

JUDGMENT OF THE COURT OF FIRST INSTANCE (Eighth Chamber)

12 November 2008 \*

In Case T-270/06,

**Lego Juris A/S**, established in Billund (Denmark), represented by V. von Bomhard,  
A. Renck and T. Dolde, lawyers,

applicant,

v

**Office for Harmonization in the Internal Market (Trade Marks and Designs)**  
(OHIM), represented by D. Botis, acting as Agent,

defendant,

the other party to the proceedings before the Board of Appeal of OHIM, intervener  
before the Court of First Instance, being

**Mega Brands, Inc.**, established in Montreal (Canada), represented by P. Cappuyns and  
C. De Meyer, lawyers,

\* Language of the case: English.

ACTION brought against the 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,

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

composed of M.E. Martins Ribeiro, President, S. Papasavvas (Rapporteur) and A. Dittrich, Judges,

Registrar: J. Plingers, Administrator,

having regard to the written procedure and further to the hearing on 11 June 2008,

gives the following

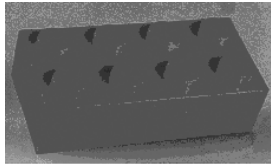
## **Judgment**

### **Background to the dispute**

- <sup>1</sup> On 1 April 1996 Kirkbi A/S, the predecessor in title of the applicant, Lego Juris A/S, filed an application for a Community trade mark at the Office for Harmonization in the

Internal Market (Trade Marks and Designs) (OHIM) under Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

- 2 The trade mark in respect of which registration was sought is the red three-dimensional sign reproduced below:



- 3 The goods in respect of which registration was sought are in Classes 9 and 28 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 9: ‘Scientific, nautical, surveying, electric, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments, all included in Class 9; apparatus for recording, transmission or reproduction of sound or images; magnetic and electronic data carriers, recording discs; recorded computer programs and software; automatic vending machines and mechanisms for coin operated apparatus; cash registers, calculating machines, data processing equipment and computers; recorded computer programs and software; fire-extinguishing apparatus’;

- Class 28: ‘Games and playthings; gymnastic and sporting articles (included in Class 28); decorations for Christmas trees’.

4 On 19 October 1999 the mark applied for was registered as a Community trade mark.

5 On 21 October 1999 Ritvik Holdings Inc., the predecessor of Mega Brands, Inc., applied for a declaration that that registration is invalid pursuant to Article 51(1)(a) of Regulation No 40/94 in relation to ‘construction toys’ in Class 28, on the ground that that registration is contrary to the absolute grounds for refusal laid down in Article 7(1)(a), (e)(ii) and (iii) and (f) of that regulation.

6 On 8 December 2000 the Cancellation Division stayed the proceedings, pending delivery of the judgment in Case C-299/99 *Philips* [2002] ECR I-5475. The proceedings before the Cancellation Division were resumed on 31 July 2002.

7 By 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.

- 8 On 20 September 2004 the applicant filed an appeal against the Cancellation Division's decision at OHIM under Articles 57 to 62 of Regulation No 40/94. The examination of that appeal was assigned to the First Board of Appeal.
- 9 On 15 November 2004 the applicant sought the removal of the Chairperson of the First Board of Appeal for reasons of partiality, pursuant to Article 132(3) of Regulation No 40/94. By Decision R 856/2004-1, the First Board of Appeal decided that the Chairperson originally designated should be replaced by her first alternate.
- 10 By fax of 30 September 2005, the applicant requested, in view of the complexity of the case, first, that the appeal be the subject of an oral hearing, pursuant to Article 75(1) of Regulation No 40/94, and, second, that the Grand Board of Appeal be convened, in accordance with Article 130(2) and (3) of that regulation.
- 11 On 7 March 2006, on a proposal made by the President of the Boards of Appeal, the Presidium of the Boards of Appeal referred the case to the Grand Board of Appeal, 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 OHIM (OJ 1996 L 28, p. 11).
- 12 By decision of 10 July 2006 ('the contested decision'), the Grand Board of Appeal rejected the applicant's request for an oral hearing. It also 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 respect of 'construction toys' in Class 28.

- 13 The Grand Board of Appeal considered, at paragraphs 32 and 33 of the contested decision, that the acquisition of distinctive character, provided for in Article 7(3) of Regulation No 40/94, cannot prevent the application of Article 7(1)(e)(ii) of that regulation. It also observed, at paragraph 34, that Article 7(1)(e)(ii) of Regulation No 40/94 is designed to bar from registration shapes whose essential characteristics perform a technical function, hence allowing them to be freely used by all. At paragraph 36 the Grand Board of Appeal took the view that a shape does not escape that prohibition if it contains a minor arbitrary element such as a colour. At paragraph 58, it dismissed the relevance of the existence of other shapes which can achieve the same technical result. At paragraph 60, it considered that the word ‘exclusively’, used in Article 7(1)(e)(ii) of Regulation No 40/94, means that the shape has no purpose other than that of achieving a technical result and that the word ‘necessary’, used in that same provision, means that the shape is required to achieve that technical result, but that it does not follow that other shapes cannot also perform the same task. Further, in paragraphs 54 and 55, the Grand Board of Appeal identified the characteristics of the shape at issue which it considered essential and conducted an analysis of their functionality in paragraphs 41 to 63.

### **Procedure and forms of order sought**

- 14 The applicant brought this action by application lodged at the Registry of the Court of First Instance on 25 September 2006. The intervener and OHIM filed their responses on 29 and 30 January 2007 respectively.
- 15 By letter of 11 June 2007 the intervener sought to add to the file an order delivered by the Federal Patent Court of Germany on 2 May 2007. By decision of 25 July 2007, the President of the Third Chamber of the Court acceded to that request. The applicant filed its observations on that order on 21 August 2007. OHIM did not file observations within the period prescribed.

16 Following a change in the composition of the Chambers of the Court with effect from 25 September 2007, the Judge-Rapporteur was assigned to the Sixth Chamber, and this case was therefore also assigned to it.

17 On 12 November 2007 the applicant sought to add to the file an order of the Budapest Regional Court of 12 July 2007. By decision of 22 November 2007, the President of the Sixth Chamber of the Court acceded to that request. The intervener filed its observations on that order on 14 December 2007. OHIM did not file observations within the period prescribed.

18 When the Judge-Rapporteur initially designated was prevented from acting, the President of the Court, by decision of 9 January 2008, appointed a new Judge-Rapporteur, who was appointed to the Eighth Chamber, to which this case was therefore assigned.

19 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

20 OHIM and the intervener contend that the Court should:

- dismiss the action;
  
- order the applicant to pay the costs.

### **Admissibility of the documents produced for the first time before the Court**

21 It should be noted at the outset that the orders of the German and Hungarian courts lodged by the intervener and the applicant respectively (see paragraphs 15 and 17 above) are being relied upon for the first time before the Court.

22 In that connection, it should be recalled that the purpose of the action before the Court of First Instance is to review the legality of decisions of the Boards of Appeal of OHIM within the meaning of Article 63 of Regulation No 40/94. It is therefore not the Court's function to re-evaluate the factual circumstances in the light of evidence adduced for the first time before it. To admit such evidence is contrary to Article 135(4) of the Rules of Procedure of the Court of First Instance, according to which the parties' pleadings may not change the subject-matter of the proceedings before the Board of Appeal (Case T-128/01 *DaimlerChrysler v OHIM (Grille)* [2003] ECR II-701, paragraph 18).



23 It must therefore be held that the intervener and the applicant may not rely on those orders as evidence in relation to the facts of this case.

24 It must, however, be pointed out that neither the parties nor the Court of First Instance itself can be precluded from drawing on Community, national or international case-law for the purposes of interpreting Community law. That possibility of referring to national judgments is not covered by the case-law referred to in paragraph 22 above where the plea is not that the Board of Appeal failed to take the factual aspects of a specific national judgment into account but that it infringed a provision of Regulation No 40/94, with case-law cited in support of that plea (Case T-346/04 *Sadas v OHIM — LTJ Diffusion (ARTHUR ET FELICIE)* [2005] ECR II-4891, paragraph 20; Case T-29/04 *Castellblanch v OHIM — Champagne Roederer (CRISTAL CASTELLBLANCH)* [2005] ECR II-5309, paragraph 16; and Case T-277/04 *Vitakraft-Werke Wührmann v OHIM — Johnson's Veterinary Products (VITACOAT)* [2006] ECR II-2211, paragraph 71).

25 It follows that the orders of the German and Hungarian courts lodged by the intervener and the applicant respectively are admissible to the extent that they may be useful in this case for the purposes of interpreting Article 7(1)(e)(ii) of Regulation No 40/94.

## Substance

26 In support of its action the applicant puts forward a single plea in law, alleging infringement of Article 7(1)(e)(ii) of Regulation No 40/94. That plea is composed of two

parts, alleging, first, incorrect interpretation of Article 7(1)(e)(ii) of Regulation No 40/94 and, second, incorrect assessment of the subject-matter of the mark at issue.

*First part: incorrect interpretation of Article 7(1)(e)(ii) of Regulation No 40/94*

Arguments of the parties

<sup>27</sup> The applicant submits, first, that the wording of Article 7(1)(e)(ii) of Regulation No 40/94 is not intended to 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. Thus, in order to fall within that provision, the shape must have no non-functional features and its external appearance must not be capable of being altered in its distinctive characteristics in such a way that it would lose its functionality.

<sup>28</sup> Second, the applicant states that the context of Article 7(1)(e)(ii) of Regulation No 40/94 shows that a shape which does not fall under the absolute ground for refusal provided for in that provision must also satisfy the requirements referred to in Article 7(1)(b) to (d) of that regulation. It follows from the case-law that shapes of goods are registrable only if they have acquired distinctiveness and that condition is only rarely satisfied. Accordingly, it is not necessary to interpret Article 7(1)(e)(ii) of Regulation No 40/94 in an extensive manner in order to preserve the public interest in the availability of shapes or prevent the monopolisation of the features of products. It follows that that provision is not intended to preserve the availability of shapes or prevent product features from being monopolised. It is intended only to keep technical solutions free for competitors.

29 Third, the applicant submits that, according to *Philips*, the purpose of Article 7(1)(e)(ii) of Regulation No 40/94 is not to exclude functional shapes per se from trade mark protection, but only functional shapes whose protection would create a monopoly on technical solutions or on the functional characteristics of the shape which a user may seek in the products of competitors. It is also apparent from *Philips* that, in the context of the assessment of distinctive character, that provision is not intended to prevent the registration of shapes which have no capricious addition with no functional purpose. That consideration also applies to the assessment of functionality.

30 Consequently, the applicant submits that Article 7(1)(e)(ii) of Regulation No 40/94 does not preclude all ‘industrial design’ from trade mark protection. Such shapes can be registered as trade marks even if they consist exclusively of elements that have a function. The decisive question is whether trade mark protection would create a monopoly on technical solutions or the functional characteristics of the shape in question, or whether sufficient freedom remains for competitors to apply the same technical solution and use the same characteristics. In the applicant’s submission, it was the finding by the referring court of a risk of the creation of a monopoly on account of the unavailability of alternative shapes which led the Court of Justice to state in *Philips* that competitors could not be referred to other ‘technical solutions’.

31 The Court did not state, at paragraph 84 of *Philips*, that alternative shapes were all irrelevant. It held that, if it is established that the essential features of a shape are attributable only to the ‘technical result’, the fact that that same result can also be achieved by other shapes using different ‘technical solutions’ does not mean that the shape becomes registrable. In reality, the existence, or non-existence, of functionally equivalent alternative shapes using the same ‘technical solution’ is the sole criterion for establishing whether a monopoly will arise from granting trade mark protection, an approach which is also recognised by the United States functionality doctrine.

32 In this respect, the applicant states that, in *Philips*, the Court used the term ‘technical solution’ when referring to the objective of preventing the creation of a monopoly, whereas it used the term ‘technical result’ when referring to other shapes. In the applicant’s submission, those terms designate different concepts, since a ‘technical result’ can be achieved by various ‘technical solutions’. Thus, the Court excluded the possibility of referring competitors to different technical solutions leading to the same result. However, the existence of alternative shapes that implement the same technical solution proves that there are no monopolistic risks.

33 That differentiation also corresponds to the terminology of patent law, since the expression ‘technical solution’ is synonymous with the expression ‘patented invention’, which determines the scope of the patent protection and makes it possible to obtain a ‘technical result’. That same result could also be achieved legally by means of other patented inventions, whereas alternative shapes applying the same ‘technical solution’ would infringe that patent. Those alternative shapes would, however, not infringe a trade mark protecting specific designs of the same ‘technical solution’, provided that the differences between the designs allow consumers to distinguish between the products. Thus, trade mark protection does not lead to a permanent technical monopoly but allows competitors of the trade mark proprietor to apply the same ‘technical solution’.

34 Fourth, the applicant submits that an historical interpretation reveals that the Council introduced the terms ‘exclusively’ and ‘necessary’ in the wording of Article 7(1)(e)(ii) of Regulation No 40/94 in order to exclude the possibility of a competitor taking advantage of the reputation which a familiar shape having a significant technical consequence enjoys, its registration not being excluded if that result can be obtained by means of other shapes.

35 OHIM and the intervener submit that the interpretation put forward by the applicant is inconsistent with *Philips*, since the Court held that the prohibition of Article 7(1)(e)(ii)

of Regulation No 40/94 includes all essentially functional shapes attributable to the technical result.

## Findings of the Court

<sup>36</sup> Article 7(1)(e)(ii) of Regulation No 40/94 provides that ‘signs which consist exclusively of ... the shape of goods which is necessary to obtain a technical result ... shall not be registered’. Similarly, according to the second indent of Article 3(1)(e) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1; ‘the Directive’), ‘signs which consist exclusively of ... the shape of goods which is necessary to obtain a technical result ... shall not be registered or if registered shall be liable to be declared invalid’.

<sup>37</sup> In the present case, the applicant essentially complains that the Grand Board of Appeal misinterpreted the scope of Article 7(1)(e)(ii) of Regulation No 40/94, and in particular the scope of the terms ‘exclusively’ and ‘necessary’, by considering that the existence of functionally equivalent alternative shapes using the same technical solution is irrelevant for the purposes of the application of that provision.

<sup>38</sup> In this respect, it should be noted, first, that the word ‘exclusively’, which appears both in Article 7(1)(e)(ii) of Regulation No 40/94 and the second indent of Article 3(1)(e) of the Directive, must be read in the light of the expression ‘essential characteristics which perform a technical function’, used in paragraphs 79, 80 and 83 of *Philips*. It is apparent 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 of refusal if all the essential characteristics of that shape perform such a function.

Accordingly, the Grand Board of Appeal was right to analyse the functionality of the shape at issue by reference to the characteristics which it considered to be essential. It must therefore be held that it correctly interpreted the term ‘exclusively’.

39 Second, it follows from paragraphs 81 and 83 of *Philips* that the expression ‘necessary to obtain a technical result’, which appears both in Article 7(1)(e)(ii) of Regulation No 40/94 and the second indent of Article 3(1)(e) of the Directive, does not mean that that absolute ground for refusal applies only if the shape at issue is the only one which could achieve the intended result. The Court held, at paragraph 81, that ‘[the existence] of other shapes which could achieve the same technical result can[not] overcome the ground for refusal’ and, at paragraph 83, that ‘registration of a sign consisting of [the] shape [in question is precluded], even if that technical result can be achieved by other shapes’. Accordingly, in order for that absolute ground for refusal 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 the technical result. It follows that the Grand Board of Appeal did not err in considering that the term ‘necessary’ means that the shape is required to obtain a technical result, even if that result can be achieved by other shapes.

40 Third, it should be noted that, contrary to what the applicant claims, the Court of Justice, at paragraphs 81 and 83 of *Philips*, dismissed the relevance of the existence of ‘other shapes which could achieve the same technical result’, without distinguishing shapes using another ‘technical solution’ from those using the same ‘technical solution’.

41 Further, according to the Court of Justice, Article 3(1)(e) of the Directive is intended ‘to prevent trade mark protection from granting its proprietor a monopoly on ... functional characteristics of a product’ and to ‘prevent the protection conferred by the trade mark from [forming] an obstacle preventing competitors from freely offering for sale

products incorporating such ... functional characteristics in competition with the proprietor of the trade mark' (paragraph 78 of *Philips*). It cannot be ruled out that the functional characteristics of a product which, according to the Court of Justice, must also be left available to competitors are specific to a precise shape.

42 In addition, the Court stated at paragraph 80 of *Philips* that Article 3(1)(e) of the Directive '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'. That aim does not therefore relate solely to the technical solution incorporated in such a shape, but to the shape and its essential characteristics themselves. Since the shape as such must be capable of being freely used, the distinction advocated by the applicant cannot be accepted.

43 It follows from all the foregoing that Article 7(1)(e)(ii) of Regulation No 40/04 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 using the same or another technical solution.

44 It must therefore be held that the Grand Board of Appeal did not err in its interpretation of Article 7(1)(e)(ii) of Regulation No 40/94.

45 That conclusion is not called into question by the other arguments put forward by the applicant.

46 First, in so far as the applicant claims that it is not necessary to interpret Article 7(1)(e)(ii) of Regulation No 40/94 extensively because the shape of a product will only rarely satisfy the conditions laid down in Article 7(1)(b) and Article 7(3) of that regulation, it must be pointed out that those grounds for refusal pursue different objectives and their application presupposes that different conditions are satisfied. Accordingly, as the Court held at paragraph 77 of *Philips*, each of those grounds must be interpreted in the light of the public interest underlying it and not in relation to any practical effects resulting from the application of other grounds. That argument must therefore be rejected.

47 Second, as regards the comparison between trade mark law and patent law, it should be noted that it is based on the distinction between shapes incorporating the same technical solution and those incorporating other technical solutions (see paragraph 33 above). However, it was held in paragraphs 40 to 43 above that such a distinction cannot be drawn. That argument must therefore also be rejected.

48 Third, it must be pointed out that the argument based on the genesis of Article 7(1)(e)(ii) of Regulation No 40/94 was put forward in the proceedings leading to *Philips* but did not affect the Court's analysis. Moreover, it was rejected by Advocate General Ruiz-Jarabo Colomer at point 41 of his Opinion in this case. That argument must therefore be rejected.

49 In the light of all of the foregoing, the first part of the plea must be rejected.



*Second part: incorrect assessment of the subject-matter of the mark at issue*

50 In the second part, the applicant essentially puts forward three complaints: (i) failure to identify the essential characteristics of the mark at issue, (ii) errors in assessing the functional nature of the essential characteristics of that mark and (iii) the incorrect taking into account of a decision of a national court. It is appropriate to examine the first and second parts together.

The first and second complaints: failure to identify the essential characteristics of the mark at issue and errors in assessing the functional nature of those essential characteristics

— Arguments of the parties

51 As regards, first of all, the complaint alleging failure to identify the essential characteristics of the mark at issue, the applicant complains first that the Grand Board of Appeal failed to identify the essential characteristics of the shape at issue, namely the design and proportion of the studs. It assessed 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, even though the applicant had pointed out that only the specific shape of the outer surface was covered by the application for registration. The Grand Board of Appeal thus overlooked the fact that the registration sought enables the applicant to oppose applications for registration covering building bricks having the same appearance but not those applications covering bricks with a different appearance, regardless of whether or not they implement the same technical solution.

- 52 Second, the applicant submits that it follows from *Philips* that the essential characteristics of a shape must be determined from the point of view of the relevant consumer and not by experts according to a purely technical analysis, because it is logically necessary to identify the essential characteristics of a shape before examining whether they perform a technical function.
- 53 The applicant states next that, if the essential characteristics of the shape prove to be purely functional, an undesirable monopoly on a technical function will arise. On the other hand, if they do not, *inter alia* because they can be altered without affecting the technical solution, Article 7(1)(e)(ii) of Regulation No 40/94 does not apply. However, in order to be registrable, the shape at issue must also have acquired distinctiveness, which is a difficult condition to meet according to the applicant.
- 54 Third, the applicant submits that the identification of the essential characteristics must take into consideration evidence of actual consumer perception. In the present case, several surveys have shown that when looking at the upper side of the Lego brick, a large number of consumers recognise it as having a specific origin, as a result of the design and proportions of the studs. A survey carried out in Germany in 1991 showed that consumers perceive the functional features and distinguish the Lego brick from other toy bricks which could work the same way on account of the design of their studs. A second survey carried out in 2003 confirmed that the stud configuration was a distinctive feature.
- 55 Fourth, the applicant complains that by referring to Article 7(3) of Regulation No 40/94, the Grand Board of Appeal did not take account of the evidence that it submitted. That provision was never an item in the discussion, which concerned Article 7(1)(e)(ii) of that regulation. The Grand Board of Appeal failed to take into account the fact that the same facts and evidence can be relevant from a legal point of view in different contexts.

56 As regards, next, the complaint alleging errors in assessing the functional nature of the essential characteristics of the mark at issue, the applicant submits that the Board of Appeal did not assess the functionality of the essential characteristics of the shape at issue. It performed an analysis of the Lego brick as a whole, relying only on the expert opinions introduced by the intervener, refusing to consider the existence of alternative shapes which use the same technical solution and misconstruing the scope and the impact of previous patent protection on the assessment of the functionality of a shape.

57 In the first place, as regards the expert opinions, the applicant criticises the Grand Board of Appeal, first, for having relied without any critical analysis on the expert opinion of Mr M., introduced and paid for by the intervener, and on those of Mr P. and Mr R. Given that Mr M.'s expert opinion relates to the functionality of the Lego brick as a whole, it is irrelevant for determining the functionality of the essential characteristics of the shape under consideration, namely the design of the studs. Further, Mr P.'s statements are irrelevant in the present case, because they relate to the Duplo patent and refer solely to the 'tubes' on the underside of the bricks. Similarly, Mr R.'s assertion that the cylindrical stud is more versatile than the hexagonal stud applies to an infinite number of cylindrical forms with very different appearances and not only to the specific design of the mark at issue.

58 Second, the applicant claims that, contrary to the Grand Board of Appeal's statement, it refuted Mr M.'s allegations regarding the functionality of the stud design, in particular in several expert opinions. However, the Grand Board of Appeal failed to mention those expert opinions or explain why only Mr M.'s expert opinion should be deemed credible and relevant. It even denied the existence of any evidence relating to the non-functionality of the essential characteristics of the Lego brick. The applicant claims that it referred to court decisions which denied that the shape of the Lego brick was dictated by function and that it submitted seven expert opinions confirming that the design of the studs did not perform a technical function, namely those of Mr H., Mr B.-W., Mr R. and Mr B. The Grand Board of Appeal should have taken all that evidence into account and by not doing so it infringed the applicant's rights of defence, namely the right to be heard.

59 Third, the applicant submits that the refusal of the Grand Board of Appeal to consider the expert opinions that it submitted led to an incorrect assessment of the facts. It is apparent from the independent expert opinion of Mr B.-W. that the shape of the studs chosen by Lego is not technically necessary because it is only one of an infinite number of possibilities to ensure the ideal friction between two new bricks of the same series after their interlocking and that there are technical alternatives by means of which the task could be solved equally well. Similarly, Mr R. stated that there are a large number of different stud designs which functionally, in their production costs, quality and safety are fully equivalent to the Lego brick and which could even be compatible with the Lego brick. The expert opinions of Mr B. and Mr H. confirm the functional equivalence of the alternative designs and demonstrate that the particular image of the Lego brick design carries a strong identity formed very much by the clearly recognisable studs.

60 In the second place, the applicant criticises the Grand Board of Appeal for considering that the functionally equivalent design alternatives used by its competitors were irrelevant, whereas they do matter for assessing whether or not protection of a shape leads to a monopoly on a technical solution. The Grand Board of Appeal contradicts itself when it states that only shapes that are necessary to fulfil a technical function are barred from protection, whilst at the same time considering that this does not mean that other shapes cannot equally fulfil the same technical function.

61 The applicant submits that, in reality, there is no other way than looking at design alternatives to establish whether the essential characteristics of a shape are functional and could create a risk of a monopoly if they were protected. All the experts, including those on whose opinions the Grand Board of Appeal relied, follow that comparative approach, in particular as regards alternative stud designs. According to the applicant, it is apparent from the case-law of an appellate court in the United States that alternative designs are relevant for assessing the functionality of a shape.

62 Lastly, the applicant submits that the argument that a monopoly on a technical solution could be obtained by registering all functionally equivalent designs reveals that the Grand Board of Appeal was not sure that the mark at issue actually led to a monopoly. Further, that argument could be made against any trade mark application for which there is only a limited number of possible combinations like, for example, the combination of two letters, which has none the less been allowed by OHIM. Moreover, it is unrealistic to state that it would be 'easy to register all possible shapes,' because a shape must overcome the obstacle of the other absolute grounds for refusal that only very few three-dimensional signs have been able to do on the basis of acquired distinctiveness.

63 In the third place, the applicant submits that the Grand Board of Appeal misunderstood the impact of previous patent protection on the assessment of whether a shape is functional. It observes that one and the same item can be protected by various industrial property rights.

64 First, the Grand Board of Appeal failed to understand that, in United States law, a prior patent is not irrefutable evidence that the features disclosed are functional, but is evidence which can be overcome by proving the availability of functionally equivalent designs. Further, that case-law refers to features claimed in a patent and not to features disclosed, as the Grand Board of Appeal failed to understand. Lastly, in European trade mark law there is no functionality doctrine such as that which applies in the United States.

65 Second, the Grand Board of Appeal overlooked the fact that the essential characteristics of the mark at issue, the circular cylindrical studs, are not a patentable invention and have never been covered by a patent. What was claimed was a specific interlockable stacking mechanism for building bricks, independently of a particular stud design. That shows, first, that the design of the studs is irrelevant to the functionality of a toy building brick and, second, that the prior patents never excluded third parties from using any

specific stud form. The Grand Board of Appeal did not however examine the facts and arguments submitted in that connection by the applicant.

<sup>66</sup> Third, the fact that the ‘cylindrical’ projections were described in the patents as being the preferred embodiment of the studs does not mean that the technical solution can only be achieved by such projections, or that the stud design is functional. Further, the technical term ‘cylindrical’ refers to an infinite number of cylindrical forms of different appearances. Thus, there was never a patent monopoly granted for ‘cylindrical’ projections.

<sup>67</sup> Fourth, a construction brick of similar visual appearance could infringe the trade mark rights of the Lego brick, but not the earlier patent if it applies a different technical solution. Conversely, alternative shapes could infringe the earlier patents but not the mark at issue if they can be distinguished by their upper surfaces. It follows that the mark at issue does not confer exclusive rights on a technical solution and does not prolong the protection resulting from the former patents. The fact that many competitors have marketed bricks of different appearance applying the same technical solution proves that competition does not suffer from the applicant’s exclusive rights.

<sup>68</sup> In the fourth place, the applicant submits that it does not obtain a monopoly on a technical solution because of the protection as a trade mark of the shape at issue, since the same technical solution can be achieved by an infinite number of different shapes which can be distinguished by consumers. Accordingly, in order to apply the same technical solution, competitors do not need to copy the shape of the Lego brick, which, as a carrier of goodwill, is economically attractive for other traders. Such an economic interest is not protected by Article 7(1)(e)(ii) of Regulation No 40/94, which does not apply in the present case because there is no monopoly concern.

69 OHIM and the intervener contest the applicant's arguments.

— Findings of the Court

70 In the first place, in so far as the applicant claims that the essential characteristics of the shape at issue must be determined from the point of view of the consumer and that the analysis must take account of consumer surveys, it must be pointed out that the determination of those characteristics takes place, in the framework of Article 7(1)(e)(ii) of Regulation No 40/94, with the specific aim of examining the functionality of the shape at issue. The perception of the target consumer is not relevant to the analysis of the functionality of the essential characteristics of a shape. The target consumer may not have the technical knowledge necessary to assess the essential characteristics of a shape and therefore certain characteristics may be essential from his point of view even though they are not essential in the context of an analysis of functionality and vice versa. Accordingly, it must be held that the essential characteristics of a shape must be determined objectively for the purposes of applying Article 7(1)(e)(ii) of Regulation No 40/94, on the basis of its graphic representation and any descriptions filed at the time of the application for the trade mark.

71 Moreover, it follows from the previous paragraph that the applicant is wrong to complain that the Grand Board of Appeal misinterpreted the respective scope of Article 7(1)(e)(ii) (relating to the functionality of a shape) and of Article 7(3) (relating to its acquired distinctiveness) of Regulation No 40/94, and that the applicant is not justified in claiming that consumer surveys are relevant in both cases.

72 In the second place, the applicant complains that the Grand Board of Appeal failed to identify the essential characteristics of the shape at issue and that it did not examine the shape at issue, but the Lego brick as a whole instead, including in its analysis invisible features such as the hollow underside and the secondary projections.

73 In this respect, it is apparent from the case-law that only the shape as reproduced in paragraph 2 above must be the subject-matter of the examination of the application for registration (see, to that effect, judgments of 30 November 2005 in Case T-12/04 *Almdudler-Limonade v OHIM (Shape of a lemonade bottle)*, not published in the ECR, paragraphs 42 to 45; of 17 January 2006 in Case T-398/04 *Henkel v OHIM (Red and white rectangular tablet with an oval blue centre)*, not published in the ECR, paragraph 25; and Case T-15/05 *De Waele v OHIM (Shape of a sausage)* [2006] ECR II-1511, paragraph 36). Since the function of the graphic representation is to define the mark, it must be self-contained, in order to determine with clarity and precision the precise subject of the protection afforded by the registered mark to its proprietor (see, to that effect and by analogy, Case C-273/00 *Sieckmann* [2002] ECR I-11737, paragraphs 48 and 50 to 52). In the present case, given, first, that when filing the trade mark application the applicant described the shape at issue only by means of the graphic representation set out in paragraph 2 above and, second, that any subsequent description cannot be taken into account (see, to that effect, *Shape of a lemonade bottle*, paragraph 42), it is on the basis of that representation alone that the essential characteristics must be identified.

74 It is apparent from paragraphs 38, 39, 42, 54, 55 and 61 to 63 of the contested decision that the Grand Board of Appeal did indeed examine the Lego brick as a whole and in particular identified, at paragraphs 54 and 55 of the contested decision, the invisible hollow underside and secondary projections on the representation of the mark at issue as essential characteristics forming the subject-matter of the examination.



75 None the less, it must be stated that that analysis also includes all the visible elements on the graphic representation reproduced in paragraph 2 above each of which, according to the Grand Board of Appeal, fulfils specific technical functions, namely, as set out in paragraph 54 of the contested decision, the height and diameter of the primary studs for clutch power between the toy bricks, their number for fixing versatility and their layout for fixing arrangement; the sides to produce a wall with other bricks; the overall shape of a construction brick and, finally, its size, enabling a child to hold it. It must also be noted that there is nothing in the file that calls into question the accuracy of the identification of those characteristics as essential characteristics of the shape at issue.

76 Since the Grand Board of Appeal correctly identified all the essential characteristics of the shape at issue, the fact that it also took into account other characteristics has no bearing on the lawfulness of the contested decision.

77 The first complaint must therefore be rejected.

78 As regards the second complaint, it should be pointed out that, when analysing the functionality of the essential characteristics thus determined, there was nothing to prevent the Grand Board of Appeal from taking account of invisible features of the Lego brick, such as the hollow underside and the secondary projections, as well as any other relevant evidence. In the present case the Grand Board of Appeal referred in that connection to the applicant's prior patents, to the fact that the applicant admitted that those patents describe the functional elements of the Lego brick, and to Mr M.'s expert opinions.

79 In this respect, the applicant complains that the Board of Appeal took into account, without any critical analysis, Mr M.'s expert opinion, which moreover relates to the Lego brick as a whole. It also observes that Mr P.'s statements concern the Duplo brick and that those of Mr R. relate to all cylindrical shapes of studs and not only those of the Lego brick. However, it should be noted that Messrs P. and R. were expressing a view on the functionality of the cylindrical studs as such and that the Grand Board of Appeal made reference to those statements precisely in order to back up its assessment on the functionality of the primary cylindrical studs of the shape at issue. As regards Mr M.'s expert opinion, it is true that it was produced and paid for by the intervener, but the earlier patents corroborate Mr M.'s findings concerning the functionality of the characteristics of the Lego brick, as, indeed, do the expert opinions produced by the applicant. Moreover, the fact, noted by the applicant, that Mr M.'s analyses concern the Lego brick as a whole are irrelevant, since they include an analysis of the functionality of the essential characteristics of the shape at issue.

80 It also follows from the foregoing that the applicant's argument that the non-functionality of the essential characteristics of the shape at issue was proved by its own expert opinions must be rejected. The expert opinions and the judgments of the national courts on which the applicant relied in order to claim that alternative shapes are relevant to showing that the sign is non-functional prove, in the applicant's view, that the shape of the Lego brick is not the only shape which could achieve the intended technical result and that it is not therefore technically necessary. However, it was held at paragraph 42 above that the functionality of a shape must be assessed independently of whether other shapes exist, and, at paragraph 39 above, that the term 'necessary' means that the shape must combine the characteristics which are technically sufficient to obtain the result in question.

81 Consequently, the Court must also reject the argument alleging infringement of the right to be heard because the Grand Board of Appeal did not take into consideration the expert opinions submitted by the applicant. Since the argument resulting from those expert opinions was based on the erroneous distinction between shapes incorporating the same technical solution and those incorporating other technical solutions, the Grand Board of Appeal was not required to refer to those expert opinions in the contested decision and did not therefore, on any view, infringe the applicant's right to be heard by not doing so.

82 In the light of the above, the Court holds that the findings of the Grand Board of Appeal with regard to the functionality of the essential characteristics of the shape at issue are well founded.

83 The applicant's other arguments do not call that conclusion into question.

84 First, the applicant claims that the Grand Board of Appeal's argument that a monopoly on a technical solution could be obtained by means of registering all shapes using that solution is unrealistic in the light of the requirements concerning distinctive character. However, even if the Court had to consider that the registration of such shapes is unrealistic, that would not call into question the finding that the shape at issue is functional. The applicant's argument must therefore be rejected.

85 Second, the question whether or not in United States law evidence resulting from a patent is irrefutable evidence must also be considered irrelevant. In referring to United States case-law at paragraph 40 of the contested decision, the Grand Board of Appeal did not base its analysis of the functionality of the Lego brick on the irrefutable nature of that evidence. It based its analysis in paragraphs 41 to 63 of the contested decision on *Philips* and, in paragraphs 42 to 48 and 52 and 53 of the contested decision, took account of the earlier patents as one of several factors but did not consider that it was irrefutable evidence.

86 Third, it must be observed that the arguments based, first, on the fact that protection of a technical solution by a patent does not prevent protection by trade mark law of a shape incorporating that solution and, second, on the difference between the scope of those two distinct forms of protection are irrelevant. The Grand Board of Appeal recognised that fact at paragraph 39 of the contested decision and subsequently

referred to the prior patents only in order to emphasise that the essential characteristics of the Lego brick are functional.

<sup>87</sup> Fourth, the applicant claims that its competitors do not need to copy the shape of the Lego brick in order to apply the same technical solution and that, in the absence of any risk of creation of a monopoly, Article 7(1)(e)(ii) of Regulation No 40/94 does not apply. However, that argument is based on the erroneous assumption that the availability of other shapes incorporating the same technical solution demonstrates that the shape at issue is lacking in functionality, whereas it was pointed out at paragraph 42 above that, according to *Philips*, the functional shape itself must be available to everyone. That argument must therefore be rejected.

<sup>88</sup> In the light of the above, it must be held that the Grand Board of Appeal was right to find that the shape at issue is functional. The second complaint must therefore be rejected.

The third complaint: incorrect taking into account of a decision of a national court and the alleged partiality of the contested decision

#### — Arguments of the parties

<sup>89</sup> The applicant criticises the Grand Board of Appeal, first, for taking into account a judgment of the Supreme Court of Canada and, second, for considering a decision of the Rechtbank Breda (District Court, Breda) (Netherlands) irrelevant. It submits that those two decisions dealt with the alleged functionality of the shape of the Lego brick,

were delivered in the context of unfair competition or passing off and dealt with slavish imitation. The only difference lies in the fact that the Canadian court came to the opposite finding from the Netherlands court. The applicant submits that the selective taking into account by the Grand Board of Appeal of the judgment of the Supreme Court of Canada and only the expert opinions favourable to the conclusion which it reached demonstrate a one-sided approach.

90 OHIM and the intervener contest the applicant's arguments.

#### — Findings of the Court

91 First, as regards the reference by the Grand Board of Appeal to a decision of the Supreme Court of Canada and the fact that it disregarded a Netherlands judgment, it is sufficient to point out that the applicant itself acknowledges that the decisions of national courts have no bearing on the decisions of the Boards of Appeal of OHIM. The Community trade mark regime is an autonomous system and the legality of decisions of the Boards of Appeal is evaluated solely on the basis of Regulation No 40/94, as interpreted by the Community judicature (see judgment of 12 March 2008 in Case T-128/07 *Suez v OHIM (Delivering the essentials of life)*, not published in the ECR, paragraph 32 and the case-law cited). Moreover, it is apparent from the contested decision that the Grand Board of Appeal did not base its decision on the Canadian decision, but that, having already found that the Lego brick was functional, observed that its analysis was confirmed by the case-law of numerous national jurisdictions, including the judgment of the Supreme Court of Canada.

92 Second, it must be held that the applicant is wrong to allege that the Grand Board of Appeal was partial. First, the Grand Board of Appeal stated why it considered that the Netherlands judgment was not relevant, at paragraph 65 of the contested decision. Second, it is apparent from the analysis carried out in paragraphs 36 to 49 above that the Grand Board of Appeal was right to consider that the expert opinions submitted by the applicant were not relevant because they all related to the availability of other shapes incorporating the same technical solution. Moreover, OHIM rightly observes that this case was transferred to the Grand Board of Appeal, that the Chairperson of the First Board was replaced by her alternate after the applicant had requested her removal, and that OHIM took various other measures to ensure the impartiality of the procedure.

93 That complaint must therefore be rejected.

94 In the light of all of the above, the action must be dismissed.

## **Costs**

95 Under Article 87(2) of the Rules of Procedure of the Court of First Instance, 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 costs in accordance with the forms of order sought by OHIM and the intervener.

On those grounds,

THE COURT OF FIRST INSTANCE (Eighth Chamber)

hereby:

- 1. Dismisses the action;**
- 2. Orders Lego Juris A/S to pay the costs.**

Martins Ribeiro

Papasavvas

Dittrich

Delivered in open court in Luxembourg on 12 November 2008.

[Signatures]