

JUDGMENT OF THE COURT (Second Chamber)

21 October 2004^{*}

In Case C-64/02 P,

APPEAL under Article 49 of the Statute of the Court of Justice, brought on 27 February 2002,

Office for Harmonisation in the Internal Market (Trade Marks and Designs),
represented by A. von Mühlendahl and G. Schneider, acting as Agents, with an
address for service in Luxembourg,

appellant,

supported by

United Kingdom of Great Britain and Northern Ireland, represented by
P. Ormond, C. Jackson, M. Bethell and M. Tappin, acting as Agents, assisted by
D. Alexander, barrister, with an address for service in Luxembourg,

intervener,

* Language of the case: German.

the other party to the proceedings being:

Erpo Möbelwerk GmbH, represented by S. von Petersdorff-Campen, Rechtsanwalt,
and H. von Rohr, Patentanwalt, with an address for service in Luxembourg,

defendant at first instance,

THE COURT (Second Chamber),

composed of C.W.A. Timmermans (Rapporteur), President of the Chamber,
C. Gulmann, J.-P. Puissechet, R. Schintgen and J.N. Cunha Rodrigues, Judges,

Advocate General: M. Poiares Maduro,

Registrar: M. Múgica Arzamendi, Principal Administrator,

having regard to the written procedure and further to the hearing on 5 May 2004,

after considering the observations submitted on behalf of the parties,

after hearing the Opinion of the Advocate General at the sitting on 17 June 2004,

gives the following

Judgment

- 1 By its appeal, the Office for Harmonisation in the Internal Market (Trade Marks and Designs) ('OHIM' or 'the Office') seeks annulment of the judgment of the Court of First Instance of the European Communities (Fourth Chamber) of 11 December 2001 in Case T-138/00 *Erpo Möbelwerk v OHIM (DAS PRINZIP DER BEQUEMLICHKEIT)* [2001] ECR II-3739 ('the contested judgment') by which the Court of First Instance annulled the decision of the OHIM Third Board of Appeal of 23 March 2000 (Case R 392/1999-3) ('the contested decision') which, in essence, dismissed the appeal brought by Erpo Möbelwerk GmbH ('Erpo') against the OHIM examiner's decision refusing to register the phrase DAS PRINZIP DER BEQUEMLICHKEIT as a Community trade mark for various classes of goods, including in particular furniture.

Legal background

- 2 Under Article 7 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1):

'1. The following shall not be registered:

...

- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
- (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;

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.'

Under the heading 'Limitation of the effects of a Community trade mark', Article 12 of Regulation No 40/94 provides:

'A Community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;

...

provided he uses them in accordance with honest practices in industrial or commercial matters.'

The facts

- 4 On 23 April 1998 Erpo filed an application with OHIM for registration as a Community trade mark of the phrase DAS PRINZIP DER BEQUEMLICHKEIT for goods in Class 8 (tools (hand-operated); cutlery), Class 12 (land vehicles and parts therefor) and Class 20 (household furniture, in particular upholstered furniture, seating, chairs, tables, unit furniture, as well as office furniture) in accordance with 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.
- 5 The OHIM examiner rejected that application by decision of 4 June 1999 on the ground that that word combination designated a characteristic of the goods concerned and was devoid of any distinctive character. Erpo then appealed against that decision.
- 6 By the contested decision, the OHIM Third Board of Appeal annulled the examiner's decision to the extent to which he had rejected the claim for products in

Class 8. For the rest, the Board of Appeal dismissed the appeal on the ground, in essence, that the phrase in question did not meet the requirements of Article 7(1)(b) and (c) and (2) of Regulation No 40/94.

The procedure before the Court of First Instance and the contested judgment

- 7 By application lodged at the Registry of the Court of First Instance on 23 May 2000, Erpo brought an action for the annulment of the contested decision. The Court of First Instance upheld the action by the contested judgment.

- 8 The Court of First Instance held, in paragraphs 22 to 29 of the contested judgment, that the first plea in law, alleging infringement of Article 7(1)(c) of Regulation No 40/94, was well founded since, even if the word *Bequemlichkeit* (meaning 'comfort') of itself designates a quality of the goods concerned which is likely to be taken into account when the public targeted makes a decision to purchase, the word combination *DAS PRINZIP DER BEQUEMLICHKEIT*, assessed on the basis of all the elements of which it is composed and read in its entirety, cannot be regarded as consisting exclusively of signs or indications which may serve to designate the quality of the goods concerned.

- 9 The Court of First Instance then examined the second plea in law, alleging infringement of Article 7(1)(b) of Regulation No 40/94.

- 10 The Court of First Instance held, in paragraphs 41 and 42 of the contested judgment, that that plea should also be upheld since the Board of Appeal had, in essence, deduced lack of distinctive character from the descriptiveness of the phrase claimed, it being clear from paragraphs 22 to 29 of the contested judgment concerning the first plea that the contested decision was vitiated in that respect by an error of law.
- 11 In paragraphs 43 to 46 of the contested judgment, the Court of First Instance held that the first plea was also well founded, on the basis of the following considerations:

'43. Furthermore, the Board of Appeal again noted, in paragraph 30 of the contested decision, that DAS PRINZIP DER BEQUEMLICHKEIT was characterised by the lack of any additional element of imagination. In addition, the Office submitted in its response that, in order to be able to serve as marks, slogans must possess an additional element ... of originality and that the term at issue had no such originality.

44. In that regard, it is clear from the case-law of the Court of First Instance that lack of distinctiveness cannot be found because of lack of imagination or of an additional element of originality (Case T-135/99 *Taurus-Film v OHIM* (Cine Action) [2001] ECR II-379, paragraph 31; Case T-136/99 *Taurus-Film v OHIM* (Cine Comedy) [2001] ECR II-397, paragraph 31; and Case T-87/00 *Bank für Arbeit und Wirtschaft v OHIM* (EASYBANK) [2001] ECR II-1259, paragraphs 39 and 40). Furthermore, it is not appropriate to apply to slogans criteria which are stricter than those applicable to other types of sign.

45. To the extent that the Board of Appeal, in paragraph 31 of the contested decision, again points out the lack of any conceptual tension which would create surprise and so make a striking impression, it must be stated that that point is really only a paraphrase of the Board of Appeal's finding of no additional element of imagination.

46. The dismissal, on the basis of Article 7(1)(b) of Regulation No 40/94, of the appeal brought before the Board of Appeal would have been justified only if it had been demonstrated that the combination of the words *das Prinzip der ...* (the principle of ...) alone with a term designating a characteristic of the goods or services concerned is commonly used in business communications and, in particular, in advertising. The contested decision does not contain any finding to that effect and neither in its written pleadings nor at the hearing has the Office asserted that such a usage exists.'

¹² On those grounds, the Court of First Instance annulled the contested decision.

The appeal

¹³ In its appeal, the Office claims that the Court of Justice should:

— annul the contested judgment;

- dismiss the action brought against the decision of the Third Board of Appeal of OHIM of 23 March 2000 in Case R 392/1999-3 and, in the alternative, refer the case back to the Court of First Instance;

- order the other party to pay the costs both at first instance and on appeal.

14 Erpo contends that the Court of Justice should:

- dismiss the appeal;

- confirm the contested judgment;

- order the Office to pay the costs, including those that are reimbursable in appeal proceedings.

15 By order of the President of the Court of Justice of 9 September 2002, the United Kingdom of Great Britain and Northern Ireland was granted leave to intervene in support of the forms of order sought by the Office.

Arguments of the parties

- 16 By its sole plea, the Office submits that, by holding in paragraph 46 of the contested judgment that the possibility of refusing registration of a trade mark by reason of lack of a distinctive character is limited to those cases in which it is demonstrated that the sign in question is commonly used in the relevant commercial circles, the Court of First Instance infringed Article 7(1)(b) of Regulation No 40/94.
- 17 In that connection, the Office submits that assessment of the distinctive character of a trade mark must start with an a priori examination of the likelihood that the mark will specifically enable the targeted public to identify the products or services for which registration is sought as originating from one undertaking rather than another or, in any event, as being manufactured or marketed under the entire responsibility of the trade mark owner.
- 18 Like marks consisting of colours or three-dimensional marks, but in contrast to those that are purely word marks or figurative marks, trade marks consisting of slogans, such as the one at issue in these proceedings, must incorporate an additional presentational element conferring on them a distinctive character. That requirement is accounted for by the fact that in most cases the signs in question fulfil a purely advertising function and not a function of enabling the origin of the goods to be identified.
- 19 The Office also contends that the assessment of the distinctive character of a trade mark must not take account of any use thereof in the market. Admittedly, if it is found that the sign in question is a priori capable of distinguishing the goods or services in question but that that sign or terms of the same kind are commonly used by the relevant public, the application must be rejected on the twofold basis of

Article 7(1)(b) and (d) of Regulation No 40/94. However, if, as in the present case, the sign concerned is not a priori capable of distinguishing the goods or services in question, its registration as a trade mark must be refused on the basis of Article 7(1)(b) of the same regulation, without its being necessary to produce proof that it is already commonly used by the relevant public.

20 Erpo submits, on the contrary, that the plea put forward by the Office against paragraph 46 of the contested judgment is unfounded. It is apparent from paragraphs 28 and 42 of the contested judgment that the Court of First instance considered that the distinctive character of the trade mark in question derives from the combination of the phrase 'Das Prinzip der ...' with the descriptive element 'Bequemlichkeit'. However, the Court First Instance did not require proof of general use of the phrase concerned in its entirety. It did not find that the use of the phrase 'Das Prinzip der ...' reinforces the descriptive element. It inferred that the contested decision did not contain an objective statement of the reasons for refusing registration on the ground of lack of a distinctive character.

21 Erpo also contends that registration as a trade mark of the slogan in question does not moreover entail the consequence of preventing competitors from using a combination of the words 'Prinzip' (principle) and 'Bequemlichkeit' (comfort). Article 12(b) of Regulation No 40/94 in particular precludes such an outcome. The latter provision establishes sufficient protection of competition to justify a liberal registration practice, allowing protection of the trade mark applied for to be granted in cases of doubt.

22 Erpo also denies that the distinctive character of a trade mark consisting of a slogan requires the presence of an additional presentational element by reason of the purely advertising function of such a sign. In its view, according both to the case-law of the Court of First Instance and to the practice of the Office, the advertising function of a slogan does not preclude its having a distinctive character.

- 23 The United Kingdom Government maintains that the analysis of distinctive character in the judgment is contrary to the case-law both of the Court of Justice and of the Court of First Instance itself. In this case, the Court of First Instance did not, in particular, correctly apply Community law, which requires account to be taken of the nature of a trade mark when its distinctive character is assessed. Moreover, the Court of First Instance adopted an incorrect approach to determining such distinctiveness.
- 24 That Government submits that it is clear from the case-law that, to satisfy the condition of distinctive character, a trade mark must unambiguously identify the trade origin of the goods or services concerned. A sign cannot guarantee such origin if, having regard to the presumed expectations of an average consumer of the category of goods or services in question, a genuine doubt remains in the mind of that person as to their origin.
- 25 It is true, according to that Government, that the legal principles to be applied in assessing the distinctive character of a trade mark are the same for all categories of mark. The fact remains however that the manner in which those principles are applied must take account of the context and in particular of the nature of the trade mark concerned, as shown by the case-law concerning three-dimensional marks comprising the shape of the product (Case T-119/00 *Procter & Gamble v OHIM* (Square white tablet with yellow and blue speckles) [2001] ECR II-2761, paragraphs 53 to 55, Case T-88/00 *Mag Instrument v OHIM* [2002] ECR II-467, paragraphs 33 to 35, and point 12 of the Opinion of Advocate General Ruiz-Jarabo Colomer in Joined Cases C-53/01 to C-55/01 *Linde and Others* [2003] ECR I-3161).
- 26 The United Kingdom Government submits that the mark at issue in this case is essentially an advertising slogan which purports to communicate the principles on the basis of which the products concerned were manufactured. An average consumer would be less likely to regard an advertising slogan, in particular where it

contains a reference to the specific characteristics of the goods or services, as a badge of origin uniquely identifying the undertaking responsible for them. However, if such a slogan makes a striking impression when used in relation to the goods or services in question, the average consumer might ultimately regard it as signifying the trade origin of those goods or services, in addition to its promotional function.

- 27 The OHIM Board of Appeal was right to take that consideration into account. However, in the contested judgment, the Court of First Instance did not, or did not sufficiently, take account of the nature of the mark when assessing its distinctive character.
- 28 The United Kingdom Government submits in addition that, in so far as paragraph 46 of the contested judgment implies that the registration of the sign at issue as a mark with a distinctive character could only be refused if the phrase 'Das Prinzip der ...' were commonly used in business communications and in advertising, the Court of First Instance infringed Article 7(1)(b) and (c) of Regulation No 40/94.
- 29 In its view, the Court of First Instance confused the requirements of Article 7(1)(b) and (c) of Regulation No 40/94 with those of Article 7(1)(d). The requirement of demonstrating, in order to refuse registration, that a mark has become customary in trade in respect of the goods and services in question applies only to the latter provision and not to the first-mentioned provisions (Case C-517/99 *Merz & Krell* [2001] ECR I-6959, paragraph 35). Paragraphs (b) and (c) of Article 7(1) of that regulation each set out an independent basis for refusal of registration of a sign despite the clear overlap between the scope of those two provisions.

Findings of the Court

- 30 First, it must be observed that the sole plea put forward by the Office, concerning the distinctive character of the trade mark and alleging infringement of Article 7(1)(b) of Regulation No 40/94, is expressly concerned only with paragraph 46 of the contested judgment. However, that paragraph is inextricably linked with the immediately preceding paragraphs 43 to 45, so that the Office's plea must be examined in the context of all the reasoning set out in those paragraphs. Moreover, that is how the parties, and the intervener, have construed the subject-matter of the appeal, in so far as they deal, in their submissions, with paragraphs 43 to 46 of the contested judgment together.
- 31 Paragraphs 43 to 46 of the contested judgment refer to paragraphs 30 and 31 of the contested decision according to which a slogan must display 'imaginativeness' or even 'conceptual tension which would create surprise and so make a striking impression' so as not to lack the minimal level of distinctiveness required by Article 7(1)(b) of Regulation No 40/94.
- 32 In paragraphs 43 to 45 of the contested judgment, the Court of First Instance rightly rejected that requirement, essentially on the ground that it is inappropriate to apply to slogans criteria which are stricter than those applicable to other types of sign.
- 33 It is clear from the case-law of the Court of Justice that, as far as assessing distinctiveness is concerned, every trade mark, of whatever category, must be capable of identifying the product as originating from a particular undertaking, and thus distinguishing it from those of other undertakings (see, to that effect, in relation to Article 3(1)(b) 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), which is identical to Article 7(1)(b) of Regulation No 40/94, *Linde and Others*, paragraphs 42 and 47).

- 34 The Court of Justice has also held that, although the criteria for assessing distinctiveness are the same for the various categories of marks, it may become apparent, in applying those criteria, that the relevant public's perception is not necessarily the same for each of those categories and that, therefore, it may prove more difficult to establish distinctiveness for some categories of mark than for others (see Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-1725, paragraph 38; Joined Cases C-468/01 P to C-472/01 P *Procter & Gamble v OHIM* [2004] ECR I-5141, paragraph 36; and Joined Cases C-473/01 P and C-474/01 P *Procter & Gamble v OHIM* [2004] I-5173, paragraph 36).
- 35 The possibility cannot be excluded that the case-law mentioned in the foregoing paragraph of this judgment is also relevant to word marks consisting of advertising slogans such as the one at issue in this case. That could be the case in particular if it were established, when assessing the distinctiveness of the trade mark in question, that it served a promotional function consisting, for example, of commending the quality of the product in question and that the importance of that function was not manifestly secondary to its purported function as a trade mark, namely that of guaranteeing the origin of the product. Indeed, in such a case, the authorities may take account of the fact that average consumers are not in the habit of making assumptions about the origin of products on the basis of such slogans (see, to that effect, *Procter & Gamble*, paragraph 36).
- 36 However, difficulties in establishing distinctiveness which may be associated with certain categories of trade marks because of their very nature, such as those consisting of advertising slogans — difficulties which it is legitimate to take into account — do not justify laying down specific criteria supplementing or derogating

from the criterion of distinctiveness as interpreted in the case-law referred to in paragraphs 32 to 34 of this judgment. The Court of First Instance was therefore right to annul the contested decision for imposing a different and stricter criterion for assessing the distinctiveness of trade marks consisting of advertising slogans.

- 37 Having properly rejected, in paragraphs 43 to 45 of the contested judgment, the criterion adopted in the contested decision for assessing the distinctive character of the trade mark in question, in paragraph 46 of the contested judgment the Court of First Instance applied another criterion, namely that according to which a trade mark is not devoid of distinctiveness within the meaning of Article 7(1)(b) of Regulation No 40/94 unless it is demonstrated that the phrase concerned is commonly used in business communications and, in particular, in advertising — the existence of such a situation not having been established in the contested decision.
- 38 Admittedly, it is true that if it is demonstrated that the phrase concerned is commonly used in business communications and, in particular, in advertising, as provided by Article 7(1)(d) of Regulation No 40/94, it follows that that sign is not capable of distinguishing the goods or services of an undertaking from those of other undertakings and does not therefore fulfil the essential function of a trade mark — unless the use made of such signs or terms has enabled them to acquire a distinctive character capable of being recognised under Article 7(3) of Regulation No 40/94 (see, to that effect, in relation to identical provisions contained in Article 3(1)(b) and (d) and (3) of Directive 89/104, *Merz & Krell*, paragraph of 37).
- 39 However, each of the grounds for refusal listed in Article 7(1) of Regulation No 40/94 is independent of the others and calls for separate examination (see, in particular, *Henkel v OHIM*, paragraph 45, and the case-law there cited).

40 Therefore, it is not appropriate to limit the scope of Article 7(1)(b) of Regulation No 40/94 to trade marks for which registration is refused on the basis of Article 7(1)(d) thereof by reason of the fact that they are commonly used in business communications and, in particular, in advertising.

41 The Court of Justice has held that the registration of a mark made up of signs or indications that are also used as advertising slogans, indications of quality or incitements to purchase the goods or services covered by that mark is not excluded as such by virtue of such use (see *Merz & Krell*, paragraph 40).

42 It is also clear from the case-law that the distinctiveness of a trade mark within the meaning of Article 7(1)(b) of Regulation No 40/94 means that the mark in question makes it possible to identify the product for which registration is sought as originating from a given undertaking and therefore to distinguish the product from those of other undertakings and, therefore, is able to fulfil the essential function of the trade mark (see, to that effect, in particular *Procter & Gamble v OHIM*, paragraph 32, and the case-law there cited, and, in relation to the same provision contained in Article 3(1)(b) of Directive 89/104, *Merz & Krell*, paragraph 37, and *Linde and Others*, paragraph 40, and the case-law there cited).

43 According to the case-law, that distinctiveness must be assessed, first, in relation to the goods or services in respect of which registration is applied for and, second, in relation to the perception of the relevant public, which consists of average consumers of the products or services in question, who are reasonably well informed and reasonably observant and circumspect (see, in particular, *Procter & Gamble*, paragraph 33, and the case-law there cited).

- 44 It follows that the distinctiveness of a trade mark consisting of signs or indications that are also used as advertising slogans, indications of quality or incitements to purchase the goods or services covered by that mark, as in the case of the mark at issue in these proceedings, must be assessed on the basis of the principles mentioned in paragraphs 42 and 43 of this judgment (see, to that effect, also, as regards marks of that kind, Case T-130/01 *Sykes Enterprises v OHIM* (REAL PEOPLE, REAL SOLUTIONS) [2002] ECR II-5179, paragraph 20, and Case T-122/01 *Best Buy Concepts v OHIM* (BEST BUY) [2003] ECR II-2235, paragraph 21).
- 45 In that connection, the argument put forward by Erpo to the effect that Article 12(b) of Regulation No 40/94 establishes sufficient protection of competition to justify a liberal registration policy, allowing protection of the mark applied for to be granted in cases of doubt, must also be rejected. Such an argument has already been rejected by the Court of Justice on the ground that examination of applications for registration must not be minimal but must be stringent and full in order to prevent trade marks from being improperly registered and to make sure that, for reasons of legal certainty and sound administration, trade marks whose use could be successfully challenged before the courts are not registered (see, to that effect, Case C-104/01 *Libertel* [2003] ECR I-3793, paragraphs 58 and 59).
- 46 Therefore, by holding in paragraph 46 of the contested judgment that a trade mark is not devoid of distinctive character within the meaning of Article 7(1)(b) of Regulation No 40/94 unless it is demonstrated that the phrase concerned is commonly used in business communications and, in particular, in advertising — the existence of such a situation not having been established in the contested decision — the Court of First Instance applied a criterion other than the one laid down by Article 7(1)(b) of Regulation No 40/94.
- 47 It follows that, on that point, the Court of First Instance did not keep within the bounds of that article.

48 Accordingly, the Office is correct to say that, on that point, the contested judgment is vitiated by an error of law.

49 It must nevertheless be pointed out that that error of law has no influence on the outcome of the dispute.

50 As is apparent from paragraph 37 of this judgment, it was correctly held, on the basis of paragraphs 43 to 45 of the contested judgment, that the contested decision should be annulled because registration of the mark was refused on the basis of the incorrect criterion set out in paragraphs 30 and 31 of the contested decision concerning distinctive character within the meaning of Article 7(1)(b) of Regulation No 40/94, namely the absence of an additional element of imagination or an additional element of originality.

51 It follows that, notwithstanding the error of law identified in paragraph 48 of this judgment, the operative part of the contested judgment remains justified.

52 It is settled case-law that if the grounds of a judgment of the Court of First Instance reveal an infringement of Community law but the operative part appears well founded on other legal grounds, the appeal must be dismissed (see, in particular, Case C-265/97 P *VBA v Florimex and Others* [2000] ECR I-2061, paragraph 121, and the case-law there cited).

53 Consequently, the plea relied on cannot be upheld and the appeal must be dismissed.

Costs

- 54 Under the first subparagraph of Article 69(2) of the Rules of Procedure, which applies to the appeal procedure by virtue of Article 118 of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. As Erpo has applied for costs and OHIM has been unsuccessful, it must be ordered to pay the costs.
- 55 Under the first subparagraph of Article 69(4) of the Rules of Procedure, the United Kingdom must bear its own costs.

On those grounds, the Court hereby:

- 1. Dismisses the appeal;**
- 2. Orders the Office for Harmonisation in the Internal Market (Trade Marks and Designs) to pay the costs;**
- 3. Orders the United Kingdom of Great Britain and Northern Ireland to bear its own costs.**

Signatures.