

JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)
27 February 2002 *

In Case T-79/00,

Rewe Zentral AG, established in Cologne (Germany), represented by M. Kin-
keldey, lawyer,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs)
(OHIM), represented initially by V. Melgar and P. von Kapff and subsequently
by V. Melgar and G. Schneider, acting as Agents,

defendant,

ACTION brought against the decision of the Third Board of Appeal of the Office
for Harmonisation in the Internal Market (Trade Marks and Designs) of
27 January 2000 (Case R 275/1999-3) concerning the registration of 'LITE' as a
Community trade mark,

* Language of the case: German.

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

composed of: P. Mengozzi, President, V. Tiili and R.M. Moura Ramos, Judges,
Registrar: D. Christensen, Administrator,

having regard to the application lodged at the Registry of the Court on 4 April 2000,

having regard to the response lodged at the Registry of the Court on 27 June 2000,

further to the hearing on 5 July 2001,

gives the following

Judgment

- 1 On 29 March 1996, the applicant filed an application for a Community word mark at the Office for Harmonisation in the Internal Market (Trade Marks and

Designs) ('the Office') pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended. The date of filing was fixed at 1 April 1996.

- 2 The mark in respect of which registration was sought is the term 'LITE'.

- 3 The goods and services in respect of which registration was sought are in Classes 5, 29, 30, 32, 33 and 42 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, and correspond, for each of those classes, to the following description:

'Class 5: Dietetic foodstuffs and foodstuff preparations, dietetic auxiliary agents for healthcare, in particular vitamins, minerals and nutritive food supplements; food for babies;

Class 29: Meat, fish, poultry, game and shellfish, including preparations of the aforesaid goods; sausage, meat, poultry and fish products, caviar; salads of meat, fish, poultry and game; meat, poultry, game and fish pastes, meat extracts; fruit, vegetables and pulses (processed); fruit and vegetable pulp; delicatessen salads of vegetables or leaf salads; potato products of all types, namely chips, croquettes, baking potatoes, prepared potatoes, potato fritters, potato dumplings, fried potato cake (rösti), potato waffles, crisps, sticks; semi-prepared and ready-to-serve meals, namely soups (including instant packet soups), stews, dry and liquid ready-to-serve meals, mainly of one or more of the following

goods, meat, fish, vegetables, prepared fruits, cheese, pasta, rice; meat, fruit and vegetable jellies, jams, fruit sauces; eggs, milk and milk products, namely drinking milk, sour milk, butter milk, yoghurt, fruit yoghurt, yoghurt with chocolate or cocoa additives, non-alcoholic mixed milk drinks, chocolate drinks, kefir, cream, quark, fruit and herbal quark desserts, desserts, mainly of milk and flavourings with gelatine and/or starch being binding agents, butter, clarified butter, cheese and cheese preparations; fruit fools; edible oils and fats; savoury biscuits, corn crisps, salted and unsalted nuts and other snacks, included in Class 29; all the aforesaid goods (where possible) also frozen or preserved, sterilised or homogenised;

Class 30: Pizzas; sauces, fruit sauces, salad dressings, ketchup, horseradish, capers; coffee, tea, cocoa; chocolate, chocolate goods, cocoa-based powders for making beverages; marzipan, nougat, marzipan and nougat products; spreads, principally containing sugar, cocoa, nougat, milk and/or fats; pralines, including filled pralines; sugar, sugar products, sweets, in particular boiled, peppermint, fruit sweets and chews, lollipops, chewing gum not for medical purposes; rice, tapioca, artificial coffee; flour and cereal products, kernel cereals, namely rice, wheat, oats, barley, rye, millet, maize and buckwheat, the aforementioned goods also in the form of mixtures and other preparations, in particular wheat bran, wheat germ, maize meal, maize semolina, linseeds, muesli and muesli bars (mainly of cereal flakes, dried fruit, nuts), cereals, popcorn; bread, bread rolls, pastry and confectionery; pasta and wholemeal pasta, in particular noodles; ices, ice cream; honey, treacle; yeast, baking-powder; salt; mustard; vinegar; spices, mixed spices, pepper corns; savoury biscuits, cereal crisps, salted and unsalted nuts and other snacks, included in Class 30; all the aforesaid goods (where possible) also frozen or preserved, sterilised or homogenised;

Class 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; vegetable juices, syrups and other preparations for making beverages; whey drinks; instant powdered drinks;

Class 33: Alcoholic beverages, in particular wine, sparkling wine, spirits, liqueurs;

Class 42: Providing of food and drink and temporary accommodation.'

- 4 On 26 May 1998, the examiner informed the applicant that 'LITE' seemed to him to be ineligible for registration because it was devoid of any distinctive character within the meaning of Article 7(1)(b) of Regulation No 40/94 in respect of the goods and services concerned. The applicant submitted its observations by letter of 24 July 1998. By decision of 29 March 1999, the examiner refused the application pursuant to Article 38 of Regulation No 40/94 on the ground stated in his letter of 26 May 1998. The examiner's decision is based, in particular, on a semantic analysis of the sign at issue, according to which that sign corresponds phonetically to the ordinary English word 'light'. According to the examiner, 'LITE' is accordingly directly descriptive of the goods and services listed in the application and is, therefore, devoid of any distinctive character.
- 5 On 20 May 1999, the applicant appealed to the Office pursuant to Article 59 of Regulation No 40/94 against the examiner's decision.
- 6 By decision of 27 January 2000 ('the contested decision'), which was notified to the applicant on 4 February 2000, the Board of Appeal confirmed the examiner's refusal, except in respect of the service 'temporary accommodation', on the ground that 'LITE' was devoid of any distinctive character within the meaning of

Article 7(1)(b) of Regulation No 40/94 and that it was exclusively descriptive for the purposes of Article 7(1)(c) of that regulation.

- 7 In essence, the Board of Appeal first noted the following considerations. There is a general need for purely descriptive indications to remain available, since competitors have a legitimate interest in the unrestricted use of indications of that kind. Descriptive signs may be excluded from that protection only to the extent that monopolising them is contrary to a legitimate public need, in particular that of unrestricted use by competitors. There must be a specific need for availability in respect of the goods and services for which registration of the mark is requested. Finally, only purely descriptive signs and indications are liable not to be protected (paragraphs 13 to 16 of the contested decision). The Board of Appeal then pointed out that the sign at issue consists exclusively of the word 'LITE' which refers to one of the essential characteristics of the goods concerned, namely that they are light. LITE is, in fact, a general name for foodstuffs whose undesirable ingredients have been partially removed in order to appeal to food-conscious consumers. The Board of Appeal inferred that the sign at issue is an essential descriptive indication of the goods and service concerned, at least in the English-speaking part of the Community. Furthermore, according to the Board, the applicant's competitors must have the absolute right to use the term 'LITE'. Finally, the Board of Appeal found that the sign at issue is also devoid of the minimum distinctive character required since, in the trade concerned, it is understood only as a mere indication of the particular quality of the goods.

Forms of order sought by the parties

- 8 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to pay the costs.

9 The Office contends that the Court should:

— dismiss the application;

— order the applicant to pay the costs.

Law

10 The applicant puts forward three pleas in law alleging infringement of its rights of defence, of Article 7(1)(c) of Regulation No 40/94 and of Article 7(1)(b) of that regulation.

Infringement of the rights of defence

Arguments of the parties

11 The applicant observes that the Board of Appeal did not invite it to submit its observations on the ground for refusal under Article 7(1)(c) of Regulation

No 40/94 and that it was therefore unable to express its views on the possible existence of a general need for the term ‘LITE’ to remain available.

- 12 The Office contends that that plea is not well founded since the reasons justifying refusal on the basis of Article 7(1)(b) of Regulation No 40/94 and of Article 7(1)(c) of that regulation are identical. It maintains, in addition, that there is a fundamental difference, both in law and in fact, between the circumstances of the present case and those of Case T-122/99 *Procter & Gamble v OHIM (Soap bar shape)* [2000] ECR II-265, paragraphs 39 to 42).

Findings of the Court

- 13 It should be noted at the outset that the principle of the protection of the rights of defence is laid down in Article 73 of Regulation No 40/94 which provides that decisions of the Office are to be based only on reasons on which the parties have had an opportunity to present their comments.
- 14 Furthermore, observance of the rights of defence is a general principle of Community law which requires that a person whose interests are appreciably affected, as in the present case, by a decision taken by a public authority must be given the opportunity to make his point of view known (*Case 17/74 Transocean Marine Paint v Commission* [1974] ECR 1063, paragraph 15).
- 15 Finally, it is clear from the case-law of the Court that the Boards of Appeal infringe an applicant’s rights of defence if they fail to accord it an opportunity to express its views on the absolute grounds for refusal which they applied of their own motion (*Soap bar shape*, paragraph 47).

- 16 In the present case, it is common ground that the contested decision is based on the two absolute grounds for refusal under Article 7(1)(b) and (c) of Regulation No 40/94, namely lack of distinctiveness and the exclusively descriptive nature of the term 'LITE', whereas the examiner's decision was based only on one of those grounds, namely the lack of distinctiveness of the sign at issue.
- 17 Next, in the contested decision, the Board of Appeal noted a need for descriptive indications in general, and 'LITE' in particular, to remain available (see paragraph 7 above). That argument, which is the basis solely of the application of Article 7(1)(c) of Regulation No 40/94, was not mentioned in the examiner's decision.
- 18 Even if it were to be accepted that the elements capable of establishing the absolute grounds for refusal under Article 7(1)(b) and (c) of Regulation No 40/94 could overlap with each other to some extent, it is none the less true that each of those grounds has its own sphere of application (see, to that effect, Case T-359/99 *DKV v OHIM (EuroHealth)* [2001] ECR II-1645, paragraph 48).
- 19 The Board of Appeal therefore infringed the applicant's rights of defence in that it applied of its own motion the absolute ground for refusal under Article 7(1)(c) of Regulation No 40/94 on the basis of a need for descriptive indications in general, and 'LITE' in particular, to remain available, and failed to give the applicant the opportunity to state its views on the application in the present case of that absolute ground for refusal or on the reasoning put forward to substantiate it.
- 20 To that extent, the plea alleging infringement of the rights of defence must be upheld.

- 21 Since the Board of Appeal infringed the applicant's rights of defence in respect of the absolute ground for refusal under Article 7(1)(c) of Regulation No 40/94, it is not necessary to examine the merits of that ground. It is however necessary to determine whether the Board of Appeal was right to regard the term 'LITE' as devoid of any distinctive character.

Infringement of Article 7(1)(b) of Regulation No 40/94

Arguments of the parties

- 22 The applicant points out that the Office considers that there may be distinctive character to even an extremely limited extent and that any ability, albeit very limited, of a mark to denote the origin of the goods is therefore sufficient to undermine the ground for refusal under Article 7(1)(b) of Regulation No 40/94.
- 23 The applicant claims that the mark's distinctiveness must be assessed in relation to each product actually designated in the application, taking into account the type of consumer targeted and the nature of the product. In the present case, the applicant considers that consumers will think that 'LITE' is an indication of commercial origin.
- 24 The Office contends that 'LITE' is devoid of any distinctive character under Article 7(1)(b) of Regulation No 40/94 for the same reasons as those concerning Article 7(1)(c) of that regulation, since those two absolute grounds for refusal overlap.

Findings of the Court

- 25 Under Article 7(1)(b) of Regulation No 40/94, 'trade marks which are devoid of any distinctive character' are not to be registered. Moreover, Article 7(2) of Regulation No 40/94 states that '[p]aragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community'.
- 26 The signs referred to in Article 7(1)(b) of Regulation No 40/94 are signs which are regarded as incapable of performing the essential function of a trade mark, namely that of identifying the origin of the goods or services, thus enabling the consumer who acquired them to repeat the experience, if it proves to be positive, or to avoid it, if it proves to be negative, on the occasion of a subsequent acquisition.
- 27 The distinctiveness of a mark must be assessed, first, in relation to the goods or services for which registration of the sign has been requested (see Case T-345/99 *Harbinger v OHIM (TRUSTEDLINK)* [2000] ECR II-3525, paragraph 32) and, second, in relation to the perception of the section of the public targeted, which is composed of consumers of those goods or services.
- 28 Finally, it is clear from the wording of Article 7(1)(b) of Regulation No 40/94 that a minimum degree of distinctive character is sufficient to render inapplicable the ground for refusal set out in that article.

- 29 In the present case, the Board of Appeal found that the mark applied for was devoid of the minimum degree of distinctive character required since, on the market concerned, it was able to be understood only as a mere indication of the particular quality of the goods concerned and not as an indication of their commercial origin. Furthermore, the Board of Appeal contended that, given the lack of additional identifying elements, the mark applied for also lacked imagination.
- 30 As regards that last finding, it is clear from the case-law of the Court that the absence of distinctive character cannot arise merely from the finding that the sign in question lacks an additional element of imagination (Case T-87/00 *Bank für Arbeit und Wirtschaft v OHIM (EASYBANK)* [2001] ECR II-1259, paragraph 39) or a minimum amount of imagination (Case T-135/99 *Taurus-Film v OHIM (Cine Action)* [2001] ECR II-379, paragraph 31; and Case T-136/99 *Taurus-Film v OHIM (Cine Comedy)* [2001] ECR II-397, paragraph 31). A Community mark is not necessarily a work of invention and is founded not on any element of originality or imagination, but on its ability to distinguish goods or services on the market from goods or services of the same type offered by competitors.
- 31 In the present case, it is therefore necessary to determine whether the term 'LITE' enables the section of the public targeted to distinguish the goods and service at issue from goods and services of a different commercial origin.
- 32 The section of the public targeted is deemed to be average, reasonably well-informed and reasonably observant and circumspect consumers (see, to that effect, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 26; and *EuroHealth*, paragraph 27). Given the nature of the goods and service at issue (foodstuffs and the catering service, cited in paragraph 3 above), they are intended for all consumers and therefore for non-specialised consumers.

Furthermore, the section of the public targeted, in relation to which the absolute ground for refusal should be assessed, is English-speaking consumers.

33 The Court finds, next, that the term 'LITE' is currently a generic, usual or commonly-used name in the sector of the goods and service at issue. LITE is a word created from a phonetic transcription of the English word 'light'. According to the definition in the English-language dictionary *The New Shorter Oxford English Dictionary on Historical Principles*, 1993, 'LITE' is a variation of 'light' used nowadays mainly in commercial circles. In English, the pronunciation of 'light' is identical to that of 'LITE'.

34 It should also be noted that the goods and service in relation to which the distinctiveness of the word 'LITE' must be assessed correspond, in the case of the goods, to a significant number of substances (foods and beverages) which may be grouped together in the category of foodstuffs and, in the case of the service, to a service of preparing and selling food and cooked dishes.

35 In that regard, 'LITE' is commonly used in the English-speaking part of the European Union as an everyday word in the food and catering industry to identify or distinguish a quality of foodstuffs.

36 As is evident from the contested decision, the Board of Appeal correctly found that 'LITE' served only to inform the section of the public targeted about a

characteristic of the goods or service at issue, namely the lightness of the foodstuffs and of the dishes prepared and served in the catering service. As the Office pointed out in its reply, LITE substances and food products will be regarded by the section of the public targeted as low in calories because of the reduction in the quantity of fat or sugar, LITE beverages as low in alcohol or sugar and the LITE catering service as offering dishes or meals with those characteristics.

37 In the light of those factors, it must be said that, in the food industry, 'LITE' bears only the meaning described in the preceding paragraph. Thus the section of the public targeted faced with the goods and service at issue will attribute to 'LITE' solely the obvious meaning set out above, without imagining a second meaning for the term as a mark.

38 Consequently, 'LITE' will not enable the section of the public concerned to distinguish the goods and service concerned from those with a different commercial origin when it is required to make its choice.

39 It follows from the foregoing that the Board of Appeal was correct in finding that 'LITE' was devoid of any distinctive character under Article 7(1)(b) and (2) of Regulation No 40/94.

40 It is clear from Article 7(1) of Regulation No 40/94 that, for a sign to be ineligible for registration as a Community trade mark, it is sufficient that one of

the absolute grounds for refusal applies (Case T-360/99 *Community Concepts v OHIM (Investorworld)* [2000] ECR II-3545, paragraph 26).

41 Accordingly, since the Board of Appeal did not err in finding that the absolute ground for refusal under Article 7(1)(b) of Regulation No 40/94 was applicable in the present case, the plea alleging infringement of the rights of defence is immaterial.

42 It follows that the application must be dismissed.

Costs

43 Under the first subparagraph of Article 87(3) of the Rules of Procedure, where each party succeeds on some and fails on other heads, or where the circumstances are exceptional, the Court may order that each party is to bear its own costs.

44 Even though, in the present case, the application must be dismissed, the Court finds that it is appropriate to apply the first subparagraph of Article 87(3) of the Rules of Procedure and to order that each party is to bear its own costs, since the applicant's rights of defence have been infringed.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. **Dismisses the application;**
2. **Orders each party to bear its own costs.**

Mengozzi

Tiili

Moura Ramos

Delivered in open court in Luxembourg on 27 February 2002.

H. Jung

Registrar

P. Mengozzi

President