

Just another brick in the wall?

In Case C-48/09 P Lego Juris A/S v OHIM and Mega Brands Inc. (14 September 2010) the Court of Justice of the European Union held that Lego's long-contested Community trade mark consisting of the shape of a red Lego brick was invalid under Article 7(1)(e)(ii) Community Trade Mark Regulation (207/2009) (CTMR).

In April 1996, Kirkbi A/S, the predecessor in title of Lego Juris A/S, applied to register the red Lego brick as a three-dimensional mark inter alia for "games and playthings" in class 28:



OHIM provisionally refused the application on the grounds, first, that the toy-brick shape was devoid of any distinctive character pursuant to Article 7(1)(b) CTMR, and, second, that the sign consisted exclusively of the shape of goods which was necessary to obtain a technical result pursuant to Article 7(1)(e)(ii) CTMR. OHIM eventually accepted, in overcoming the Article 7(1)(b) CTMR objection, that the brick had acquired distinctive character. It also subsequently dropped the Article 7(1)(e)(ii) CTMR objection.

Following the mark's registration in October 1999, Ritvik Holdings Inc., the predecessor in title of Mega Brands Inc., applied for a declaration that the mark was invalid pursuant to Article 51(1)(a) CTMR in relation to 'construction toys' in Class 28. In July 2004, the Cancellation Division upheld the application for a declaration of invalidity on the basis of Article 7(1)(e)(ii) CTMR, concluding that the Lego brick consisted exclusively of the shape of goods which was necessary to obtain a technical result.

The Grand Board of Appeal of OHIM dismissed Lego's appeal. It found that an objection raised under Article 7(1)(e)(ii) CTMR cannot be overcome on the basis of acquired distinctiveness. Moreover, the Grand Board of Appeal held that, while the fact that Lego was the owner of a patent (expired) for its brick-toys was not, by itself, a bar to its trade mark registration, the fact remained that a prior patent was practically irrefutable evidence that the features therein disclosed or claimed were functional.

On Lego's further appeal, the General Court held, in dismissing the appeal, that Lego was wrong in interpreting Article 7(1)(e)(ii) CTMR as meaning that the Regulation did not intend to exclude functional shapes per se from registration as a trade mark and that trade mark registration should

only be precluded where it would create a monopoly on technical solutions or the functional characteristics of the shape in question. Referring to the Court of Justice's judgment in the *Philips Case* (C-299/99), the General Court ruled that, in order for that absolute ground of refusal to apply, it was sufficient that the essential characteristics of the shape combined the characteristics which were technically causative of, and sufficient to obtain, the intended technical result, and were therefore attributable to the technical result.

The Court of Justice dismissed Lego's further appeal.

The Court first referred to the relationship between patents, which grant protection only for a limited period, on the one hand and trade marks on the other. It observed that when the shape of a product merely incorporates the technical solution developed by the manufacturer of that product and patented by it, protection of that shape as a trade mark once the patent has expired would considerably and permanently reduce the opportunity for competitors. As a consequence, in order to be consistent with the system of intellectual property rights in the European Union, the legislation was particularly strict in relation to shapes necessary to obtain a technical result.

The Court further stated that any shape of goods is, to a certain extent, functional and that it would therefore be inappropriate to refuse to register a shape of goods as a trade mark solely on the ground that it has functional characteristics. Consequently, a trade mark was only barred from protection if it consisted 'exclusively' of the shape of goods which was 'necessary' to obtain a technical result.

In confirming its judgment in *Philips* (C-299/99) the Court ruled that the ground for refusal is fulfilled when all the essential characteristics of a shape perform a technical function, the presence of non-essential characteristics with no technical function being irrelevant in that context. It clarified that the presence of one or more minor arbitrary elements in a three-dimensional sign, all of whose essential characteristics are dictated by the technical solution to which that sign gives effect, does not alter the conclusion that the sign consists exclusively of the shape of goods which is necessary to obtain a technical result.

It confirmed that the existence of alternative shapes was irrelevant to the assessment of a shape's functionality.

With respect to the term 'essential characteristics' the Court ruled that it referred to the most important elements of the sign which must be assessed on a case-by-case basis. This assessment could be based on a simple visual analysis of the sign or on a detailed examination taking into account relevant assessment criteria, such as surveys or expert opinions, or data

relating to earlier IP rights covering the goods concerned. The Court added that the Trade Marks Office should base its assessment not on the consumer's perception of the shape in question but it had to ascertain for itself whether the essential characteristics performed the technical function of the goods in issue.

Trade mark applicants will be left with a feeling of unease after this ruling. On the one hand, the ruling can be regarded as a sensible confirmation of the Court's *Philips* ruling and therefore represents some consistency in the interpretation of Article 7(1)(e)(ii) CTMR. On the other hand, the Court missed the (after *Philips* only second) opportunity to provide practitioners with broader guidelines on the registrability of shape marks (Advocate General Mengozzi had proposed a three-step test in his opinion). It will therefore remain difficult to determine in practice what the essential characteristics of a particular shape are and how they influence the product's functionality.

Lego may find consolation in the fact that the invalidation proceedings concerned the goods "construction toys" only and that it may still rely on a variety of Community trade marks and national registrations for its toy-brick. Furthermore, the Court's decision left room for a last resort: where a party like Lego has developed a technical solution that cannot be protected as trade mark and whose patent has expired, there might be a claim under the rules of unfair competition when slavish copies of the product are placed on the market. In any event, protecting the shape of a product remains an uphill struggle.

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