

CASE LAW

CTM REGISTRATION FOR THE FAMOUS LEGO 3D BRICK MARK HAS BEEN DEFINITELY CANCELLED.

The ECJ (Grand Chamber) confirms the General Court decision declaring invalid Lego's famous 3D Brick registration

On September, the ECJ upheld the General Court's finding that the trade mark registration of the shape of a Lego brick was invalid.

On the basis of Article 7(1)(e)(ii) of the CTM Regulation which states that signs which consist exclusively of the shape of goods which is necessary to obtain technical result shall not be registered, the Court states that the Court of 1st Instance correctly interpreted that article:

The sign consists "exclusively of the shape of goods which is necessary to obtain a technical result when all the essential characteristics of the shape perform a technical function, the presence of non-essential characteristics with no technical function being irrelevant in that context (point 51). The identification of the essential characteristics must be carried out on a case by case basis. The competent authority may either base its assessment directly on the overall impression produced by the sign, or first examine in turn each of the components of the sign concerned (point 70).

The shape is necessary to obtain the technical result when it is technically causal of, and sufficient to obtain the intended result, even if that result can be achieved by other shapes using the same or another technical solution (point 50).

Background of the case

The Lego brick CTM application was filed on April 1, 1996 in connection with games and playthings. The OHIM firstly refused the mark on the basis of Article 7(1)(e)(ii) of the CTM Regulation

Following the applicant's observations, the 3D mark was finally registered on the basis that the mark had acquired distinctive character in the European Union and did not consist exclusively of the shape of goods which is necessary to obtain a technical result.

On October 21, 1999, Ritvik Holdings Inc. (the predecessor in title of Mega Brands Inc.) applied for a declaration of invalidity arguing that its registration was contrary to the absolute grounds of refusal laid down in Article 7(1)(a), (e) (ii) and (iii) and (f) of the regulation.

By decision of July 30, 2004, the Cancellation Division declared the mark at issue invalid in respect of construction toys in class 28 on the basis of Article 7(1)(e)(ii) of the CTMR finding that the mark consisted exclusively of the shape of goods which was necessary to obtain a technical result.

An appeal was filed before the Boards of Appeal which was dismissed by the Grand Board.

The Grand Board found that an objection raised under Article 7(1)(e)(ii) CTMR cannot be overcome on the basis of opinion polls and surveys, since as it is apparent from Article 7(3) proof of acquired distinctiveness in consequence of use does not render the sign examined non functional.

The Grand Board stated that the Lego brick is characterized, on its upper surface, by two symmetrical rows of four flat cylindrical studs. Each of the elements of the Lego Brick, and thus the Lego brick as a whole, is necessary to obtain a technical result. That conclusion was based on the Cancellation's Division analysis of the appellants' prior patents.

An appeal was filed before the General Court who confirmed the decision of the OHIM's Grand Board of appeal.

On September 14, 2010 the Grand Chamber of the ECJ definitively confirmed the cancellation of the CTM Registration for the Lego brick.

The ECJ decision

By confirming the General's Court decision, the Court stated that:

It must be borne in mind that each of the grounds for refusal to register listed in Article 7(1) of Regulation No 40/94 must be interpreted in the light of the public interest underlying them. The interest underlying Article 7(1)(e)(ii) of Regulation No 40/94 is to prevent trade mark law granting an undertaking a monopoly on technical solutions or functional characteristics of a product.

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 other undertakings to use that technical solution. In the system of intellectual property rights developed in the European Union, technical solutions are capable of protection only for a limited period, so that subsequently they may be freely used by all economic operators.

Furthermore, the legislature has laid down with particular strictness that shapes necessary to obtain a technical result are unsuitable for registration as trade marks, since it has excluded the grounds for refusal listed in Article 7(1)(e) of Regulation No 40/94 from the scope of the exception under Article 7(3). It follows, therefore, from Article 7(3) of the regulation that, even if a shape of goods which is necessary to obtain a technical result has become distinctive in consequence of the use which has been made of it, it is prohibited from being registered as a trade mark.

The correct application of Article 7(1)(e)(ii) of Regulation No 40/94 requires that the essential characteristics of the three-dimensional sign at issue be properly identified by the authority deciding on the application for registration of the sign as a trade mark.

The expression 'essential characteristics' must be understood as referring to the most important elements of the sign.

In the present case, the Grand Board of Appeal found, that the most important element of the sign composed of the Lego brick consists in the two rows of studs on the upper surface of that brick. In its examination of the analysis carried out by the Cancellation Division, the Board placed particular emphasis on the inclusion of that element in Kirkbi's prior patents. As a result of that examination, it was found that that element is necessary to obtain the intended technical result of the product in question, that is to say, the assembly of toy bricks. In addition, the Grand Board of Appeal found that, with the sole exception of its colour, all the other elements of the sign constituted by that brick are also functional

Further, the existence of other shapes which could achieve the same technical result is not, for the purposes of the application of Article 7(1)(e)(ii) of Regulation No 40/94, such as to exclude the ground for refusal of registration. In examining the functionality of a sign consisting of the shape of goods, once the essential characteristics of the sign have been identified, it is only necessary to assess whether those characteristics perform the technical function of the product concerned. Clearly, that examination must be carried out by analysing the sign filed with a view to its registration as a trade mark, and not signs consisting of other shapes of goods.

The technical functionality of the characteristics of a shape may be assessed, inter alia, by taking into account of the documents relating to previous patents describing the functional elements of the shape concerned. In the present case, the Grand Board of Appeal of OHIM and the General Court have taken such documents into consideration with regard to the Lego brick.

This decision is important and interesting as it has cancelled from the register a legendary mark, the Lego brick, closing a 11-year legal battle over European Union trademark protection for plastic building blocks manufactured by Danish toy giant Lego and produced in the same shape and size by Montreal-based Mega Brands Inc.

Further, this is the first ECJ case to apply Article 7(1)(e)(ii) CTMR.

The policy reason for this prohibition is to prevent trade mark law permitting a potentially indefinite monopoly on technical solutions or functional characteristics of a product. This would allow companies to obtain protection through trademark law once their patents have expired.

The registration of three-dimensional signs is still a hard task before the OHIM. Nevertheless, the ECJ has given some guidance on the conditions which should be met for shapes to be registered: it may be possible to obtain a registration for a shape of a product where a non-functional element (such as decoration) plays an important role.

OHIM PRACTICE

OHIM changes of practice since September 15, 2010

OHIM introduced changes in practice on suspensions and extensions of time, and new guidelines on the presentation of evidence of proof of use in opposition proceedings.

Suspensions and extensions of time

Under the new policy, if a suspension is requested by the opposition parties, the Office will grant it for a period of one year (instead of variable periods at present). Subsequent requests will be granted for the same period. During all suspensions any party will be able to opt out and bring the suspension to an end.

With regard to extensions, any first request for an extension during examinations, oppositions or cancellations, which is received in time, will always be granted. However, any subsequent request for an extension of the same period of time will be refused, unless the party requesting the second extension demonstrates that there are exceptional circumstances.

Evidence of proof of use

The Office has drawn up a template for a standard letter proposed for use in opposition proceedings. The letter includes an annex giving instructions on the way in which the evidence should be structured as well as suggestions on content and format.

The instructions include what type of evidences should be filed, and how it should be organized, for example, with regard to numbering pages and describing the purpose of evidence. In particular, the Office strongly recommends that a maximum limit of 110 pages in correspondence should be observed. Failure to follow the instructions may lead to evidence not being taken into account.