

JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)

12 December 2002 *

In Case T-63/01,

The Procter & Gamble Company, established in Cincinnati, Ohio (United States of America), represented by T. van Innis, lawyer, with an address for service in Luxembourg,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by O. Montalto and E. Joly, acting as Agents,

defendant,

* Language of the case: French.

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 14 December 2000 (Case R 74/1998-3), which was notified to the applicant on 11 January 2001,

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

composed of: M. Vilaras, President, V. Tiili and P. Mengozzi, Judges,

Registrar: D. Christensen, Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 16 March 2001,

having regard to the response lodged at the Registry of the Court of First Instance on 29 May 2001,

having regard to the measures of organisation of procedure,

further to the hearing on 10 July 2002,

gives the following

Judgment

- 1 On 16 April 1996 the applicant submitted to the Office for Harmonisation in the Internal Market (Trade Marks and Designs) ('the Office') an application for a Community figurative trade mark 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. On 25 February 1997, a reproduction of the trade mark requested, reclassified as a three-dimensional figurative trade mark, was received by the Office.

- 2 The sign whose registration was sought consists in the form reproduced below:



Perspective view from above



Plan view



Side view

- 3 Registration of the mark was sought in respect of soaps in class 3 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.
- 4 On 18 March 1998, the examiner informed the applicant that the application had been rejected on the ground that the sign consisted exclusively of a shape which resulted from the nature of the goods themselves, as provided for in Article 7(1)(e)(i) of Regulation No 40/94.
- 5 By decision of 15 March 1999, the Board of Appeal confirmed the examiner's decision on the grounds, first, that the amendment of the original application for a figurative trade mark to an application for a three-dimensional trade mark substantially changed the application for a Community trade mark, contrary to Article 44(2) of Regulation No 40/94; second, that the sign consisted exclusively

of the shape resulting from the nature of the goods themselves, as provided for in Article 7(1)(e)(i) of Regulation No 40/94; third, that the sign consisted of a shape of goods which was necessary to obtain a technical result, as provided for in Article 7(1)(e)(ii); and, fourth, that the sign was devoid of any distinctive character, as provided for in Article 7(1)(b) of Regulation No 40/94.

- 6 By judgment of 16 February 2000 in Case T-122/99 *Procter & Gamble v OHIM* ('*Soap bar shape*') [2000] ECR II-265, the Court of First Instance annulled the decision of the Board of Appeal on the grounds, first, that the Board of Appeal had exceeded its jurisdiction in declaring inadmissible of its own motion the contested application for registration; second, that the Board of Appeal had infringed the applicant's rights of defence by failing to invite it to submit its observations on two new absolute grounds for refusal which it had applied of its own motion, namely those set out at paragraph 7(1)(b) and (e)(ii) of Regulation No 40/94; and, third, that the Board of Appeal had erred in law in refusing registration of the mark applied for on the ground that it consisted exclusively of a shape which resulted from the nature of the goods themselves, as provided for in Article 7(1)(e)(i). The Court of First Instance held that the latter provision does not apply when there are other shapes of soap bar in the trade without the features of the shape of the soap in issue (the *Soap bar shape* judgment, paragraph 55).
- 7 With a view to compliance with the *Soap bar shape* judgment, the Rapporteur of the Third Board of Appeal, by communication of 7 June 2000, invited the applicant to submit observations on the application to the present case of Article 7(1)(b) and (e)(ii) of Regulation No 40/94.
- 8 By decision of 4 December 2000 ('the contested decision'), the Third Board of Appeal dismissed the application for registration, being of the view, in essence, that that the sign in issue was devoid of any distinctive character, as provided for in Article 7(1)(b) of Regulation No 40/94.

Forms of order sought by the parties

9 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to pay the costs.

10 The Office contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Substance

11 In support of its action, the applicant relies on two pleas in law alleging, respectively, infringement of the rights of defence and infringement of Article 7(1)(b) of Regulation No 40/94.

First plea in law, alleging infringement of the rights of defence

Arguments of the parties

- 12 The applicant claims that its rights of defence were infringed in so far as the contested decision was adopted by the same members of the Third Board of Appeal who on 15 March 1999 had delivered the decision annulled in the *Soap bar shape* judgment, which concerned the same parties, the same application for registration and the same absolute ground for refusal.

- 13 The applicant recognises that there is no requirement in the rules governing the procedure before the Boards of Appeal that one of their members who, acting in that capacity, has previously dealt with the same question between the same parties is to withdraw. None the less, the principle of respect for the rights of defence implies a fair hearing, i.e. a hearing which cannot convey any appearance of a decision based on prejudice.

- 14 In that regard, the applicant claims that in most States in which the rule of law applies judges, arbitrators or court experts are required to withdraw in a specific case if they have previously adjudicated on the matter in one or other of those capacities, in order to ensure their independence of mind.

- 15 The Office refutes the applicant's arguments, on the grounds that the principles on which it relies do not apply in the proceedings before it provided for in Regulation No 40/94 and that the Boards of Appeal cannot be classified as 'tribunals'.

- 16 There has been no failure to have regard either to the circumstances in which objections may be raised, as defined in Article 132 of Regulation No 40/94, or to any principle of law applying to administrative proceedings which is generally recognised under the law of the Member States and which the Office is required to observe pursuant to Article 79 of Regulation No 40/94.
- 17 The Office further observes that there is no Community rule of procedure to the effect that a case in which an initial decision is annulled on appeal cannot be referred back, for further action, to the body which took that decision.
- 18 Last, the Office states that in a number of decisions the Third Board of Appeal has recognised the distinctive nature of trade marks which consist of the shape of the goods. Accordingly, there is no reason to consider that the contested decision is based on bias.

Findings of the Court

- 19 The Court notes at the outset that the Boards of Appeal are composed of members whose independence is ensured by the mode of appointment, by the duration of their term of office and also by the rules governing the exercise of their functions. Furthermore, certain provisions of Regulation No 40/94 governing the procedure before the Boards of Appeal guarantee, *inter alia*, the parties' rights of defence.
- 20 However, the Boards of Appeal form part of the Office, which is the authority responsible for registering trade marks under the conditions laid down in Regulation No 40/94, and also contribute, within the limits set by that regulation,

to the completion of the internal market (Case T-163/98 *Procter & Gamble v OHIM (BABY-DRY)* [1999] ECR II-2383, paragraphs 36 and 37).

- 21 In that regard, it follows from *BABY-DRY*, paragraphs 38 to 43, that there is continuity in terms of their functions between the various departments of the Office and that the Boards of Appeal enjoy, in particular, the same powers in determining an appeal as the examiner. Thus, while the Boards of Appeal enjoy a wide degree of independence in carrying out their duties, they constitute a department of the Office responsible for controlling, under the conditions and within the limits laid down in Regulation No 40/94, the activities of the other departments of the administration to which they belong.
- 22 Since a Board of Appeal enjoys, in particular, the same powers as the examiner, where it exercises them it acts as the administration of the Office. An action before the Board of Appeal therefore forms part of the administrative registration procedure, following an ‘interlocutory revision’ by the ‘first department’ to carry out an examination, pursuant to Article 60 of Regulation No 40/94.
- 23 In the light of the foregoing, the Boards of Appeal cannot be classified as ‘tribunals’. Consequently, the applicant cannot properly rely on a right to a fair ‘hearing’ before the Boards of Appeal of the Office.
- 24 Furthermore, the rights of the defence in proceedings before the Boards of Appeal are guaranteed by Article 132 of Regulation No 40/94, which sets out the situations in which members of the Boards may be excluded or objected to and, in particular, which provides, at paragraph 3, that members ‘suspected of partiality’ may be objected to by any party.

- 25 However, under that provision an objection is not admissible if the party concerned has taken a procedural step while being aware of a reason for objection. As the Office rightly submits, that is the case here. First, the applicant failed to plead possible partiality on the part of the Board of Appeal in question or of the member who was Rapporteur in the present case and who was also Rapporteur when the first decision of the same Board was taken in the present case when invited by that Rapporteur to submit observations. Second, by submitting its observations to the Board of Appeal, the applicant took a procedural step within the meaning of the second sentence of Article 132(3) of Regulation No 40/94 and, accordingly, forfeited the right to demand that the members of the Board of Appeal in question withdraw.
- 26 In those circumstances, the first plea in law must be rejected.

Second plea in law, alleging infringement of Article 7(1)(b) of Regulation No 40/94

Arguments of the parties

- 27 The applicant acknowledges that a soap bar shape which displays only minimal and therefore not particularly striking differences by comparison with a normal soap bar shape is in principle not apt to be perceived as a trade mark by the public concerned. None the less, in the present case the sign is markedly different from traditional soap bar shapes in that it has a concave profile on the longitudinal side whereas the normal shapes are convex on at least one of their sides.

- 28 Thus, to the extent to which it is unusual, the sign is apt to lead the public to form a mental association between the shape of the goods and the fact that they come from a specific undertaking.
- 29 The applicant submits that a certain prejudice against three-dimensional trade marks may be perceived in the Board of Appeal's assertion that the public needs to be educated beforehand that the shape is an individual trade mark. That requirement has no basis in law. In that regard, it observes that according to the case-law of the Benelux court it is neither necessary nor permissible to impose more stringent requirements than those provided for by law, and that case-law does not require that the public be aware that the sign was specifically conceived as a sign serving to distinguish the product and to indicate its origin.
- 30 On that point, the applicant refers to a number of decisions delivered in France and in Benelux which follow that approach with regard both to trade marks consisting of package shapes and to those consisting of shapes of goods.
- 31 The applicant also observes that the shape of a soap bar is more durable than any word mark which may attach to it and more easily seen than any other sign. Furthermore, its shape is particularly apt to distinguish it from another soap when it is not kept in its original package.
- 32 Last, the finding that the shape in question serves a utilitarian purpose does not mean that it cannot serve as an indication of its origin, since the same sign may have more than one function.

- 33 The Office contends that in order to act as an indication of origin a trade mark must be perceived as such and not merely as a descriptive, decorative or utilitarian attribute. To that end, a sign must be capable of being individually identified and easily memorised. That is not so where, as here, the shape constitutes the material representation of the goods which it is supposed to distinguish. Shapes are not as such capable of fulfilling the role of trade marks unless they are differentiated from the normal shapes of the goods concerned.
- 34 In that regard, the defendant states that if the distinctive function is not exclusive of other functions, those other functions may, as the Board of Appeal found in this case, reduce the potential of the shape to individualise the product and to act as an indication of origin.
- 35 The Office maintains that the shape of a soap bar must display particular features which are not inconsiderable by comparison with other shapes of soap bars on the market in order to be considered distinctive. In that regard, its assessment is made solely in the light of the representation of the trade mark as submitted by the applicant in the application.

Findings of the Court

- 36 Under Article 4 of Regulation No 40/94, the shape of goods or their packaging may constitute a Community trade mark provided that it is capable of distinguishing the goods of one undertaking from those of other undertakings. Pursuant to Article 7(1)(b) of that regulation, moreover, 'trade marks which are devoid of any distinctive character' are not to be registered.

- 37 However, the general capacity of a category of signs to constitute a trade mark does not mean that signs in that category necessarily have a distinctive character within the meaning of Article 7(1)(b) by comparison with specific goods or a specific service.
- 38 Signs which are devoid of any distinctive character 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 (see Case T-79/00 *Rewe Zentral v OHIM (LITE)* [2002] ECR II-705, paragraph 26).
- 39 The distinctive character of a mark must be assessed, first, in relation to the goods or services for which registration of the sign has been requested and, second, in relation to the perception of the relevant public (Case T-358/00 *DaimlerChrysler v OHIM (TRUCKCARD)* [2002] ECR II-1993, paragraph 55).
- 40 It should also be noted that Article 7(1)(b) of Regulation No 40/94 does not distinguish between different types of signs. However, consumer perception is not necessarily the same where the sign consists in the shape of goods, as such, as where a word mark or figurative mark consists in a sign which is independent of the products it designates. While the public is accustomed to perceiving word marks or figurative marks immediately as identifying the trade origin of the goods, that is not necessarily the case where the sign and the outward appearance of the goods are one and the same.

- 41 In the present case, soaps are ordinary consumer goods aimed at consumers as a whole. Consequently, the relevant public is deemed to be the average consumer, who is deemed to be reasonably well-informed and reasonably observant and circumspect. However, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind (see, to that effect, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 26).
- 42 The claimed shape may, in substance, be characterised by a rectangular parallelepiped with rounded edges.
- 43 However, a rectangular parallelepiped is a shape commonly used for soaps. Where the claimed shape is only a slight variation on the various parallelepipedal shapes commonly used for soaps, it will not enable the relevant public to distinguish immediately and with certainty the applicant's soaps from those having a different trade origin.
- 44 As regards the applicant's argument that this shape is distinguished from shapes in common usage by the presence of concave profiles, that particular feature is clearly insufficient, since it represents only one detail in the whole picture as perceived by the consumer, and one which is not capable of changing his overall impression.
- 45 The presence of concave profiles does not significantly affect the outward appearance of the soap and cannot therefore be accepted as constituting a perceptible difference by comparison with other soap bar shapes normally used.

46 Furthermore, even on the assumption that concave profiles did hold the consumer's attention, he would not immediately perceive them as an indication of trade origin. Convex or concave profiles are features which will be primarily interpreted as a functional feature making the soap easier to grip or as an aesthetic finish. They will not therefore be directly perceived and remembered as constituting a distinctive sign and will not be capable of being used by the relevant public to distinguish beyond any confusion a soap of that shape from similarly-shaped soaps.

47 Thus, even though the shape requested is not strictly identical to a soap bar shape existing on the market, it does not have characteristics of its own capable of informing the consumer of the trade origin of the goods.

48 As regards the applicant's argument that the public may have an unconscious perception of the sign which is sufficient for them to make an assumption as to its trade origin, such an analysis in reality forms part of an assessment of distinctiveness in consequence of use, which is covered by a specific provision, namely Article 7(3) of Regulation No 40/94, and such distinctiveness is acquired by virtue of the recognition of a sign which was not initially perceptible.

49 Furthermore, the applicant's arguments that the shape of a soap is more durable than any word mark which may attach to it and that soap is not kept in its original packaging are irrelevant, since they relate to the everyday use of the product by the user and not to the consumer's perception of the sign at the time of purchase. Besides, the shape would be completely invisible if the packaging were not of the same shape too.

50 Last, as regards the arguments which the applicant bases on decisions of national courts, the Court observes, first, that regard being had to a well-established body of Community case-law, the Community trade mark regime is an autonomous system (the *Soap bar shape* judgment, cited above, paragraphs 60 and 61, and Case T-32/00 *Messe München v OHIM (electronica)* [2000] ECR II-3829, paragraph 47) and, second, that the authorities cited by the applicant are irrelevant in so far as they relate neither to shapes comparable with the shape in respect of which registration is sought nor to goods capable of being assimilated to soaps. On the contrary, the Court notes, by way of illustration, that the contested decision refers to two national decisions which refused the applicant's application for a trade mark for that soap bar shape.

51 It follows that, by holding, first, that the claimed shape was only a minor variation by comparison with typical shapes of soaps and, second, that if the characteristics of the shape in issue were noticed by the relevant public, those characteristics would be primarily perceived as having a utilitarian function intended to enable the soap to be gripped easily, the Board of Appeal was correct to decide that that shape is not capable of directly indicating a particular trade source to the relevant public.

52 The second plea in law must therefore be rejected as unfounded.

53 It follows that the action must be dismissed in its entirety as unfounded.

Costs

- 54 Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since the applicant has been unsuccessful, it must be ordered to pay the Office's costs, in accordance with the form of order sought.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. Dismisses the action;
2. Orders the applicant to pay the costs.

Vilaras

Tiili

Mengozzi

Delivered in open court in Luxembourg on 12 December 2002.

H. Jung

Registrar

M. Vilaras

President