

OPINION OF ADVOCATE GENERAL

MENGOZZI

delivered on 26 January 2010¹

I — Introduction

1. ‘The Lego of life.’ That was the title a few months ago of an article, in the German weekly *Die Zeit*, on a new branch of science, ‘synthetic biology.’² The comparison with the well-known building game was based on the fact that, in order to create organisms, for example artificial proteins from microbes, scientists use the same method a child uses when faced with its box of Lego: first, they *gather together* the bricks (*biobricks*, or standardised genetic fragments, for the researcher), which already number more than 3000; next, they *select* the most suitable in terms of the desired characteristics of the new cell and, lastly, they insert the fragments of DNA into the genes of a cell of another specimen in order to ‘*give life*’ to the new entity.

2. This is an appeal by Lego Juris A/S (‘Lego Juris’) against the judgment of the Court of

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

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

1 — Original language: Spanish.

2 — Maier, J., ‘Lego des Lebens’, *DIE ZEIT* No 32, 30 July 2009, p. 27.

3 — Case T-270/06 *Lego Juris v OHIM - Mega Brands (Lego brick)* [2008] ECR II-3099.

II — Legal framework

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

A — Applicable provisions

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

'1. he following shall not be registered:

- (a) signs which do not conform to the requirements of Article 4;
- (b) trade marks which are devoid of any distinctive character;

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

...

'A Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.'

(e) signs which consist exclusively of:

(i) ...

(ii) the shape of goods which is necessary to obtain a technical result; or

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

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

(iii) the shape which gives substantial value to the goods;

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

...'

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

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

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

B — *Case-law: the Philips judgment*⁶

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

11. It also stated that the rationale of Article 3(1)(e) of Directive 89/104/EEC⁸ is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors; it is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark.⁹

7 — Paragraph 76 of the judgment.

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

9 — *Philips*, paragraph 78.

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

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

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

10 — Paragraph 79.

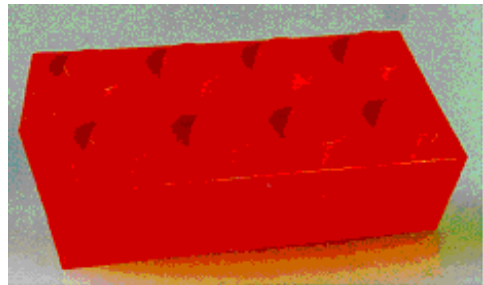
11 — Paragraph 80.

12 — Paragraph 82.

13 — Paragraph 81.

III — Background to the dispute

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



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

16. On 19 October 1999, the mark applied for was registered as a Community trade mark. However, two days later, on 21 October

14 — Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

1999, the predecessor of Mega Brands, Inc. ('MEGA Brands') applied for a declaration that that registration was invalid pursuant to Article 51(1)(a) of Regulation No 40/94 in relation to 'construction toys' in Class 28. MEGA Brands argued that the registered mark was contrary to the absolute grounds for refusal laid down in Article 7(1)(a), (e)(ii) and (iii) and (f) of that regulation.

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

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

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

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

21. In addition, the Grand Board of Appeal stated that the word 'exclusively' used in Article 7(1)(e)(ii) of Regulation No 40/94, means that the shape must have no purpose other than that of achieving the desired technical result and that the word 'necessary' used in

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

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

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

18 — Paragraphs 32 and 33 of the decision.

19 — Paragraphs 34 and 36 of the decision.

20 — At paragraph 58.

that same provision, means that the shape is required to achieve that technical result, although there may be other shapes that can also perform the same task.²¹ Further, the Grand Board of Appeal identified the characteristics of the shape at issue which it regarded as essential²² and conducted an analysis of their functionality.²³

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

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

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

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

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

21 — Paragraph 60.

22 — Paragraphs 54 and 55.

23 — Paragraphs 41 to 63.

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

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

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

intended technical result, and are therefore attributable to that technical result.

27. The Court of First Instance also rejected the arguments of *Lego Juris* that the existence of other shapes which could achieve the same technical result was significant, since at paragraphs 81 and 83 of *Philips* the Court of Justice had dismissed the relevance of that fact, without distinguishing shapes using another ‘technical solution’ from those using the same ‘technical solution’.

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

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

in such a shape, but to the shape itself and its essential characteristics. Accordingly, if the shape as such must be capable of being freely used, the distinction advocated by Lego Juris between shapes using another 'technical solution' and those using the same 'technical solution' cannot be accepted.

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

30. The second part of the plea was in turn divided into three complaints, of which only two are relevant to this appeal. The first concerns the failure to identify the *essential characteristics* of the mark in question,

and the second concerns errors in assessing the *functional nature* of those essential characteristics.²⁶

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

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

33. As regards the second complaint, concerning the functionality of those characteristics, Lego Juris criticised the Grand Board of Appeal for considering that functionally equivalent design alternatives used by its competitors were irrelevant, whereas they do

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

matter for assessing whether protection of a shape leads to a monopoly on a technical solution. Lego Juris also criticised the Grand Board of Appeal for failing to appreciate the impact of previous patent protection on the assessment of whether a shape is functional.

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

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

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

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

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

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

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

VI — Analysis of the appeal

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

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

41. Lego Juris claims that the Court should set aside the judgment under appeal and refer the matter back to the Court of First Instance, ordering OHIM to pay the costs.

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

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

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

1. Arguments of the parties

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

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

²⁸ — Fax of 20 April 2009.

different shapes using the same solution. That misinterpretation on the part of the Court of First Instance led it to hold that the functional shape itself must be available to all, whereas it is apparent from the judgment in *Philips* that only the functional characteristics of the shape itself must be available to all.

characteristic. If altering it has no impact on the function, then that characteristic is not functional. In that context, alternative shapes must be taken into account, since they would show that the grant of a trade mark in respect of a specific shape will not lead to a monopoly, and thus the shape is not caught by the absolute prohibition on registration contained in Article 7(1)(e)(ii) of Regulation No 40/94.

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

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

47. Third, *Lego Juris* criticises the judgment under appeal for using incorrect functionality criteria. It submits that the best way to assess whether a specific characteristic of the shape of an object fulfils a function is to alter that

2. Scope of my analysis

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

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

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

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

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

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

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

another industrial property right,³⁰ and, second, that of keeping separate trade-mark protection and the protection conferred by other forms of intellectual property.³¹

1. Consolidated and less rigid interpretative guidelines

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

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

57. However, those underlying features, common to both national and Community trade-mark law, have not been sufficient to harmonise judicial practice completely. Thus, in terms of *Philips* itself, as regards the national courts of each Member State, while the Swedish courts have held that a shape must be regarded as purely functional where no other allows the same function to be performed, the English courts have preferred to find that the national provision corresponding to

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

30 — In German law, Hacker, F., 'Als Marke Schutzfähige Zeichen — § 3', in Ströbele/Hacker, *Markengesetz*, 8th ed., Carl Heymanns, Cologne, 2006, p. 85; in Spanish law, Marco Arcalá, L.A., 'Artículo 5. Prohibiciones absolutas', in Bercovitz Rodríguez-Cano, A. (editor), *Comentarios a la Ley de Marcas*, 2nd ed., Thomson Aranzadi, Pamplona, 2008, Vol. I, p. 204; in French law, Azéma, J./Galloux, J.-Ch., *Droit de la propriété industrielle*, 6th ed., Dalloz, Paris, 2006, p. 773; and in US law, Wong, M., 'The aesthetic functionality doctrine and the law of trade-dress protection', *Cornell Law Review*, Vol. 83, 1998, pp. 1116 and 1154.

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

32 — In particular at paragraphs 79 and 82 respectively.

33 — In particular points 30 and 39.

Article 7(1)(e)(ii) of Regulation No 40/94 precludes from registration all cases in which the function was the principal reason for which the product had the shape for which registration as a trade mark was sought.³⁴

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

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

60. The risk that the guidelines developed by the Court may not be treated identically in all the Member States is therefore evident, which is why I consider it appropriate to identify some additional criteria to help develop the case-law which, since *Philips* is the only precedent, is overly focussed on the signs which must be precluded from registration, pursuant to Article 7(1)(e)(ii) of Regulation No 40/94. The best method of clarifying the scope of that provision is to identify also those cases in which the trade mark sought deserves to be registered, although it contains some functional characteristics.

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

35 — The more lax interpretation of the judgment in *Philips* by the Bundesgerichtshof (German Supreme Court) is criticised in Hildebrandt, U., *Marken und andere Kennzeichen – Einführung in die Praxis*, Carl Heymanns, Cologne, 2006, pp. 109 and 110. Nevertheless, the German Supreme Court has not allowed the Lego brick, the subject of the present dispute, to be registered, since it regards it as purely functional, which thereby resulted in the trade mark, which had initially been granted in Germany, being cancelled (Bundesgerichtshof, Press Release No 158/2009 (<http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung>)).

36 — *Philips*, paragraph 79.

2. Proposed interpretation

of Regulation No 40/94 involves up to three stages.⁴⁰

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

(a) First stage

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

62. It is, however, necessary to complete this basis for interpretation by referring to certain methodological guidelines for the application of the provision in question; in my view, *the procedure* when applying Article 7(1)(e)(ii)

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

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

38 — *Philips*, paragraph 79.

39 — *Philips*, paragraphs 81 to 83.

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

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

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

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

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

68. The continuation of the *procedure* depends on the result of that assessment of functionality: if, on the one hand (hypothesis A), all the defining characteristics of the shape for which registration is sought perform a technical function, the shape itself is functional and registration must be refused or, if registration has already been granted, it must be cancelled; in that case, the initial stage marks the end of the assessment.

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

43 — At paragraph 76.

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

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

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

However, if, on the other hand (hypothesis B), not all of those characteristics are functional, the second stage is proceeded to.

to technical solutions'⁴⁷ and that a functional shape 'may be freely used by all'⁴⁸ – I believe that the provision does have effect in this hybrid situation involving functional and non-functional characteristics.

(b) Second stage

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

71. The examination merely becomes more complex.

72. The problem arises of determining whether the grant of a trade mark will prevent competitors from using the essential functional characteristics which that mark would protect; for in a situation such as that described, it is not inconceivable that several or many of those functional characteristics are essential for market competitors, for example, to ensure that their own goods are interoperable with those of the proprietor of the functional shape whose registration is being sought. Since such a result contrasts sharply with the premisses of *Philips*, I envisage two alternatives.

70. In fact, considering the two basic premisses underlying Article 7(1)(e)(ii) of Regulation No 40/94 – that it 'reflects the legitimate aim of [not allowing individuals] ... to acquire or perpetuate exclusive rights relating

73. The first restricts a trade mark right to the essential and distinctive non-functional elements. Thus, for example, memory sticks⁴⁹ are composed of a part which clearly serves to connect to a computer or other device, and another part which, while performing a

⁴⁷ — *Philips*, paragraph 82.

⁴⁸ — *Philips*, paragraph 80.

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

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

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

(c) Third stage

74. That difficulty prompts me to propose a second alternative. Since the purpose of the provision at issue is overwhelmingly to

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

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

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

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

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

point, the overall impression conveyed by the sign, the point of view of the consumer, and the goods or services in respect of which registration has been applied for are now relevant, in accordance with the case-law.⁵⁴

been acquired through use prior to the date of application for registration.⁵⁷ Therefore, the proprietor of a trade mark obtained by means of a disclaimer could never rely on the benefit of Article 7(3) of Regulation No 40/94 in order to extend the protection to essential functional characteristics.

C — Consequences for this appeal

76. In addition, Article 7(3) of Regulation No 40/94, which prohibits the proprietor of a functional shape from relying on the fact that the latter has become distinctive through use, still pertains.⁵⁵ In that connection, first, I believe that the exclusion of functional shapes from the possible benefit conferred by that Article 7(3) caters for the legislature's wish to prevent an object which has enjoyed patent or design protection from benefiting from that possibility. Thus once that other industrial property right has expired, it is probable, particularly in the case of innovative goods, such as Lego, that these already enjoy, in the eyes of the consumer, what would normally be regarded as 'distinctive character', since they have remained unique in their category of goods during the period in which the patent or design right was valid.⁵⁶ Second, the Court of Justice has held that the intention of the Community legislature was to grant protection as a Community trade mark only to those marks whose distinctive character had

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

78. I would mention at this point that the work carried out by the Court of First Instance in the judgment under appeal seems to me worthy and consistent with the judgment in *Philips*. In particular, it has treated the arguments of Lego Juris circumspectly, providing replies to them which are legally impeccable; and thus, since my analysis invalidates

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

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

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

57 — Case C-542/07 P *Imagination Technologies v OHIM* [2009] ECR I-4937, paragraph 44.

the core of the complaints of Lego Juris, I need consider only the substance of those criticisms, without this in any way undermining my refutation of the appellant's arguments.

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

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

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

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

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

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

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

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

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

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

given by the Court of First Instance must be upheld and the complaint rejected.

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

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

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

90. However, even if my view is not shared, I believe that the complaint of Lego

⁵⁸ — Point 68 of this Opinion.

⁵⁹ — Point 75 above.

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

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

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

from the essential function of the trade mark, unlike Article 7(1)(b) (relating to distinctive character), the criterion of the average consumer cannot be accepted.

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

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

94. In its third complaint, *Lego Juris* defends the comparative method for ascertaining the functionality of the characteristics of a shape. On the one hand, it claims that those essential characteristics should be altered in order to assess whether they fulfil a function, those characteristics being functional where the change has an impact on that function. In that context, it submits that the existence of alternative shapes is important, which would indicate that the trade mark in respect of a particular shape would not give rise to a monopoly, and this would not be affected by the absolute ground for refusal considered in this appeal.

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

has been shown to be purely functional. Thus, Lego Juris could not rely on the nuances in the judgment in *Philips* itself in relation to the limitation to *essential* characteristics, since all the characteristics of the brick, essential or otherwise, seemed to be functional; in such a case, it is not necessary to consider the alternatives, since the trade mark which would be granted would always monopolise the shape.

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

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

97. In addition, in accordance with *Philips*, and the provision at issue, it can be seen that the error which Lego Juris alleges the judgment under appeal contains is without foundation. The judgment in *Philips* was abundantly clear, at paragraphs 81 to 84 thereof, that '[the existence] of other shapes which could achieve the same technical result can[not] overcome the ground for refusal or invalidity contained in [the provision at issue]', which, by precluding from registration signs composed *exclusively* of the shape necessary to obtain a technical result, is entirely applicable to the case of the Lego brick which

VII — Costs

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

VIII — Conclusion

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

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

- (2) order the appellant to pay the costs.