



**OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET  
(TRADE MARKS AND DESIGNS)**

The Boards of Appeal

**DECISION  
of the First Board of Appeal  
of 10 September 2008**

In Case R 497/2005-1

**Bang & Olufsen A/S**

Peter Bangs Vej 15

DK-7600 Struer

Denmark

Applicant/Appellant

represented by SANDEL, LØJE & WALLBERG, Frederiksgade 7, DK-1265  
København K, Denmark

APPEAL relating to Community trade mark application No 3 354 371

**THE FIRST BOARD OF APPEAL**

composed of Th. Margellos (Chairperson), Ph. von Kapff (Rapporteur) and  
D. T. Keeling (Member)

Registrar: J. Pinkowski

gives the following

## Decision

### Summary of the facts

- 1 By an application which was granted a filing date of 17 September 2003, Bang & Olufsen AS (hereafter the 'applicant') sought to register the following three-dimensional mark



for the following goods:

Class 9 - Electric and electronic apparatus and appliances for analogue, digital or optical reception, processing, reproduction, regulation or distribution of sound signals, loudspeakers.

Class 20 - Music furniture.

- 2 The applicant maintained its request for registration notwithstanding the objections raised by the examiner and invoked distinctive character through use.
- 3 On 1 March 2005, the examiner rejected the trade mark under Article 7(1)(b) and (3) CTMR (hereafter the 'contested decision') for all the claimed goods. He reasoned in particular as follows:
  - The public will only associate a shape of a loudspeaker not bearing a brand name with a commercial origin if it has something striking about it, or if the relevant consumers have become familiar with it. The relevant consumers will see the signs as a mere representation of the product, which is not enough for the consumer to realise that it serves as an indicator of origin.
  - The evidence of acquired distinctiveness submitted does not demonstrate that the sign at issue functions as a trade mark in the mind of the relevant consumers.

- 4 By fax on 27 April 2005, the applicant filed a notice of appeal against the contested decision. The grounds of appeal were filed on 30 June 2005. The applicant requested that the contested decision be set aside and the application be allowed to proceed to registration in its entirety. The applicant's arguments can be summarized as follows:
- The applicant has manufactured high-end audio-visual equipment since 1925. Distinctive design has been part of its innovative strategy from the outset and a number of their products have through the years become actual trade marks of the company.
  - The product in question relies on the basic idea of an organ pipe being itself a sound provider. It has been on the market since 1991. It has been sold continuously in all Member States of the Community since that time. The shape has been used as a trade mark, which is underlined by the fact that its name (Beolab ® 8000) or the name of the producer (Bang & Olufsen) is not even mentioned on the product and that the product was used as a company reference on posters or in shop windows. The appearance is not dictated by technical functions.
  - The examiner has applied a stricter standard of distinctiveness in assessing the merits of the mark applied for. Consumers will see the mark as a distinctive indicator of origin. There is no other existing loudspeaker on the market that has a remotely similar appearance. The 'organ pipe' shape is very characteristic. The fact that the product differs from the norms of the sector is a factor which must be taken into consideration.
  - The product is aimed at a very narrow target group. The product costs around EUR 1,700. Consumers will be very well informed and quality minded. They will only invest in the product after careful consideration.
  - Recently loudspeaker imitations are available on the European market. These imitations are used as eye-catchers which supports the fact that the shape of the product is seen as a trade mark.
  - At the very least the sign in question has acquired distinctive character through use pursuant to Article 7(3) CTMR. The mark has come to identify the product in respect of which the registration is applied for. It distinguishes that product from the goods of other undertakings. The market share is not high in absolute numbers compared to the sale of loudspeakers in general. But the relevant market is not the ordinary market, but the high-end market. There is no available market-share analysis within this segment. It is admitted that the products have not been sold in all Member States – as there has simply not been a market for the product in particular in some of the new Member states. The definition of the relevant market does not imply that the product shall be sold in all Member states. Nevertheless, the evidence is sufficient to establish that the product has acquired distinctiveness within the relevant market in the Community.
- 5 The following evidence was filed by the applicant:

- Affidavit from an industrial designer (David Lewis) stating that the shape of the loudspeaker, which is the mark applied for, is innovative and based on an organ pipe; it has no technical function.
  - Affidavit from the Director General of a business environment association (EICTA) stating that the design of the loudspeaker in question has been recognised as a trade mark in Europe for many years. When the product was put on the market in 1992 it stirred a lot of attention as a truly unique design.
  - Affidavit from the president of the Danish umbrella organization for consumer electronics (BFE) stating that the design of the loudspeaker in question has been recognised as a trade mark in Denmark for many years.
  - Affidavit from the president of the Swedish Association of Radio and Consumer Electronics suppliers (SRL) stating that the product has been recognised in Sweden for many years, because it is a unique and distinctive sign.
  - The aforesaid three affidavits claim that the product is often used as a distinctive sign for the applicant's company. The mark is recognised on its own merits, without being marketed under the sign Bang & Olufsen or the Beolab brand.
  - Extracts from the applicant's product catalogues, marketing plan, sales campaign literature and retail and dealer advertisements.
  - Sales figures provided by Peter Petersen, authorised representative of the applicant's company.
- 6 By decision of 22 September 2005 as corrected on 24 February 2006, the First Board rejected the appeal. The Board argued in particular as follows:

*Article 7(1)(b) CTMR*

- There is not doubt that the mark applied for is striking in some aspects. For instance, compared to a normal loudspeaker, it is inordinately tall and narrow. Furthermore, the core of the speaker is, unusually, a tube, which joins to an inverted cone. The apex of the cone is attached to a square base. Compare this design to that of conventional loudspeakers, which generally follow regular, right-angled lines. Clearly, as claimed by the applicant itself, the mark has been designed with aesthetics, rather than functionality, in mind.
- Nevertheless, it is not sufficient to argue that the shape is distinctive because its features are unusual. The fact that the relevant consumers, purchasers of HI-FI equipment, perceive the shape in that light does not mean that they also perceive it as a trade mark, which is the only relevant issue under Article 7(1)(b) CTMR. The consumer will merely believe that the product has an unusual design. In other words, the applicant must in fact show that from the consumers' perspective these features do perform a trade mark function, rather than merely reflecting aesthetic aspirations or technical requirements, i.e. its design. The fact that the buyers of hi-fi equipment are attentive means, in the Board's estimation, that they are aware that the shape of loudspeakers

is seldom arbitrary, but dictated by either functional or, increasingly nowadays, aesthetic considerations. They also know that such products are available on the market in a number of makes and that each manufacturer has its own brand name. The consumer will use these names to orientate themselves. Of course they might notice the external appearance of the loudspeaker, but will consider that appearance as the design of the product, not its brand. Knowledgeable buyers who are used to seeing loudspeakers of various designs and bearing brand names on the marketplace are able to distinguish the notion of brand name from that of design and may choose to buy a loudspeaker on the basis (among others) of its attractive design; but this does not mean that the design operates as a trade mark. The external appearance of the product and its technical features all play a role in the buyer's decision. However, they should be kept separate from branding. Therefore, since the mark is barred from registration pursuant to Article 7(1)(b) CTMR, the contested decision must be upheld.

*Article 7(3) CTMR*

- The body of evidence is not sufficient to show that the relevant public will recognize the shape of the loudspeaker itself as a badge of trade origin when it is isolated from verbal identifying elements. The evidence of acquired distinctiveness is mainly limited to Danish and English-speaking circles. The three affidavits signed by eminent business men in the relevant field of commerce testify that the contested mark, the shape of a loudspeaker, is 'recognized on its own merits' as an indicator of origin. They affirm that consumers will not need any additional prompting by the presence of a verbal trade mark, or the trade name of the product, to know that it is produced by the applicant's company. However, only the affidavit signed by the director general of EICTA claims that the mark has been recognized in Europe for many years. The other two are more circumspect in their claims, narrowing the field of the alleged recognition to just Denmark and Sweden. Meanwhile, the affidavit from the industrial designer merely confirms what is already accepted by the Board, namely that the design is not functional. The sales figures particularly in Austria, Portugal, Spain, Finland and Greece are low, even taking into account the applicant's insistence that its products are aimed at the quality end of the market where fewer sales are to be expected.
- It is impossible to gauge to what extent the relevant public in the Community has been exposed to the mark – for example through specialist magazines, newspapers or television – because the applicant has not provided the Board with exhibits relating to the advertising of its mark in the actual marketplace where the consumers are found; nor has it provided any turnover figures relating to advertising. All the publicity material (English and Danish only) appears to be largely in-house, taking the form of either extracts from the applicant's catalogues and product description literature or dealer and retailer advertisements. Nor has the applicant provided articles from trade publications which might show that its products have attracted attention in media circles. Moreover, the applicant's name and logo and the brand name

of the product in question (Beolab ® 8000) appear frequently in the exhibits making it difficult for the applicant to argue that the product is identified solely by its shape.

7 The decision of the Board has been challenged by an appeal to the Court of First Instance under Article 63 CTMR. In its appeal to the Court, the appellant reiterated in essence its arguments before the Board. The Office's position was summarized by the Court as follows:

- The Board of Appeal's reasoning denotes a serious and legitimate concern about the need to keep separate the function of a shape which is predominantly dictated by aesthetic considerations and the function of a shape which, although aesthetically pleasing, is meant to distinguish the product from similar products of competitors. However, the position taken by the Board is a very strict one in that it bars from trade mark registration all shapes of products which coincide with the appearance of the products themselves, even if those shapes are unusual and do not give substantial value to the product.
- Article 7(1)(e)(iii) CTMR excludes from registration as a trade mark those shapes which give substantial value to the goods, such shapes playing a decisive role in determining the consumer's purchasing choice. The aim of that exclusion is to draw a line between trade marks and designs. Those shapes are not therefore excluded from registration because they lack distinctive character *per se*. However, there are cases where the shape of a product, although being essentially aesthetically inspired, does not give substantial value to the product. Those shapes are distinctive and can be protected as trade marks if they differ significantly from the shapes which are commonly used in trade. It is not certain that the position adopted by the Board of Appeal is the correct one and, accordingly, the Court is asked to determine whether a shape essentially inspired by aesthetic considerations – but which does not give substantial value to the goods within the meaning of Article 7(1)(e)(iii) CTMR – and which differs significantly from a shape commonly used in trade can perform a trade mark function.

8 The contested decision of the Board was annulled by the Court of First Instance in its judgment on 10 October 2007. The arguments can be summarized as follows:

- By taking the view that the trade mark applied for was devoid of any distinctive character, the Board of Appeal misconstrued the wording of Article 7(1)(b) CTMR from which it follows that a minimum degree of distinctive character is sufficient to render inapplicable the ground for refusal set out in that article.
- The level of attention of the relevant public is likely to vary according to the category of goods or services in question. As regards everyday consumer goods, the average consumer's level of attention is less than that paid to durable goods or, simply, goods of a higher value or for more exceptional use. In this case, it must be borne in mind that, in the light of the nature of the goods concerned, in particular, their durable and technological nature, the

average consumer displays a particularly high level of attention when purchasing such goods. The objective characteristics of the goods in question mean that the average consumer purchases them only after a particularly careful examination. Accordingly, the distinctive character of the trade mark must be assessed in relation to the perception of the average consumer who exhibits a particularly high level of attention when he prepares and makes his choice between different goods in the category concerned.

- Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark. In those circumstances, only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) CTMR.
- The examination of all the presentational features which make up the mark applied for leads to the conclusion that, as held by the Board, ‘the shape of the mark is truly specific and cannot be considered to be altogether common’. Thus the body of the loudspeaker is formed of a cone which looks like a pencil or an organ pipe the pointed end of which joins to a square base. In addition, a long rectangular panel is fixed to one side of that cone and heightens the impression that the weight of the whole rests only on the point which barely touches the square base. In that way, ‘the whole creates a striking design’ which is remembered easily. All those features distance the trade mark applied for from the customary shapes of the goods falling within the same category which are commonly found in trade and generally have straight lines with right angles.
- Accordingly, the trade mark applied for departs significantly from the customs of the sector. It has characteristics which are sufficiently specific and arbitrary to retain the attention of average consumers and enable them to be made aware of the shape of the applicant’s goods. Thus this is not one of the customary shapes of the goods in the sector concerned or even a mere variant of those shapes, but a shape having a particular appearance which, having regard also to the aesthetic result of the whole, is such as to retain the attention of the public concerned and enable it to distinguish the goods covered by the trade mark application from those of another commercial origin.
- Even if the existence of specific or original characteristics does not constitute an essential condition for registration, the fact remains that their presence may, on the other hand, confer the required degree of distinctiveness on a trade mark which would not otherwise have it. As regards the Board of Appeal’s argument that the shape of the product constituting the trade mark applied for cannot perform a trade mark function from the relevant consumers’ point of view on the ground that that mark is essentially dictated by aesthetic considerations, it suffices to state that, in so far as the relevant

public perceives the sign as an indication of the commercial origin of the goods or services, whether or not it serves simultaneously a purpose other than that of indicating commercial origin is immaterial to its distinctive character.

- 9 By decision of the Presidium of the Boards of Appeal of 19 November 2007, and in application of Article 1d Commission Regulation (EC) N 216/96 of 5 February 1996 laying down the Rules of Procedure of the Boards of Appeal in conjunction with Article 3 of the Decision of 12 December 2006 of the Presidium of the Boards of Appeal on the organization of the Boards laying down the objective allocation criteria, the case was allocated to the First Board of Appeal.
- 10 By communications of 26 February 2008 and 22 April 2008, the Board invited the applicant to comment on Article 7(1)(e)(iii) CTMR since the shape applied for could be considered a sign which consists exclusively of the shape which gives substantial value to the goods. The Board raised the following issues in its communications:
- The Board is competent to take a decision to implement the court’s judgment. This may include the examination of further absolute grounds for refusal.
  - For both courts (e.g. Cour de Justice Benelux of 14 April 1989 in case A 87/8 Superconfex B.V. v Burberrys Limited – ‘motifs à carreau’) and learned literature the rationale behind the doctrine of ‘aesthetic functionality’ - which under the CTMR is provided for by Article 7(1)(e)(iii) CTMR - is to prevent misuse of trade mark law by circumventing the limited-in-time copyright and design protection in order to obtain potentially unlimited protection by means of trade mark law (cf. *Alcalá*, *Comentarios a la Ley de Marcas*, (Coord. A. Bercovitz Rodríguez-Cano), 2003, p. 180; v. *Bassewitz*, *Trade Dress und Functionality – ein Vergleich des marken- und wettbewerbsrechtlichen Schutzes von Produktformen in den USA und Deutschland* GRUR Int. 2004, 390; *Bender*, *Heidelberger Kommentar zum Markenrecht*, 2002, Art. 7 GMV par. 148; *Braun*, *Précis de Droit de Marques*, 2004, p. 95; *Eisenführ*, in: *Eisenführ / Schennen: Gemeinschaftsmarkenverordnung*, 2nd edition, 2007, Art. 7 GMV, par. 183; *Fernández-Novoa*, *El Sistema Comunitario de Marcas*, 1995, p. 141 with reference to US case 9<sup>th</sup> circuit court ‘Pagliero v Wallace China Co.’; *Fezer*, *Markenrecht*, 3rd edition, § 3 MarkenG, par. 231-233; *Folliard-Monguiral/Rogers*, *The protection of shapes by the Community Trade Mark*, EIPR 2003, 169; *Fuchs-Wisseemann*, in: *Heidelberger Kommentar zum Markenrecht*, 2002, § 3 MarkenG, par. 10; *Hacker*, in: *Hacker/Ströbele: Markengesetz* 8th edition 2006, § 3 MarkenG, par. 100-104; *Heinrich/Ruf*, *Die Formmarke nach “Lego 3”, “Swatch-Uhrenarmband” und Katalysatorträger*, sic! 2005, 253; *Hildebrandt*, *Marken und andere Kennzeichen*, 2006, par. 131-139; *Ingerl/Rohnke*, *Markengesetz*, § 3 MarkenG, par. 58-59; *Kerly’s Law of Trade Marks and Trade Names*, 14<sup>th</sup> edition, 8-186 – 8-193; *Kur*, *Alles oder Nichts im Formmarkenschutz?* GRUR Int. 2004, 755; *Lange*, *Marken- und Kennzeichenrecht*, p. 275; *Lema Devesa*, *Comentarios a los Reglamentos sobre la Marca Comunitaria*, coord.

Casado / Llobregat, 2nd edition, 2000, par. 93; *Ohly*, Designschutz im Spannungsfeld von Geschmacksmuster-, Kennzeichen- und Lauterkeitsrecht, GRUR 2007, 731; *Passa*, Droit de la propriété industrielle, par. 110-111; *Renck/Petersenn*, Das Ende der dreidimensionalen Marke in der EU? WRP 2004, 440; *Schoene*, EuG: Lautsprecherform “Orgelpfeifen” von Bang & Olufsen ist markenfähig, FD-GewRS 2007, 244613; *Wandtke/Bullinger*, Die Marke als urheberrechtlich schutzfähiges Werk, GRUR 1997, 573).

- The trade mark applied for was protected as a design at least at the Danish Patent and Trade Mark Office under the number MR 1992 00868 with a filing date of 5 September 1991. In 2006 it was radiated from the Design Register. Under former Danish design law design protection was limited to three terms of five years.
  - In addition, articles of applied art such as a piece of furniture may have further protection under the specific conditions of copyright law (e.g. German Bundesgerichtshof, judgment of 10 December 1986, I ZR 15/85 – Le Corbusier Möbel, GRUR 1987, 903).
  - The applicant himself and the Court have stressed the significance of the particular design given to the loudspeaker. The applicant argues that the product is on the market since 1992 and the uniqueness of the design on the public and made the product ‘BeoLab 8000’ a particular marketing success. In addition, it referred to Marc MacGann, Director of EICTA, who declared that the design, ‘when it first was brought on the market in 1992 stirred a lot of attention as a truly unique design’.
  - The aesthetic value of the sign in issue seems also to be one of the most important reason for which consumers buy the applicant’s product. Extracts from different retailers or on-line auction or second-hand websites prove that current sellers advertise the applicant’s products mainly relying on its aesthetic appearance.
- 11 By letters of 31 March 2008 and of 28 May 2008, the applicant asks for the publication of the trade mark applied for and argues in summary as follows:
- The Board was not competent to examine new absolute grounds for refusal once a case has come back from the Court. This follows from the limited competencies of the Boards of Appeal and the principle of legitimate expectations. The examination guidelines, for example, request the examiner to specify all the individual grounds for refusal found and ‘piecemeal objections, or salami tactics, or so called step by step objections should be avoided’. This is particularly true for absolute grounds other than Article 7(1)(b)-(d) CTMR which should be examined with priority, at least when acquired distinctiveness could be an issue. The applicant strongly disagrees that the Office’s defence letter before the Court would not be legally binding for the examiner or the Boards.
  - The shape of goods is explicitly mentioned in Article 4 CTMR as a kind of sign that is capable to be a trade mark. The historic development of absolute grounds for refusal under Community trade mark law shows a clear tendency to accept shapes as trade marks. In particular, the reasons to reject shapes

under Article 7(1)(e) CTMR were made very narrow; and in particular by adding ‘exclusively’, the provision excludes cases, in which the value of the shape applied for can be attributed also to other factors.

- Reference is made to the judgment of the German Bundesgerichtshof of 24 May 2007 – the bonnet of a car (case number I ZB 037/04, BIPMZ 2008, 59 = GRUR 2008, 71 = MarkenR 2007, 483 = Mitt. 2008, 129 = WRP 2008, 107 – ‘Fronthaube’), which took the approach that the substantial value mentioned in Article 7(1)(e)(iii) CTMR is the aesthetic value. A trade mark must be refused if the relevant public considers the value of the shape as being exclusively determined by the aesthetic content. Article 7(1)(e)(iii) CTMR is not applicable if the shape may also have at least the function of an indication of business origin. In case the aesthetic value is an additional value and the product has other functions as well, Article 7(1)(e)(iii) CTMR is excluded. Works of art normally draw their substantial value from the aesthetic value. The shape of a bonnet of a car does not give the substantial value to the product even if the design is particularly well done.
- The ‘substantive value’ of a shape cannot be the same as a ‘design’ since design protection under harmonized design law does not depend on any substantive value added. The same is true for ‘copyright’ protected works, for which the conditions are not harmonized in the Community. Nor can the provision be aimed to exclude shapes that have a striking design, in particular since the test of Article 7(1)(b) CTMR is precisely whether the shape ‘departs significantly from the norm or customs of the sector’. Council Regulation (EC) No 6/2002 of 12 December 2001 on Community Designs (CDR) recognizes in its recitals that the same sign can be protected by various titles of industrial property.
- Rather it is to be supposed that the provision of Article 7(1)(e)(iii) CTMR refers to sculptures or other works of art where the whole value of the good – presumably or hopefully – lies in the shape itself or where the shape applied for is generally recognized as indicating exclusivity or value such as jewelry, a diamond or a golden ingot.
- When the consumer takes a decision to purchase a loudspeaker, a number of factors are relevant, in particular the function of the product, its performance, its branding, the promotion and the design. The first and foremost criterion is the function or performance of the product. The applicant invests several million Euros each year in research and development of loudspeaker technologies. It constantly accentuates the outstanding technology and has gained some reputation with it. Always reference is made to the excellent sound qualities of the sound of BeoLab 8000 loudspeakers.
- The shape applied for is not purely aesthetic, but follows from certain technical and functional requirements, which is evident when being compared with a ‘clean’ organ pipe.
- The applicant is generally recognized as a top luxury brand. The fact that the applicant is the producer plays a significant role for the consumer’s choice of purchases of the relevant product.

- An additional element is the promotion of the product. The applicant does not have separate promotional budgets for each product. But the relevant shape is in the applicant's portfolio since 1992 and it has often been subject to separate marketing campaigns.
- Since there are other tube shaped loudspeakers on the market, the most distinctive and value adding features of this mark is that the tube joins onto an inverted cone and that the apex of the cone is attached to a square base. Again, this shows that the mark does not exclusively consist of the shape.

### **Reasons**

- 12 As the first decision of the Boards was annulled by the Court of First Instance and the case subsequently allocated by the Presidium to the present Board, this Board is required to resume the proceedings and take the necessary measures to comply with the judgment, once it has become final. Having studied the judgment, the Board of Appeal annuls the examiner's decision of 1 March 2005, however, rejects the application based on Article 7(1)(e)(iii) CTMR.

#### *Competence of the Board*

- 13 The applicant argues extensively that the trade mark must be published and that the Board has no competency to re-examine the trade mark. However, the applicant's understanding of examination proceedings and the judgment rendered by the Court is not shared. In the present case, the Court of First Instance confined itself to annulling the contested decision of the Board of Appeal. It is consistent with the settled case-law of the Court not to give any instructions to the Office, including the Boards of Appeal (for example, judgment of the Court of First Instance of 31 January 2001 in Case T-331/99 *Mitsubishi HiTec Paper Bielefeld GmbH, formerly Stora Carbonless Paper GmbH v OHIM* ('Giroform') [2001] ECR II-433, at paragraph 33). Nor did the Court of First Instance alter the decision of the Board of Appeal within the meaning of Article 63(3) CTMR (regarding this possibility, see for example the judgments of the Court of First Instance of 27 February 2002 in Case T-106/00 *Streamserve Inc. v OHIM* ('Streamserve') [2002] ECR II-723, at paragraphs 18, 19 and 72, confirmed by order of the Court of Justice of 5 February 2004 in Case C-150/02 P *Streamserve Inc. v OHIM* ('Streamserve') [2004] ECR I-1461; of 2 July 2002, Case T-323/00, SAT.2, at paragraph 18; and of 14 October 2003 in Case T-292/01 *Phillips-Van Heusen Corp. v OHIM* ('Bass') [2003] ECR II-4335, at paragraph 59; see further judgment of the Court of 8 May 2008 in Case C-304/06 P *Eurohypo AG v OHIM* ('Eurohypo') [2008] ECR publication pending, at paragraph 65). Since that decision of the Boards of Appeal was annulled, it follows that the appeal must still be examined and decided upon.
- 14 Pursuant to Article 63(6) CTMR, 'the Office shall be required to take the necessary measures to comply with the judgment of the Court of Justice.' As the applicant correctly argued, the Board does not have the power to review the Court judgment, but has the obligation to comply with it. The Board of Appeal is bound by the *ratio decidendi* of the Court, in so far as the facts are the same (cf.

Article 62(2) CTMR and Article 61(2) of the Statute of the Court of Justice). In its judgment, the Court of First Instance took the view that the shape having a particular appearance which, having regard also to the aesthetic result of the whole, is such as to retain the attention of the public concerned and enable it to distinguish the goods covered by the trade mark application from those of another commercial origin and did therefore not have to be rejected under Article 7(1)(b) CTMR. For the reasons given in the judgment, therefore, the examiner's contested decision cannot have effect and, inasmuch as it is necessary, must be annulled by the Board.

- 15 When further exercising its competence pursuant to the second sentence of Article 62(1) CTMR, the Board sees an additional absolute ground for refusal under Article 7(1)(e)(iii) CTMR. The measures which 'the Office' is required to take in order to comply with the judgment of the Court include the further prosecution of the examination procedure and, particularly, may extend to the examination of other possible absolute grounds for refusal provided for in Article 7(1) CTMR in which the contested trade mark might incur (see judgment of the Court of First Instance of 8 July 1999 in Case T-163/98 *The Procter & Gamble Company v OHIM* ('Baby-Dry') [1999] ECR II-2383, at paragraph 43; and of 16 February 2000 in Case T-122/99 *The Procter and Gamble Company v OHIM* ('Soap') [2000] ECR II-265, at paragraph 27; of the Court of First Instance of 6 November 2007 in Case T-28/06 *RheinfelsQuellen H. Hövelmann GmbH & Co. KG v OHIM* ('Vom Ursprung her vollkommen') [2007] ECR publication pending, implicitly). Before a trade mark is registered, all absolute grounds for refusal must have been examined *ex officio* and the examiner may raise objections based on absolute grounds for refusal against a trade mark applied for at any stage of the registration proceedings, as results from the whole scheme of examination of absolute grounds for refusal, as foreseen in the Articles 7 and 51 in combination with the Articles 38, 149, 41, and 74(1) CTMR (see judgments of the Court of First Instance of 8 July 2004 in Case T-289/02 *Telepharmacy Solutions, Inc. v OHIM* ('Telepharmacy Solutions') [2004] ECR II-2851, at paragraph 60; and of 18 October 2007 in Case T-28/05 *Ekabe International SCA v OHIM* ('Omega 3') [2007] ECR publication pending, at paragraph 47, 50; interim decision of the Boards of 7 May 2008 in Case R 995/2007-1 – VITALITE/VITA, at paragraph 21). It cannot be assumed in the present case that the examiner and the Boards of Appeal, for reasons of procedural economy, have already conducted a final and exhaustive examination of all absolute grounds for refusal in respect of the entire European Union. As the Court has held in standing case-law, one ground for refusal in part of the Community is enough to refuse a trade mark (see judgment of the Court of 8 April 2003 in Joined Cases C-53/01, C-54/01 and C-55/01 *Linde AG, Winward Industries Inc. and Rado Uhren AG v Deutsches Patent- und Markenamt* ('Linde') [2003] ECR I-3161, at paragraph 67; see further judgment of the Court of First Instance of 16 September 2004 in Case T-342/02 *Metro-Goldwyn-Mayer Lion Corp. v OHIM* ('MGM') [2004] ECR II-3191, at paragraph 46).
- 16 The judgment of the Court is silent as regards the fact that there might be other absolute grounds for refusal to be considered. Contrary to the applicant's

allegations, this is normal, since according to its own Rules of Procedure and coherent case law, the Court always limits itself to the subject matter of the proceedings before the Board of Appeal (see Articles 44(1) and 135(3) and (4) Rules of Procedure of the Court of First Instance of the European Communities), i.e. the refusal of the trade mark by the decision of the Board for lacking distinctive character based on Article 7(1)(b) CTMR, and the pleas in law on which the applicant based its application to the Court. The Court could not possibly have taken a decision on Article 7(1)(e)(iii) CTMR without a preliminary decision of the Board on that subject, which the Board had not taken, as it had limited itself to Article 7(1)(b) CTMR (see judgment of the Court of First Instance of 12 March 2008 in Case T-341/06 *Compagnie générale de diététique SAS v OHIM* ('Garum') [2008] ECR publication pending, at paragraph 25). The subject matter of the proceedings is not determined by the fact that the examiner did not object further to the application under Article 7(1)(e)(iii) CTMR or by the Office's defence letter before the Court, which does not necessarily reflect the position of the Boards or the examiner and which will not amend the decision of the examiner (see judgment of the Court of First Instance of 9 July 2008 in Case T-302/06 *Paul Hartmann AG v OHIM* ('E') [2008] ECR publication pending, at paragraph 49). Contrary to the applicant's argument and independently of the fact that the Board will consider the Office's arguments presented in its defence letter carefully, the Board is not legally bound by it, being entrusted with independence when taking a decision and not being bound by any instructions, as results from Article 131(4) CTMR.

- 17 Since the decisions with respect to absolute grounds for refusal are bound decisions, the applicant's arguments of legitimate expectations, equal treatment or legality having their origin in a previous decision of the examiner have no bearing, in particular if those grounds were not even examined in that decision (see judgment of the Court of First Instance of 9 July 2008 in Case T-304/06 *Paul Reber GmbH & Co. KG v OHIM* ('Mozart') [2008] ECR publication pending, at paragraph 43-69).

*Article 7(1)(e)(iii) CTMR*

- 18 Under Article 7(1)(e)(iii) CTMR, signs which consist exclusively of the shape which gives substantial value to the goods cannot be registered or if registered are liable to be declared invalid. Since Article 7(1)(e) CTMR is a preliminary obstacle that may prevent a sign consisting exclusively of the shape of a product from being registered, it follows that if any one of the criteria listed in that provision is satisfied, the sign cannot be registered as a trade mark. Nor, furthermore, can it ever acquire a distinctive character for the purposes of Article 7(3) CTMR through the use made of it (see judgments 'Philips', cited above, at paragraphs 74 to 76; 'Linde', cited above, at paragraph 44; judgment of the Court of Justice of 20 September 2007 in Case C-371/06 *Benetton Group SpA v G-Star International BV* ('Benetton') [2007] ECR publication pending). It results that independently of the recognition of the sign on the market as having distinctive character, trade mark protection is excluded.

- 19 There is little case-law on Article 7(1)(e)(iii) CTMR. Article 7(1)(e) CTMR is not among the grounds for refusal which may be overcome by virtue of Article 7(3) CTMR. Natural or functional shapes or shapes giving substantial value to the goods are therefore incapable, by express intention of the legislature, of acquiring distinctive character. Accordingly, trade mark protection is excluded when a shape falls within Article 7(1)(e) CTMR, regardless of whether that particular shape might actually be distinctive in the market place. Therefore, it is altogether otiose – as well as contrary to the scheme of the CTMR – to consider whether or not such shapes are inherently distinctive or have acquired distinctiveness ('Benetton', cited above, at paragraph 28). The Court of Justice has held that the use of a sign (the shape of trousers as designed by the company G-Star) made by advertising campaigns referred to in Article 7(1)(e) CTMR does not make it possible to apply Article 7(3) CTMR to that sign if the shape gives substantial value to that sign. Therefore, Article 7(1)(e) CTMR is to be interpreted as meaning that the shape of a product which gives from the very beginning substantial value to that product cannot constitute a trade mark under Article 7(3) CTMR even though, 'prior to the application for registration, it acquired attractiveness as a result of its recognition as a distinctive sign following advertising campaigns presenting the specific characteristics of the product in question' ('Benetton', cited above, at paragraphs 28-29).
- 20 In doctrine, the rationale of Article 7(1)(e)(iii) CTMR has been seen as a tool to avoid that design and copyright protection having been limited in time could be bypassed by trade mark law, under the condition that the sign is exclusively composed of a shape which gives substantial value to the sign.
- 21 The Board notes that the trade mark applied for was protected as a design at least at the Danish Patent and Trade Mark Office under the number MR 1992 00868 with a filing date of 5 September 1991. In 2006 it was deleted from the Design Register. Under former Danish design law design protection was limited to three terms of five years. In principal and independently of the terms of design law, articles of applied art such as a piece of furniture may have further protection under the specific conditions of national copyright law (e.g. German Bundesgerichtshof, judgment of 10 December 1986, I ZR 15/85 – Le Corbusier Möbel, GRUR 1987, 903).
- 22 This does not mean that all copyright or design protected three-dimensional signs should be therefore automatically barred from trade mark registration. On the contrary, Article 7(1)(e)(iii) CTMR only refuses trade mark protection for shapes in certain specific cases, namely, when the sign consists exclusively of a shape which gives substantial value to the product.
- 23 The question therefore arises as to (i) what the circumstances are under which a shape gives substantial value to a product and (ii) whether or not the sign applied for consists 'exclusively' of a such a shape. Examination takes place by an *ex antes* prognosis independent of any use, as for all absolute grounds for refusal.
- 24 There are different approaches how to determine the value the shape gives to the goods, which *inter alia* refer to the aesthetic value or the economic, commercial

value. Article 7(1)(e)(iii) CTMR does not mention either criteria. Giving it a systematic and teleological interpretation, it appears that a shape gives substantial value to a good when it has the potential to determine to a large extent the consumer's behaviour to buy the product. Article 7(1)(e)(iii) CTMR therefore concerns products which the relevant public buys largely for the value of their shape, that is to say, where the shape is the only or one of the essential selling features of the product. It must be more than a convincing design when compared to a product with identical other characteristics.

- 25 The shape does not need to be 'the only' issue which gives substantial value to the good, as already may be seen from the wording, and as is well confirmed by other languages: 'la forma que afecte al valor intrinseco', 'Form, die der Ware einen wesentlichen Wert ...', 'forme qui donne une valeur ...', 'forma che dà un valore sostanziale ...'. The majority opinion in legal literature (see above, at paragraph 10) agrees that design furniture which will be bought only or particularly because of its special aesthetic design, rather than because of its function as furniture, is to be rejected under Article 7(1)(e)(iii) CTMR or under the equivalent national law implementing Article 3(1)(e) First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC).
- 26 The fact that the shape may be pleasing or attractive is not sufficient to exclude it from registration. If that was the case, it would be virtually impossible to imagine any trade mark of a shape, given that in modern business there is no product of industrial utility that has not been the subject of study, research and industrial design before its eventual launch on the market (decision of the Boards of 3 May 2000 in the Case R 395/1999-3 – Gancino quadrato singolo, paragraphs 1-2; 22-36). To the contrary, as the applicant has correctly pointed out, Recitals 31 and 32 CDR recognise that a design can be protected by different titles of intellectual property. In principle, the same sign may be protected under trade mark law and design law, copyright law, patent law, title law etc., each depending on its individual conditions (cf. as well the decision of the Grand Board of 10 July 2006 in Case R 856/2004-G – the shape of Lego brick, at paragraph 39). Nevertheless, such kind of multiple protection is not without limits following Article 7(1)(e) CTMR.
- 27 As results from Article 7(1)(e)(iii) CTMR, the 'substantial value' must be given by the 'sign ... consisting of a shape' which was applied for as a trade mark. The value of the goods themselves, in particular the material of the goods or the technology hidden inside the loudspeaker, for which the trade mark was applied for, is irrelevant. It is not decisive whether the 'BeoLab 8000' loudspeaker reproduces excellent sound. The quality of the loudspeaker or its price is not a result from the product specification. As the Court of First Instance held in its judgment at paragraph 31, the applicant's marketing method is purely a matter of choice for the undertaking concerned and cannot have any bearing on the assessment of the sign's registrability.
- 28 Nor is it relevant that the shape was developed and promoted by the applicant, a renowned producer of high end audio products. It is not the acquired

distinctiveness through use of the sign by the applicant or the three dimensional trade mark as a carrier of a prestigious, luxury image (cf. judgment of the Court of 4 November 1997 in Case C-337/95 *Parfums Christian Dior SA and Parfums Christian Dior BV v Evora BV* ('Dior') [1997] ECR I-6013, at paragraphs 44, 58) that would justify a refusal. The Board agrees with the applicant that it must be the shape in its function as a shape, not in its function as a trade mark following promotion by the trade mark owner, which gives substantial value to the goods.

29 There exist two indications that may be taken into consideration in order to show whether or not the relevant products are mainly bought for their aesthetic value. For this purpose, it is firstly particularly significant to assess the overall relevance that the manufacturer himself gives to the shape of his product as a marketing tool. Secondly, it is important to determine consumer behaviour, that is to say, whether or not consumers actually buy the product for its aesthetic value.

30 The applicant himself and the Court have stressed in the present proceedings the significance of the particular design given to the loudspeaker independently of any use by the applicant, but purely by analyzing the shape in itself and in comparison to the market of loudspeakers. The Court stated *inter alia*:

'... In that way, 'the whole creates a striking design' which is remembered easily. All those features distance the trade mark applied for from the customary shapes of the goods falling within the same category which are commonly found in trade and generally have straight lines with right angles. ... Thus this is not one of the customary shapes of the goods in the sector concerned or even a mere variant of those shapes, but a shape having a particular appearance which, having regard also to the aesthetic result of the whole, is such as to retain the attention of the public concerned and enable it to distinguish the goods covered by the trade mark application from those of another commercial origin. ...'

31 The applicant argues that the product has been on the market since 1992. In its pleadings before the examiner, the Boards of Appeal and the Court, the applicant insistently stressed the uniqueness of that design which both made an impression on the public and made the product 'BeoLab 8000' a particular marketing success. In addition, it referred to Marc MacGann, Director of EICTA, who declared that the design,

'when it first was brought on the market in 1992 stirred a lot of attention as a truly unique design'.

32 The applicant itself in its pleadings and in publicity often refers to the loudspeaker as being a 'classic design' or a 'design icon'. Under the heading 'BeoLab 8000 Pure music icon' the applicant refers on its website to the loudspeaker under consideration as an 'icon of Bang & Olufsen design' (apart from being also 'a strong statement of powerful and precise acoustic performance'). It follows that the applicant itself argues over and over again that one of the essential selling features of its loudspeaker, if not the primary one, is the design, i.e. the attractiveness and eye-appeal of the design sells the BeoLab loudspeaker.

33 The aesthetic value of the sign at issue also seems to be one of the most important reason for which consumers buy the applicant's product. Extracts from different

retailers or on-line auction or second-hand websites prove that current sellers advertise the applicant's products mainly relying on its aesthetic appearance.

<p>,BeoLab 8000: Many interpret it as an organ pipe, whilst others see it as an exclamation mark. The BeoLab 8000 appeals to our eyes as much as our ears. Pure sound combined with unmistakable aesthetics. And the cast-iron base ensures it is securely supported, wherever you chose to place it.</p>	<p><a href="http://www.karpamueller.de/Produkte/Bang_Olufsen/Lautsprecher/BL8000/bl8000.html">http://www.karpamueller.de/Produkte/Bang_Olufsen/Lautsprecher/BL8000/bl8000.html</a> 22.02.08</p>
<p>‘Beolab 8000: Instantly recognisable and a modern design classic. Innovative design and superb sound make the 8000 the speaker of choice</p> <p>Description: Bang &amp; Olufsen Beolab 8000 Active Loudspeakers - Alu / Black. Stunning loudspeakers with a unique design and amazing clarity. The Beolab 8000's are a popular choice and are perfect stand alone speakers or equally as good when used as fronts in a surround set up!’</p>	<p><a href="http://www.lifestyle-av.co.uk/product_list.asp?sectionId=2">http://www.lifestyle-av.co.uk/product_list.asp?sectionId=2</a> 22.02.08</p>
<p>‘You have the opportunity to acquire a genuine design classic. The loudspeakers are used but fully functional and in immaculate condition. The BeoLab leaves behind the limits of conventional design. At the same time, it impresses with a sound quality that is belied by its slender exterior. A visual highlight is its clean, elegant appearance, which complements rather than dominates a room. Like an exclamation mark on its cast-iron base, it combines aesthetics, technical skill and state of the art sound technology in a compact format. ....’</p>	<p><a href="http://cgi.ebay.de/Bang-Olufsen-B-O-Beolab-8000-Lautsprecher_W0QQitemZ180216587461QQihZ008QQcategoryZ30888QQssPageNameZWDVWQQrdZ1QQcmdZViewItem">http://cgi.ebay.de/Bang-Olufsen-B-O-Beolab-8000-Lautsprecher_W0QQitemZ180216587461QQihZ008QQcategoryZ30888QQssPageNameZWDVWQQrdZ1QQcmdZViewItem</a> 22.02.08</p>
<p>,BANG AND OLUFSEN BEOLAB 8000 SPEAKERS EXCELLENT LOOK! ... Beautiful and Fantastic sounding in excellent condition.’</p>	<p><a href="http://cgi.ebay.com/ws/eBayISAPI.dll?ViewItem&amp;item=140208441265&amp;ih=004&amp;category=14993&amp;ssPageName=WDVW&amp;rd=1">http://cgi.ebay.com/ws/eBayISAPI.dll?ViewItem&amp;item=140208441265&amp;ih=004&amp;category=14993&amp;ssPageName=WDVW&amp;rd=1</a> 25.02.08</p>
<p>,Description: For concert hall quality encased in museum quality form, the Bang &amp; Olufsen BeoLab 8000 defies physics in this sleek shape. As easy on the eye as they are on the ear, BeoLab 8000 loudspeakers defy conventional thinking in delivering the maximum sound from the minimum of space.</p> <p>There's not much point in thinking about BeoLab 8000 in terms of watts, woofers or tweeters. There has never been loudspeakers that look like this - or so clear and rich a sound produced from such slender cabinets.</p> <p>BeoLab 8000 represents both the engineering skills as well as the design capabilities from Bang &amp; Olufsen. Nobody has ever built a speaker with such little net volume, only 5.3 litres, with such an impressive sound. As with all modern B&amp;O speakers, the 8000s are active, meaning that each element has its own amplifier. In fact, each speaker holds two amplifier units. The biggest advantage in separating the amplifiers is that it enables the loudspeakers the ability to obtain maximum sound</p>	<p><a href="http://www.purecontemporary.com/ProductGuide/product/1006641">http://www.purecontemporary.com/ProductGuide/product/1006641</a> 22.02.08</p>

pressure from each element without distortion.’	
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- 34 Looking at the shape applied for and taking into consideration the Court’s judgment and the different means of evidence gathered, it shows that the shape of the loudspeaker in question is not so much perceived as an appealing loudspeaker but as a kind of pure, slender, timeless sculpture for music reproduction in the shape of an organ pipe balancing lightly on a small square base. The various declarations and the appraisal of the shape on the market place all show that the valuable design was inherent to the shape applied for and its recognition did not depend on the reputation of the applicant or the use of the sign on the market place. The shape in itself is the decisive element for the appreciation by the relevant consumer, who will see in the shape a substantial value of the product. The value in particular derives from its aesthetic or artistic appearance. The initial overall impression is dominated by the particularities of the shape and the shape is not only perceived as an additional element. It is irrelevant that further value may come from the sound quality of the loudspeaker or the reputation of the applicant’s brand.
- 35 For a sign to be deemed ‘aesthetically functional’ within the meaning of Article 7(1)(e)(iii) CTMR it is further necessary to determine whether or not that sign consists ‘exclusively’ of a shape that gives substantial value to the good. Already according to the wording of Article 7(1)(e)(iii) CTMR, it is not sufficient that the *essential* features of the shape give substantial value to the goods.
- 36 Therefore, the trade mark must be analyzed as a whole. There is no element in the shape which can be isolated from the design. The applicant’s argument that the base on which the ‘organ pipe’ stands is not a part of the loudspeaker’s design is not convincing. To the contrary, the solution of the design to balance the organ pipe on such a small platform, making the whole loudspeaker look very light and similar to an exclamation mark, is particularly successful.
- 37 It has been argued by the applicant and some voices in legal doctrine (see above, at paragraph 10) that the refusal under Article 7(1)(e)(iii) CTMR is unfair against the interests of successful designers, whose products would be by virtue of its application barred from registration even though it is distinctive due to the particularity of the design and that it penalizes those applicants whose design is particularly skillfully done and perceivable, criteria which would normally lead to the recognition as a trade mark, at least acquired by use. According to those critics, the whole legislative balance is doubtful since design protection under today’s Community legislation may be granted to most of the figurative or three-dimensional trade marks and copyright protected artistic works. Protection is given to a registered design for up to 25 years (Article 12 CDR and Article 10 Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs) and it should be possible for a design to acquire distinctiveness through use as a trade mark in accordance with Article 7(3) CTMR. If in addition a special design enjoys copyright protection with a term of protection running 70 years after the author’s death (Article 1(1) Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights),

the author or his heirs in most of the cases will not even be able to exhaust the full term of copyright protection in view of the shorter life cycles of product designs. Why deprive the owner of a design that is recognized as a trade mark due to its distinctive character the easy tool of trade mark protection, at least during the term of design or copyright protection?

- 38 However, the choice of the legislator was different, cutting trade mark protection of shapes that give substantial value to the sign at the roots. The legislator has explicitly chosen to prioritize protection of both valuable designs and copyright protected works by means of design and copyright law, both of which are sets of rules providing limited protection in time. To try and monopolize such a valuable shape through trade mark protection is misuse of trade mark law, as established by Article 7(1)(e)(iii) CTMR and which is applicable to the case of the present three-dimensional mark applied for.

**Order**

On those grounds,

THE BOARD

hereby:

- 1. Annuls the contested decision of the examiner, inasmuch as it held that the trade mark applied for is not distinctive in accordance with Article 7(1)(b) CTMR;**
- 2. Rejects the application for registration of the sign at issue, consisting exclusively of the shape of the goods giving substantial value to the goods in the sense of Article 7(1)(e)(iii) CTMR.**

Th. Margellos

Ph. von Kapff

D.T. Keeling

Registrar:

J. Pinkowski