the circumstances and of the particular nature of each individual case. (42)

42. This view is reinforced if one considers once again the essential function of trade marks, namely, to distinguish the goods and services of one undertaking from those of other undertakings, conferring on the trade mark owner an exclusive right to use the mark. However, the conferring of this right is not the final aim but merely an intermediate stage. The final aim is for consumers to be able to select goods or services by reference to their origin. In other words, it is for an undertaking to be '... in a position to keep its customers by virtue of the quality of its products and services, something which is possible only if there are distinctive marks which enable customers to identify those products and services'. (43) This facilitates the establishment of a bona fide, undistorted system of competition, from which those who seek to gain advantage or to profit from the reputation of others are excluded.

43. The instrumental nature of the rights derived from ownership of a trade mark demonstrate that they should only extend as far as is strictly necessary for the essential function to be fulfilled. It is also clear that there is no need to grant the proprietor of a particular sign an exclusive right of use with respect to all third parties but merely with respect to other signs which could lead to confusion, meaning that regard must be had not just to the disputed names or indications but also to the goods that they are intended to identify. It is possible for two similar trade marks to co-exist which protect different goods or services, whose production and distribution channels never cross and in respect of which there is, therefore, a virtually negligible risk of confusion. By contrast, it is not possible for two trade marks to co-exist where they have fewer similarities but where the products they are intended to identify are the same, since in this situation the likelihood of confusion arises. (44)

44. Finally, in order to assess the capacity to distinguish of a graphic representation or a name, regard must be had to the impression made on the average consumer of the type of goods or services in question. (45)

45. Consequently, for the purposes of establishing whether a name or a graphic representation has the capacity to distinguish required of a trade mark, the goods or services which the mark is intended to identify cannot be overlooked.

46. Having made these points, it is important to note that Article 3(1)(d) of the First Directive requires that, for registration of a trade mark to be refused, or, where appropriate, for an existing registration to be declared invalid, the signs or indications of which it consists must have become customary in the current language or in the bona fide and established practices of the trade relevant to the goods or services which the mark is intended to identify. (46)

## **2. The strength of the association between the goods or services and the signs or indications which have become customary**

47. The previous point does not resolve, however, all the elements of the question which the Bundespatent-

gericht has referred to the Court of Justice. It is still necessary to specify whether the said signs or indications must have become customary to describe directly the goods or services, or their essential characteristics and properties, whether it will suffice that there is a link with the goods or services and, if so, the type of association that must exist.

48. In English, 'to describe' means 'to set forth in words by reference to characteristics'. (47) By describing something, one seeks to define it not by its essential predicates but by providing a general idea of its parts or properties. (48) The basis for excluding as distinctive signs all indications or names which, by virtue of the fact that they describe the goods or services in question, lack the capacity to distinguish is provided for by Article 3(1)(c) of the First Directive, pursuant to which registration may be refused (or declared invalid if it has already been effected) for trade marks consisting exclusively of signs or indications which may serve in trade to designate the kind, quality, quantity, intended purpose or other characteristics of the goods or of the rendering of the service.

49. Therefore, the bar to registration of trade marks which are purely descriptive appears not in subparagraph (d) but in subparagraph (c) of Article 3(1) of the First Directive. (49)

50. In conclusion, Article 3(1)(d) of the First Directive does not require that the signs or indications referred to therein should directly describe the specific goods or services in respect of which registration is sought, or their essential characteristics or features. It merely requires them to be customary in the current language or in the practices of the trade relevant to the goods or services which they are intended to identify, without specifying the degree of association that must exist between them.

51. Once again the answer is provided by reference to the essential function of a trade mark, that is to guarantee the origin of goods or services by distinguishing them, without any possibility of confusion, from other goods or services, resulting in the prohibition of any name or indication which lacks the capacity to distinguish. This is the case of, inter alia, generic signs, generic names and, in general, all graphic representations (whether or not they contain phonemes) which, one way or another, have come to represent in the perception of the public the goods or services to which they refer and which, consequently, may not be appropriated for anyone's exclusive use.

52. Therefore, all signs and indications which, by virtue of having become customary in the current language or in the practices of the trade relevant to specific goods or services, evoke these goods or services for the average consumer (50) and bring them into his perception, thereby causing him to remember them, lack the capacity to differentiate. This is what the Commission, in its written observations, refers to as 'connotation'. The sign automatically - subconsciously even - becomes associated with the goods or services it identifies. (51)

## **Conclusion**

53. In the light of the foregoing considerations, I propose that the Court of Justice should reply to the question referred by the Bundespatentgericht as follows:

Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks requires that, for registration of a trade mark to be refused, or, where appropriate, for an existing registration to be declared invalid, the signs or indications of which it is composed must have become customary in the current language or in the *bona fide* and established practices of the trade relevant to the goods and services which the trade mark is intended to identify, it being sufficient that the mark evokes such goods or services in the mind of the average consumer. However, there is no requirement that the signs or indications referred to in the provision must directly describe the specific goods or services in respect of which registration is sought, or the essential characteristics or features thereof.

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- 1: - Original language: Spanish.
  - 2: - OJ 1989 L 40, p. 1.
  - 3: - Germany has been a State party to the Convention since 1 May 1903. The legal document itself has been revised on a number of occasions, most recently at Stockholm by an agreement dated 14 July 1967, to which Germany became a party on 19 September 1970.
  - 4: - Notable in the area of trade marks are the two Madrid Agreements, one concerning the repression of false or deceptive indications of source on goods and the other concerning the international registration of marks, both of which were adopted in 1891; the Trade Mark Law Treaty of 1994; and the Nice Agreement of 1957 concerning the international classification of goods and services for the purposes of registration of marks.
  - 5: - Emphasis added.
  - 6: - Prohibiting quantitative restrictions between Member States on imports and exports, together with all measures having equivalent effect.
  - 7: - First, third and fourth recitals in the preamble and Article 1.
  - 8: - Fifth recital in the preamble.
  - 9: - Emphasis added.
  - 10: - OJ 1994 L 11, p. 1.
  - 11: - First recital in the preamble to the Regulation.
  - 12: - Third recital in the preamble.
  - 13: - Fifth recital in the preamble.
  - 14: - Emphasis added. In all the linguistic versions of the Regulation, with the exception of German, this rule is set out exactly as I have transcribed it here.
  - 15: - Additional wording shown in italics.
  - 16: - BGBI. 1994 I, p. 3082.
  - 17: - Emphasis added.
  - 18: - See the consolidated text at OJ 1999 C 65, p. 1 and the amendments agreed by the Court of Justice on 16 May 2000 at OJ 2000 L 122, p. 43.
  - 19: - See point 2 above.

20: - Under Article 1(2) of the Paris Convention, industrial property comprises patents, utility models, industrial designs, trade marks, service marks, trade names, indications of source or appellations of origin.

21: - Public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value.

22: - In its first judgment concerning trade marks, the Court of Justice emphasised that 'Articles 36, 222 and 234 of the ... Treaty do not exclude any influence whatever of Community law on the exercise of national industrial property rights' (Joined Cases 56/64 and 58/64 *Consten and Grundig v Commission* [1966] ECR 299). Subsequently, the Court stated that the owner of an industrial property right cannot rely on Article 36 of the Treaty to prevent the importation or marketing of a product which has been lawfully marketed in another Member State by the owner of the right himself or by a person economically or legally dependent on him (see Case C-10/89 *HAG GF* [1990] ECR I-3711, paragraph 12 of the judgment and the cases cited therein.).

23: - First recital in the preamble.

24: - First recital in the preamble.

25: - First, third and fifth recitals in the preamble.

26: - See the first three recitals in the preamble.

27: - Those which are conferred by the second and third paragraphs of Article 189 of the EC Treaty (now Article 249 EC) on regulations and directives respectively.

28: - See the 12th recital in the preamble to the First Directive. There are numerous references to the Paris Convention; see, for example, Articles 3(1)(h) and 4(2)(d) of the First Directive and Articles 7(1)(h) and 8(2)(c) of the Regulation.

29: - In the Opinion he delivered in Case C-251/95 [1997] ECR I-6191 *SABEL*, Advocate General Jacobs stated that: 'It is clearly appropriate that the provisions of the Directive should be interpreted in the same way as the corresponding provisions of the Regulation.' (Point 52).

30: - *HAG GF*, cited in footnote 21, paragraph 13 of the judgment.

31: - *HAG GF*, cited in footnote 21, paragraph 14 of the judgment. The Court ruled in similar terms in, *inter alia*, Case C-349/95 *Loendersloot* [1997] ECR I-6227, paragraph 24 of the judgment.

32: - See, *inter alia*, *HAG GF*, cited in footnote 21, paragraph 14 of the judgment, and Case C-63/97 *BMW* [1999] ECR I-905, paragraph 52 of the judgment.

33: - This was the view expressed by Advocate General Cosmas in the Opinion he delivered in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, when he stated that the essential function of a trade mark '... is, first, to identify an undertaking's goods and to distinguish them from other similar products (distinguishing function of the trade mark) and, secondly, to establish a link between them and a particular undertaking (guarantee of origin)' (point 27).

- 34: - HAG GF, cited in footnote 21, paragraph 14, in fine, of the judgment.
- 35: - The only difference is that the Paris Convention refers to the bona fide and established practices of the trade 'of the country where protection is claimed'. This discrepancy is irrelevant, since it is clear that the state of being customary refers to the geographical area in which the protection is to be granted.
- 36: - See paragraph 17.
- 37: - See Case 19/67 Van der Vecht [1967] ECR 345, especially pp. 353 and 354, and Case 29/69 Stauder [1969] ECR 419, especially paragraphs 3 and 4.
- 38: - The wording of Article 4 of the Regulation is the same.
- 39: - The Agreement on Trade-Related Aspects of Intellectual Property Rights of 22 December 1994 (OJ 1994 L 336, p. 214) addressed these requirements. Article 15(1) states: 'Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. ...'
- 40: - These terms are not used in the First Directive but do appear in the Regulation (Articles 7 and 8 respectively).
- 41: - See Article 5 of the Directive and Article 9 of the Regulation.
- 42: - Take, for example, the word ('Bravo') at issue in the proceedings which have given rise to the current question; this word's capacity to distinguish would not be the same were it used to distinguish the services of an undertaking organising bullfights as it would be were it used to identify a range of perfumes and eaux de Cologne.
- 43: - HAG GF, cited in footnote 21, paragraph 13 of the judgment.
- 44: - This criterion is found in the First Directive - and in the Regulation - and is provided for in both the preamble (see the 10th recital) and in the enacting terms. In setting out the relative grounds for refusal of registration and of the right of use this confers on a trade mark owner, the First Directive has regard to two parameters, namely, the identity or similarity of the trade marks and the identity or similarity of the goods or services for which registration is applied (Articles 4 and 5). This test has been applied by the Court in previous cases. In Case C-342/97 Lloyd Schuhfabrik Meyer [1999] ECR I-3819, the Court noted that: '... a lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa' (paragraph 19 of the judgment).
- 45: - See SABEL, cited in footnote 28, paragraph 23 of the judgment.
- 46: - One therefore arrives, by interpretation, at the wording of the German version of Article 7(1)(d) of the Regulation.
- 47: - The Shorter Oxford English Dictionary, Oxford University Press, 1973. In Spanish, 'describir' means 'delinear, dibujar, figurar una cosa, representándola de modo que dé cabal idea de ella' (Diccionario de la Lengua Española, 21st Edition, Real Academia Española, 1992). In French, 'décrire' means 'représenter dans son ensemble' (Le Petit Robert, Dictionnaire de la Langue Française, Dictionnaires Le Robert, 1993). In Italian, 'descrivere' means 'rappresentare con parole, in modo più o meno particolareggiato o caratterizzante' (Dizionario della Lingua Italiana, 21st Edition, Le Monnier - Firenze, 1997). Finally, in German, 'beschreiben' means 'ausführlich, im Einzelnen mit Worten wiedergeben, schildern, darstellen, erklären' (Deutsches Universal Wörterbuch, Dudenverlag, 1996).
- 48: - Third definition of 'describir' in the Diccionario de la Lengua Española.
- 49: - The distinction between signs and indications which have become customary and those which are descriptive also appears in the Regulation (Article 7(1)(c) and (d)) and in the Convention (Article 6 quinquies (B)(2), second and third alternatives).
- 50: - See SABEL, cited in footnote 28, paragraph 23 of the judgment.
- 51: - Following this line of reasoning, there would in principle be no bar to registration of the word 'Bravo', which, in the majority of the languages of the Member States (German, Danish, Spanish, French, English, Italian, Dutch, Portuguese) is an expression of enthusiasm, for typewriters. However, there could be impediments to registering it for sports clothing or services (sport being an area where the exclamation is habitually used), for instance, or, as I have already noted in footnote 41, for bullfighting, since the adjective 'bravo' refers to one of the essential characteristics of a fighting bull. In fact, the Office for Harmonisation in the Internal Market has permitted registration of BRAVO as a Community trade mark for diesel engines, which are goods belonging to class 7 (Application number 000463919, date of registration: 7 September 1999).