

JUDGMENT OF THE GENERAL COURT (Eighth Chamber)

31 January 2018 (*)

(EU trade mark — Invalidity proceedings — Figurative EU trade mark representing a transdermal patch — Absolute ground for refusal — Sign consisting exclusively of the shape of the product necessary to obtain a technical result — Article 7(1)(e)(ii) of Regulation (EC) No 207/2009 (now Article 7(1)(e)(ii) of Regulation (EU) 2017/1001))

In Case T-44/16,

Novartis AG, established in Basle (Switzerland), represented initially by M.R. Douglas, and subsequently by A. Nordemann-Schiffel, lawyers,

applicant,

v

European Union Intellectual Property Office (EUIPO), represented by H. Kunz, acting as Agent,

defendant,

the other party to the proceedings before the Board of Appeal of EUIPO, intervener before the Court, being

SK Chemicals GmbH, established in Eschborn (Germany), represented by R. Dissmann, J. Bogatz, and C. Lindenthal, lawyers,

ACTION brought against the decision of the Fifth Board of Appeal of EUIPO of 27 November 2015 (Case R 2342/2014-5), relating to invalidity proceedings between SK Chemicals and Novartis,

THE GENERAL COURT (Eighth Chamber),

composed of A.M. Collins (Rapporteur), President, M. Kancheva and R. Barents, Judges,

Registrar: I. Dragan, Administrator,

having regard to the application lodged at the Court Registry on 26 January 2016,

having regard to the response of EUIPO lodged at the Court Registry on 20 April 2016,

having regard to the response of the intervener lodged at the Court Registry on 18 April 2016,

having regard to the change in the composition of the Chambers of the General Court,

further to the hearing on 5 July 2017,

gives the following

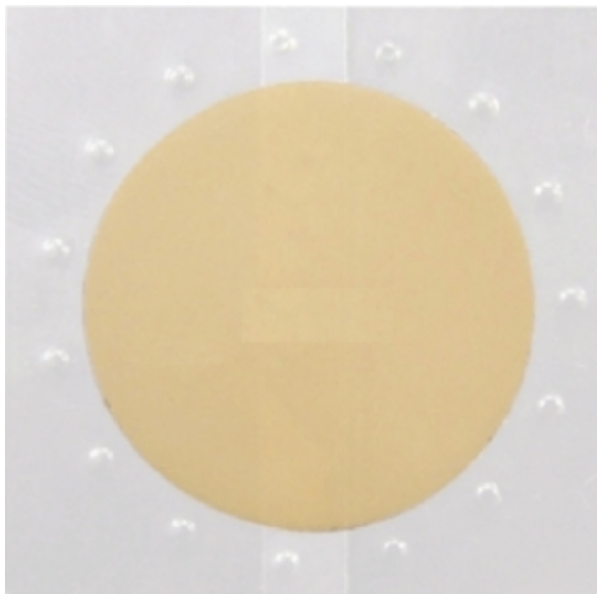
Judgment

Background to the dispute

- 1 On 25 October 2012, the applicant, Novartis AG, filed an application for registration of an EU trade mark with the European Union Intellectual Property Office (EUIPO) pursuant to Council Regulation

(EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1), as amended (replaced by Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ 2017 L 154, p. 1)).

2 Registration as a mark was sought for the following figurative sign:



3 The goods in respect of which registration of the trade mark was sought are in Class 5 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 to the following description: ‘Pharmaceutical preparations for the treatment of dementia of the Alzheimer’s type’.

4 The trade mark application was published in *Community Trade Marks Bulletin* No 2012/237 of 13 December 2012 and the mark was registered on 22 March 2013 under number 11293362.

5 The applicant manufactures pharmaceutical products, including a product called ‘Exolon’ that is used for the treatment of Alzheimer’s disease. Exolon, which can be administered by transdermal patch, enjoyed patent protection until July 2012. The active pharmacological substance in Exolon is rivastigmine.

6 On 7 June 2013, the intervener, SK Chemicals GmbH, which manufactures generic medicinal products, including transdermal patches for the administration of rivastigmine, filed an application for a declaration of invalidity of the mark reproduced in paragraph 2 above for the products covered thereby, relying, firstly, on the absolute grounds of invalidity laid down in Article 7(1)(a), (b) and (e) of Regulation No 207/2009 (now Article 7(1)(a), (b) and (e) of Regulation 2017/1001), read in conjunction with Article 52(1)(a) of the same regulation (now Article 59(1)(a) of Regulation 2017/1001) and, secondly, the ground of invalidity laid down in Article 52(1)(b) of Regulation No 207/2009 (now Article 59(1)(b) of Regulation 2017/1001), arguing that the applicant had acted in bad faith in filing its application.

7 By decision of 4 September 2014, the Cancellation Division upheld the application for a declaration of invalidity and held that the registration of the contested mark was invalid in its entirety under Article 7(1)(e)(ii) of Regulation No 207/2009.

8 On 10 September 2014, the applicant appealed against the decision of the Cancellation Division pursuant to Articles 58 to 60 of Regulation No 207/2009 (now Articles 66 to 68 of Regulation 2017/1001), alleging errors in the interpretation and analysis of the evidence and the facts in the light of Article 7(1)(e)(ii) of Regulation No 207/2009. On 3 June 2015 the intervener lodged its observations.

9 By decision of 7 August 2015, the Fifth Board of Appeal of EUIPO dismissed the appeal in its entirety. By decision of 27 November 2015, it revoked that decision of its own motion on the ground

that it had been delivered, in error, by a single member, whereas it should have been delivered by a chamber comprising three members. On the same date, it issued a new decision confirming that the contested mark was invalid ('the contested decision').

10 The Board of Appeal held that the contested mark had to be declared invalid on the ground that it was composed of a sign consisting exclusively of the shape of the product necessary to obtain a technical result within the meaning of Article 7(1)(e)(ii) of Regulation No 207/2009. It thus endorsed the following findings of the Cancellation Division:

- the essential characteristics of the contested mark are: (i) the square shape of the patch; (ii) the overlapping protective plastic layer, represented by the white stripe in the background of the mark; (iii) the circular area in the centre; and (iv) the arrangement of knobs around the central circular area;
- those essential characteristics are all identified as functional;
- the beige colour of the patch is not an essential characteristic.

Forms of order sought

11 The applicant claims that the Court should:

- annul the contested decision;
- order EUIPO to pay the costs.

12 EUIPO contends that the Court should:

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

13 The intervener contends that the Court should:

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

Law

14 In support of its action the applicant relies on a single plea in law, alleging infringement of Article 7(1)(e)(ii) of Regulation No 207/2009, broken down into five parts as follows:

- first part: misinterpretation of the term 'exclusively';
- second part, pleaded in the alternative: the Board of Appeal ought to have conducted an overall assessment of the contested mark;
- third part: misinterpretation of the term 'necessary';
- fourth part: the Board of Appeal found, incorrectly, that each of the four essential characteristics identified by it had a technical function and it failed to carry out its own analysis;
- fifth part: the Board of Appeal found, incorrectly, that the beige colour was not an essential characteristic.

15 EUIPO, supported by the intervener, disputes each of the applicants' arguments.

- 16 As a preliminary point, it should be borne in mind that, under Article 4 of Regulation No 207/2009, signs representing the shape of goods may, in principle, constitute an EU trade mark, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings and are capable of being represented in the Register of EU trade marks.
- 17 Under Article 7(1)(e)(ii) of Regulation No 207/2009, however, signs which consist exclusively of the shape of goods which is necessary to obtain a technical result are not to be registered. That provision represents a preliminary obstacle liable to prevent a sign consisting exclusively of the shape of a product from being registrable (see, by analogy, judgment of 12 February 2004, *Henkel*, C-218/01, EU:C:2004:88, paragraph 36 and the case-law cited).
- 18 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 207/2009 from the scope of the exception under Article 7(3). It thus follows 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 (see, to that effect, judgment of 20 September 2007, *Benetton Group*, C-371/06, EU:C:2007:542, paragraph 26 and the case-law cited).
- 19 According to the case-law, Article 7(1)(e) of Regulation No 207/2009 does not define the signs which must be considered as shapes within the meaning of that provision. It makes no distinction between three-dimensional shapes, two-dimensional shapes, or two-dimensional representations of three-dimensional shapes (judgments of 6 March 2014, *Pi-Design and Others v Yoshida Metal Industry*, C-337/12 P to C-340/12 P, not published, EU:C:2014:129, paragraphs 51 to 55, and of 8 May 2012, *Yoshida Metal Industry v OHIM — Pi-Design and Others (Representation of a surface with black dots)*, T-416/10, not published, EU:T:2012:222, paragraph 24). Hence, it must be held that that provision may therefore apply to a two-dimensional shape such as a transdermal patch.
- 20 According to settled case-law, each of the grounds for refusal to register listed in Article 7(1)(e)(ii) of Regulation No 207/2009 must be interpreted in the light of the public interest underlying them. The Court of Justice has observed that the interest underlying that provision was to prevent trade mark law granting an undertaking a monopoly on technical solutions or functional characteristics of a product (see judgments of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 43 and the case-law cited, and of 10 November 2016, *Simba Toys v EUIPO*, C-30/15 P, EU:C:2016:849, paragraphs 38 and 39 and the case-law cited).
- 21 By restricting the ground for refusal set out in Article 7(1)(e)(ii) of Regulation No 207/2009 to signs which consist ‘exclusively’ of the shape of goods which is ‘necessary’ to obtain a technical result, the legislature took due account of the fact 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. The terms ‘exclusively’ and ‘necessary’ in that provision ensure that solely shapes of goods which only incorporate a technical solution, and registration of which as a trade mark would therefore actually impede the use of that technical solution by other undertakings, are not to be registered (judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 48).
- 22 As regards the shape which is ‘necessary’ to obtain a technical result, that condition does not mean that the shape at issue must be the only one capable of obtaining that result (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 83). Thus, there may be alternative shapes, with other dimensions or another design, capable of achieving the same result. Registration as a trade mark of a purely functional product shape is likely to allow the proprietor of that trade mark to prevent other undertakings not only from using the same shape, but also from using similar shapes (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 56, and Opinion of Advocate General Szpunar in *Simba Toys v EUIPO*, C-30/15 P, EU:C:2016:350, point 55 and the case-law cited).
- 23 It also follows from consistent case-law that the correct application of Article 7(1)(e)(ii) of Regulation No 207/2009 requires that the essential characteristics of the sign at issue be properly identified by the

authority deciding on the application for registration of the sign as a trade mark (see judgment of 6 March 2014, *Pi-Design and Others v Yoshida Metal Industry*, C-337/12 P to C-340/12 P, not published, EU:C:2014:129, paragraph 46 and the case-law cited). The expression ‘essential characteristics’ must be understood as referring to the most important elements of the sign (judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 69; see also, to that effect, judgment of 19 September 2012, *Reddig v OHIM — Morleys (Knife handle)*, T-164/11, not published, EU:T:2012:443, paragraph 25).

24 Once the sign’s essential characteristics have been identified, the competent authority still has to ascertain whether they all perform the technical function of the goods at issue. Article 7(1)(e)(ii) of Regulation No 207/2009 cannot be applicable where the application for registration as a trade mark relates to a shape of goods in which a non-functional element, such as a decorative or imaginative element, plays an important role (judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 52 and 72).

25 The examination of the functionality of the essential characteristics of a sign consisting of the shape of goods 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 may be assessed, inter alia, by taking account of the documents relating to previous patents describing the functional elements of the shape concerned (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 84 and 85).

26 It is in the light of those principles that the Court must examine the plea in law put forward by the applicant alleging infringement of Article 7(1)(e)(ii) of Regulation No 207/2009.

The first part: misinterpretation of the term ‘exclusively’

27 It is stated in the contested decision that the shape of the contested mark is described as having four essential characteristics, each of which has a technical function:

- the square shape of the protective liner, which facilitates the packaging and storage of the product;
- the white stripe in the middle representing the overlapping protective plastic layer which allows easy application of the patch on the body and prevents exposure of the patch prior to use;
- the circular area in the centre which ensures fixation on the skin; and
- the arrangement of knobs around the central circular area which creates a space between the patch during transport and reduces the loss and exposure of the medicinal substance which occurs when the patch sticks to its packaging.

28 The applicant submits that Article 7(1)(e)(ii) of Regulation No 207/2009 refers to a single technical result. Thus, the essential characteristics identified should all refer to the same technical result and not to different technical results. Yet in the present case the Board of Appeal identified, incorrectly, four essential characteristics, each of which had a different technical function.

29 The applicant takes the view that, when the essential characteristics of the sign refer to several technical solutions, the registration of such a sign does not impede the use of a single technical solution by other undertakings or the use of each of the technical solutions individually by other undertakings. Consequently, the rationale underlying the provision is not called into question by the registration of signs containing characteristics referring to several technical solutions.

30 EUIPO, supported by the intervener, disputes that interpretation.

31 As a preliminary point, it should be noted that, as pointed out by the applicant, Article 7(1)(e)(ii) of Regulation No 207/2009 refers to ‘a’ technical result. It is therefore appropriate to consider whether the specific application of that provision in the case-law must be interpreted as meaning that the essential

characteristics must refer to a single technical result, or whether they can refer to several technical results.

- 32 In the case that gave rise to the judgment of 14 September 2010, *Lego Juris v OHIM* (C-48/09 P, EU:C:2010:516, paragraph 18), the Board of Appeal had found that each of the various characteristics of the Lego brick, being the bosses (studs), the secondary projections, the sides, the hollow skirt and the overall shape, fulfilled a specific technical function. The Court of Justice endorsed the analysis finding that the sign at issue was not registrable under Article 7(1)(e)(ii) of Regulation No 40/94.
- 33 In its judgment of 19 September 2012, *Reddig v OHIM — Morleys (Knife handle)*, T-164/11, not published, EU:T:2012:443, paragraphs 28 and 33), the General Court upheld the Board of Appeal's analysis, which had identified different essential characteristics, each of which had a technical function: (i) the angle between the knife blade and the longitudinal axis of the shell grip, which facilitated cutting; (ii) the shape of the intermediate section, of particular importance for long cuts, which made the cut more precise while allowing greater pressure to be exerted; and (iii) the knurled screw, which allowed the shell to be opened and the blades of the knife to be changed without using other tools and without hindering manipulation of the knife during use. The Court concluded that the most important elements of the disputed sign, constituting its essential characteristics, were all exclusively functional. Therefore, under Article 7(1)(e)(ii) of Regulation No 207/2009, the sign could not be registered.
- 34 In its judgment of 27 June 2017, *Flamagas v EUIPO — MatMind (CLIPPER)* (T-580/15, not published, EU:T:2017:433, paragraph 53), the mark at issue, namely the shape of a lighter, was described as having several essential characteristics, with each one having a different technical function: (i) the straight, longish, cylindrical closed shape that enabled the lighter to hold compressed combustible fuel; (ii) the flat bottom, that enabled the lighter to stand; (iii) the four black slots arranged in parallel, which allowed the entrance of air to feed the flame; (iv) the button, located on the top of the lighter, that controlled the gas valve; (v) the ignition system, comprising a hood and a push button, which allowed the flame to burn upwards; (vi) the fin protruding from the general body of the lighter, which served in particular to help the user identify the orientation of the lighter without looking at it; and (vii) the different shades of colour for the bottom part and the top elements corresponding to different materials. The Court held that the Board of Appeal had committed no error of assessment when it concluded that the mark at issue consisted exclusively of the shape of a lighter necessary to obtain a technical result.
- 35 Furthermore, the case-law on which the applicant seeks to rely is not relevant for the analysis of the question in dispute here. First of all, the judgment of 16 June 2015, *Best-Lock (Europe) v OHIM — Lego Juris (Shape of a toy figure)* (T-395/14, not published, EU:T:2015:380), concerned the question whether the product in question had any technical function whatsoever. Secondly, the judgment of 18 June 2002, *Philips (C-299/99, EU:C:2002:377)*, concerned the question whether it was possible to disregard the ground for refusal by proving that there were other shapes that could be used to achieve the same technical result. Thirdly, the judgment of 25 November 2014, *Simba Toys v OHIM — Seven Towns (Cube with surfaces having a grid structure)* (T-450/09, EU:T:2014:983), concerned a three-dimensional mark representing a cube with surfaces having a grid structure. The Board of Appeal had identified two essential characteristics: (i) the cube itself, and (ii) the grid structure on each surface of the cube. That case concerned, inter alia, the question whether the Board of Appeal had been correct in finding that the alleged technical function of the grid structure was not directly apparent from the representations of the mark concerned and that Article 7(1)(e)(ii) of Regulation No 40/94 could therefore not apply. Regarding the other essential characteristic, the cube itself, the Court did not determine what its technical function was.
- 36 It is further apparent from the case-law that, in order for this 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 (see, to that effect, judgment of 12 November 2008, *Lego Juris v OHIM — Mega Brands (Red Lego brick)*, T-270/06, EU:T:2008:483, paragraph 39).

37 In the present case, it is apparent from the contested decision that the product in question is a transdermal patch for the administration of a medicinal product for the treatment of Alzheimer's disease. Subject to the analysis of the complaints concerning the essential characteristics in paragraphs 59 to 94 below, it is clear that the technical functions identified are technically causal of, and sufficient to obtain, the intended technical result, being the administration of the medicinal product through a transdermal patch. Thus, the square shape serves to package and store the product, the arrangement of knobs serves to protect the patch prior to use, the white stripe represents the overlapping protective plastic layer which facilitates the application of the patch and the circular shape of the patch ensures that it affixes to skin.

38 It follows from the foregoing that the analysis under Article 7(1)(e)(ii) of Regulation No 207/2009 consists in identifying the essential characteristics of the sign, then examining whether each of those essential characteristics has a technical function, which technical functions may be different so long as the essential characteristics of the shape combine the characteristics which are technically causal of, and sufficient to obtain, the intended technical result. The interpretation of the term 'exclusively' advocated by the applicant, to the effect that the essential characteristics identified cannot refer to different technical functions, is incorrect.

39 Consequently, the Board of Appeal did not err in holding that the absolute ground for refusal referred to in Article 7(1)(e)(ii) of Regulation No 207/2009 applied in the present case.

40 Contrary to the applicant's assertions, that conclusion is not called into question by the argument that competitors will have the opportunity to alter or use one or several of the essential characteristics that have technical functions. It should be noted in that regard that, under Article 7(1)(e)(ii) of Regulation No 207/2009, registration as a trade mark of a purely functional product shape is likely to allow the proprietor of that trade mark to prevent other undertakings not only from using the same shape, but also from using similar shapes. A significant number of alternative shapes might therefore become unusable for the proprietor's competitors (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 55 to 59).

41 In the light of the foregoing, the first part of the single plea in law must be rejected as unfounded.

The second part: the need to carry out an overall assessment of the mark

42 In the alternative, should the Board of Appeal be held to have been correct in finding that the provision in question could also apply when each essential characteristic performs a different technical function, the applicant submits that it is then for the competent authority to determine whether the overall shape of the contested mark, or the impression produced by it, may nevertheless be registered under Article 7(1)(e)(ii) of Regulation No 207/2009. It relies on two arguments in support of this second part of the single plea in law.

43 It begins by alleging that if, for example, a shape presents 10 essential characteristics and each of those is intended to achieve a different technical result, registration of the mark cannot be refused automatically, given that competitors will have the opportunity to alter or use one or several of those characteristics in order to attain the technical function sought. The Board of Appeal therefore ought to have considered whether, irrespective of the individual examination of the different characteristics, registration of that combination of different characteristics should also be refused.

44 Secondly, the applicant affirms that that was the approach taken by the Hanseatisches Oberlandesgericht (Higher Regional Court, Hamburg, Germany) in respect of the same contested mark. Although the Board of Appeal is not bound by the decisions of national courts, it is under a duty to provide a statement of reasons setting out why it is disregarding the approach taken in respect of the same mark.

45 EUIPO, supported by the intervener, disputes the applicants' arguments.

46 According to settled case-law, the identification of essential characteristics must be carried out on a case-by-case basis. There is no hierarchy that applies systematically between the various types of elements of which a sign may consist. Moreover, in determining the essential characteristics of a sign,

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. Once those essential characteristics have been identified, the competent authority still has to ascertain whether they all perform the technical function of the goods at issue (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 70 to 72 and the case-law cited). If so, the sign cannot be registered.

- 47 It is apparent from the case-law cited in paragraph 46 above that the expression ‘first’ refers to ‘the identification of the essential characteristics’ of the three-dimensional sign at issue. In the application of Article 7(1)(e)(ii) of Regulation No 207/2009, that identification is followed by an examination of the functionality of each of those essential characteristics in order to ascertain the functionality of the three-dimensional sign at issue. Thus, the Court has held that, once the essential characteristics of the sign were identified, the competent authority still had to ascertain whether those characteristics all performed the technical function of the goods in question, which refers to the examination of the functionality. Consequently, the concept of ‘the overall impression produced by the sign’ does not refer to an examination of the functionality, but to ‘the identification of the essential characteristics’ of the sign.
- 48 The EU Courts have, moreover, held that the fact that the sum of the exclusively functional elements contributes to creating an ornamental image of the trade mark of which registration is sought is of no relevance to the possibility of registering a sign such as defined in Article 7(1)(e)(ii) of Regulation No 207/2009 as an EU trade mark (judgment of 19 September 2012, *Knife handle*, T-164/11, not published, EU:T:2012:443, paragraph 40). In that regard, in the present case the applicant merely argues that the competent authority ought to have examined the contested mark as a whole, without explaining what the resulting overall impression of that mark would have been.
- 49 It follows that the applicant’s argument to the effect that, when each essential characteristic performs a different technical function, it is for the competent authority to determine whether under Article 7(1)(e) (ii) of Regulation No 207/2009 the overall shape of the contested mark or the overall impression it produces may nevertheless be registered, cannot be upheld. That argument is based on confusion between the two stages identified by the Court of Justice for the examination of grounds for refusal as set out in that article. That conclusion cannot be called into question by the applicant’s other arguments.
- 50 As regards the applicant’s first argument, to the effect that competitors will have the opportunity to alter or use one or several of those characteristics, reference is made to paragraph 40 above.
- 51 As regards the applicant’s second argument, it should be remembered that, according to settled case-law, the EU trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it; it is self-sufficient and applies independently of any national system. Consequently, the registrability of a sign as an EU trade mark must be assessed by reference only to the relevant EU rules (see, to that effect, judgment of 15 March 2006, *Develey v OHIM (Shape of a plastic bottle)*, T-129/04, EU:T:2006:84, paragraph 32 and the case-law cited).
- 52 In the present case, given that all the essential characteristics of the sign serve a technical result, the competent authority was correct in deciding not to carry out an overall assessment of the sign in order to determine whether it could nevertheless be registered.
- 53 Having regard to the foregoing considerations, the second part of the single plea in law must be rejected as unfounded.

The third part of the single plea: misinterpretation of the term ‘necessary’

- 54 In the applicant’s submission, while the shape must be ‘necessary’ in order for a technical result to be obtained, if there are plenty of other shapes available for the result to be achieved, the individual shape is no longer ‘necessary’. The applicant relies in that regard on the case-law relating to other types of marks, being, on the one hand, those consisting of a colour, which will as a rule always be registrable and, on the other, those consisting of a single letter which could, in principle, be registered, even though there is a limited number of colours and letters. In the applicant’s submission, if the number of

different combinations of functional characteristics of a shape exceeds the number of letters in the alphabet and/or the number of colours, the overall shape combining the different characteristics is not 'necessary' in order for a technical result to be achieved.

55 EUIPO, supported by the intervener, disputes the applicants' arguments.

56 It should be borne in mind that the case-law regarding Article 7(1)(e)(ii) of Regulation No 207/2009 makes it clear that the condition of necessity does not mean that the shape at issue must be the only one capable of obtaining the technical result in question. It is true, as the appellant points out, that, in some cases, the same technical result may be achieved by various solutions. However, contrary to the appellant's submission, that fact does not in itself mean that registering the shape at issue as a trade mark would have no effect on the availability, to other economic operators, of the technical solution which it incorporates. In that connection, it should be observed that registration as a trade mark of a purely functional product shape is likely to allow the proprietor of that trade mark to prevent other undertakings not only from using the same shape, but also from using similar shapes. A significant number of alternative shapes might therefore become unusable for the proprietor's competitors (judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 53 to 56).

57 As regards registration of trade marks consisting of a colour and those consisting of a single letter, contrary to the appellant's submission, the case-law regarding the application of Article 7(1)(b) of Regulation No 207/2009 cannot be transposed to the application of Article 7(1)(e)(ii) of that same regulation because, even if a sign consisting exclusively of the shape of the product 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 (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 47 and the case-law cited).

58 In view of the foregoing considerations, the third part of the single plea in law must be rejected as unfounded.

The fourth part of the single plea in law: incorrect analysis of the essential characteristics

The first subsection: the square shape

59 The applicant submits that the Board of Appeal's analysis of the alleged technical function of the square shape of the protective liner is incorrect, putting forward four arguments in support of that assertion. First of all, the registration itself does not show which of the two parts is the patch and which is the protective liner. Secondly, the Board of Appeal's statement that the square shape has packaging and storage advantages for the final item has not been backed up by any facts. Thirdly, as regards the Board of Appeal's assertion that the square shape has an additional utilitarian purpose, in that the corners allow easier peeling and separation from the patch than if it were, for example, circular in shape, there is no evidence that a square shape has any advantage compared to other shapes. Fourthly, the Board of Appeal has contradicted itself by taking into consideration the fact that the overlapping plastic protective layers were intended to enable the consumer to remove the patch easily, whereas the square shape was not necessary in order for this technical result to be obtained.

60 EUIPO, supported by the intervener, disputes the applicants' arguments.

61 First of all, as regards the applicant's argument to the effect that the registration itself does not show which of the two parts is the patch and which is the protective liner, it should be noted that the competent authority may carry out a detailed examination which takes into account, in addition to the graphic representation and any descriptions filed at the time of the application for registration, material relevant to identifying appropriately the essential characteristics of a sign and their technical function, including additional material relating to the specific product at issue (see, to that effect, judgments of 6 March 2014, *Pi-Design and Others v Yoshida Metal Industry*, C-337/12 P to C-340/12 P, not published, EU:C:2014:129, paragraphs 54 and 55, and of 10 November 2016, *Simba Toys v EUIPO*, C-30/15 P, EU:C:2016:849, paragraphs 48 to 52).

- 62 It follows from the foregoing that, in taking account, inter alia, of the function of the specific product at issue to determine which part of the shape was the patch and which part the protective liner, the Board of Appeal carried out the detailed examination required by the case-law.
- 63 Next, the Board of Appeal was correct in considering that the square shape of the liner had a technical function in that it facilitates the packaging and storage of the transdermal patches, which are packaged in packets, which are in turn stored in rectangular cardboard boxes. That conclusion is justified by the fact that, first of all, rectangular cardboard boxes are the types most commonly used for packaging and storage in the medical field and, secondly, rectangular-shaped liners are common among the examples of patches submitted to EUIPO by the applicant. Moreover, the applicant has not adduced any evidence rebutting that conclusion.
- 64 Lastly, regarding the applicant's assertion that the Board of Appeal contradicts itself when it states that both the overlapping protective plastic layers and the square shape are intended to enable the consumer to remove the patch more easily, it should be noted that, even if it were well founded, it would have no bearing on the lawfulness of the contested decision, since the alleged easier detachment was only an additional functionality of the square shape of the patch identified by the Board of Appeal.
- 65 It follows that this first subsection must be rejected as unfounded.

The second subsection: the overlapping protective plastic layer represented by the white stripe

- 66 The applicant submits that the Board of Appeal's analysis of the alleged technical result of this essential characteristic is incorrect. The functionality identified, namely, that it allows easy application of the patch to the body and avoids its exposure before first use, cannot be deduced from the mark at issue, but only emerges on examination of the product, or by 'reverse engineering', which is not consistent with the case-law.
- 67 EUIPO, supported by the intervener, disputes that argument.
- 68 The competent authority may carry out a detailed examination which takes into account, in addition to the graphic representation and any descriptions filed at the time of the application for registration, material relevant to identifying appropriately the essential characteristics of a sign and their technical function, including additional material relating to the specific product at issue (see, to that effect, judgments of 6 March 2014, *Pi-Design and Others v Yoshida Metal Industry*, C-337/12 P to C-340/12 P, not published, EU:C:2014:129, paragraphs 54 and 55, and of 10 November 2016, *Simba Toys v EUIPO*, C-30/15 P, EU:C:2016:849, paragraphs 48 to 52).
- 69 In the present case, the Board of Appeal did not err in carrying out an examination of the function of the specific product at issue in order to identify the functionality of the overlapping protective plastic layer represented by the white stripe. Moreover, given that the transdermal patches used in the medical field frequently have an overlapping plastic layer on the back that performs the abovementioned technical function, it can be inferred from the contested mark. Therefore, this conclusion does not require any 'reverse engineering', as alleged by the applicant.
- 70 It follows that this second subsection must be rejected as unfounded.

The third subsection: the circular area in the centre

- 71 The applicant submits that the Board of Appeal has not demonstrated that the circular area in the centre of the sign serves a technical function, namely to allow the patch to adapt to the movements of the body and reduce detachment forces. It argues that the shape of the patch is of no importance, given that it is in contact with the skin for only 24 hours and that the risk of uncontrolled detachment forces does not exist, since such forces are minimal at the upper or lower chest, which is where it is recommended that the medical product be applied.
- 72 The applicant adds that the findings concerning the technical function of the circular patch cannot be inferred from the contested mark, but only from an examination of the product, which is not consistent with the case-law.

- 73 Lastly, the applicant states that it has demonstrated that there was a wide variety of different shapes of patches on the market, and goes on to infer that the functional nature of the circular area is not obvious. Consequently, the Board of Appeal should not have based itself on its own examination, but ought to have relied on the complete set of evidence, which it failed to do in the present case.
- 74 EUIPO, supported by the intervener, disputes the applicants' arguments.
- 75 Regarding the argument to the effect that the finding about the technical function of the circular area cannot be inferred from the contested mark but only from an examination of the product, it should be borne in mind that the competent authority may, when dealing with an application for a declaration of invalidity, carry out a detailed examination which takes into account, in addition to the graphic representation and any descriptions filed at the time of the application for registration, material relevant to identifying appropriately the essential characteristics of a sign and their technical function, including additional material relating to the specific product at issue (see, to that effect, judgments of 6 March 2014, *Pi-Design and Others v Yoshida Metal Industry*, C-337/12 P to C-340/12 P, not published, EU:C:2014:129, paragraphs 54 and 55, and of 10 November 2016, *Simba Toys v EUIPO*, C-30/15 P, EU:C:2016:849, paragraph 48 to 52). The Board of Appeal accordingly did not err in examining the function of the specific product at issue.
- 76 As regards the argument to the effect that the Board of Appeal has not demonstrated that the circular area in the centre of the sign performed a technical function, namely to allow the patch to adapt to the movements of the body and reduce detachment forces, it should be noted, as a preliminary point, that it is not disputed that that area represents the part containing the medicinal product, that the patch remains on the body for 24 hours, that it is recommended to place it on the lower or upper back, on the chest or upper arm and that it should not be applied to an area where clothing will rub against the patch. It is apparent from those recommendations that detachment of the patch is to be avoided, since contact with skin facilitates the transfer of medicinal product.
- 77 Next, the contested decision is, on this point, based on the following factors. First, the Board of Appeal referred to the applicant's recommendations to patients and health care staff with regard to the application of the patch (see paragraph 76 above). Second, it found that it was obvious that the detachment forces acting on the edges of the patch were weaker, and the 'edge/adhesive surface' ratio lower, in the case of a circular shape and that those forces were acting on all parts of the body where muscles moved under skin, including areas where the patch was to be placed and in areas where there was a risk of rubbing against clothing. On the other hand, the corners of a square shape are more likely to detach from the skin from the effect of muscle movements or rubbing against clothing. Third, the Board of Appeal based itself on the numerous examples of patches available on the market submitted in the present case and the fact that even the rectangular ones had rounded edges.
- 78 It follows from the foregoing that, even if the patch remains on the skin for only 24 hours, the recommendations for its application are to the effect that detachment is to be avoided, and the Board of Appeal's finding that the technical function of the circular shape of the patch serves to avoid detachment is consistent with the evidence showing that there are numerous examples of patches available on the market and that even the rectangular ones have rounded edges, which suggests that a circular shape is less likely to detach.
- 79 Lastly, it should be remembered that the case-law concerning Article 7(1)(e)(ii) of Regulation No 207/2009 makes it clear that the condition of necessity does not mean that the shape at issue must be the only one capable of obtaining the technical result in question (judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 53). In the present case, the fact that patches may come in other shapes is irrelevant, as it does not rule out the possibility that the circular shape may perform a technical function.
- 80 Therefore, the applicant has failed to show that the Board of Appeal erred in finding that the essential characteristic at issue performed a technical function.
- 81 It follows that the third subsection must be rejected as unfounded.

The fourth subsection: the arrangement of the knobs around the central circular area

- 82 Although the applicant acknowledged at the hearing that the competent authority could examine the technical function of the knobs around the central circular area on the basis of evidence taken from an earlier patent and it does not dispute that they perform a technical function in creating a space between the patch and the protective liner, thereby protecting the patch during transport by reducing loss and exposure of the medical substance that occur when the patch sticks to its packaging, it states that the Board of Appeal gave no consideration to the argument that the 15 specific knobs of the sign (in that shape and in that quantity and format) did not perform a technical function, but rather were shaped and formatted in a manner that went beyond the mere basic function attributed to them by the Board of Appeal, conferring on the overall appearance of the contested mark aspects that were not exclusively necessary to obtain a technical result.
- 83 The applicant also reiterates its argument, relied on in support of the third part, to the effect that, if the number of different combinations of functional characteristics of a shape exceeds the number of letters in the alphabet and/or the number of colours, the overall shape combining the different characteristics is not ‘necessary’ in order for a technical result to be achieved.
- 84 EUIPO, supported by the intervener, disputes the applicants’ arguments.
- 85 Firstly, as regards the argument that the knobs confer on the overall appearance of the contested mark aspects that are no longer exclusively necessary to obtain a technical result, it should be remembered that the fact that the sum of the exclusively functional elements contributes to creating an ornamental image of the trade mark of which registration is sought is of no relevance to the possibility of registering a sign such as defined in Article 7(1)(e)(ii) of Regulation No 207/2009 (see paragraph 48 above).
- 86 Secondly, it should be noted that the presence of one or more minor arbitrary elements in a sign, all of whose essential characteristics are dictated by the technical result 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. That interpretation ensures that such a sign cannot be refused registration as a trade mark under that provision if the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative element which plays an important role in the shape (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 51 and 52).
- 87 Thirdly, it should be borne in mind that, according to the case-law, the condition of necessity does not mean that the shape at issue must be the only one capable of obtaining the technical result in question (see paragraph 79 above). As rightly pointed out by EUIPO, it does not matter that the same technical function can be obtained with a different arrangement of the knobs.
- 88 Fourthly, as regards the argument to the effect that, if the number of different combinations of functional characteristics of a shape exceeds the number of letters in the alphabet and/or the number of colours, the overall shape combining the different characteristics is not ‘necessary’ in order for a technical result to be achieved, reference is made to the assessment of the third part, in particular paragraph 57 above.
- 89 Lastly, it should be noted that the applicant has failed to show that the arrangement of the knobs presents any decorative or imaginative element whatsoever. It is clear that EUIPO is correct in stating that the circular configuration of the knobs merely follows the round, functional shape of the patch and accordingly cannot represent a major non-functional element (see, to that effect, judgments of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 52, and of 21 May 2015, *Yoshida Metal Industry v OHIM*, T-331/10 RENV and T-416/10 RENV, not published, EU:T:2015:302, paragraphs 63 and 64).
- 90 As the applicant’s arguments do not serve to rebut the Board of Appeal’s analysis of the technical function of the arrangement of the knobs around the central circular area, the fourth subsection must be rejected.

The fifth subsection: the Board of Appeal failed to carry out an independent assessment

91 As regards the identification of the essential characteristics in the present case, the applicant submits that the Board of Appeal ought not to have merely endorsed the intervener's identification efforts, but ought to have carried out its own analysis. It submits, first, that the intervener established a link between what is visible and what could be a technical solution, resulting in 'reverse engineering', and guided the Board of Appeal's analysis in the wrong direction. Second, it submits that the Board of Appeal should not have followed the intervener's arguments without first assessing their credibility.

92 EUIPO, supported by the intervener, disputes the applicants' arguments.

93 It is clear that the applicant has not demonstrated in any way whatsoever that the Cancellation Division and the Board of Appeal merely endorsed the intervener's assessments without analysing them. It also follows from the foregoing that there is nothing preventing the competent authority from examining the function of the specific product at issue in order to establish the link between what is visible and what could be a technical solution. Moreover, the findings from such an examination are independent of the identification of the characteristics by the intervener.

94 Accordingly, the fifth subsection must be rejected as unfounded, as must the fourth part of the single plea in law in its entirety.

The fifth part: the Board of Appeal was wrong in finding that the beige colour was not an essential characteristic

95 Firstly, the applicant submits that the Board of Appeal considered, incorrectly, that the beige colour of the circular area of the patch was not an essential characteristic. The Board of Appeal misinterpreted the impact of colour, which is one of the most important aspects of trade marks as it triggers a cognitive process allowing the consumer to recall his experience with the product. In the applicant's submission, a colourful circular element will never come within the scope of Article 7(1)(e)(ii) of Regulation No 207/2009 but can be assessed only on the basis of distinctiveness or other absolute grounds which can be overcome by use. The Board of Appeal thus confused Article 7(1)(e)(ii) of Regulation No 207/2009 with Article 7(1)(b) of the same regulation.

96 Secondly, the applicant disputes the Board of Appeal's finding that the colour beige serves a function in camouflaging the patch when it is exposed, for example, when the patient engages in a sporting activity. The applicant states that the Board of Appeal should have taken into account the fact that there was no technical reason why the beige colour of the circular area was chosen.

97 EUIPO, supported by the intervener, disputes the applicants' arguments.

98 According to the case-law of the Court of Justice, unlike in the situation covered by Article 7(1)(b) of Regulation No 207/2009 in which the perception of the relevant public must be taken into account, since it is essential in order to determine whether the sign filed for registration as a trade mark enables the goods or services concerned to be recognised as originating from a particular undertaking, such an obligation cannot be imposed in the context of Article 7(1)(e) of Regulation No 207/2009. The presumed perception of the sign by the average consumer is not a decisive element when applying the ground for refusal under Article 7(1)(e)(ii) of Regulation No 207/2009, but, at most, may be a relevant criterion of assessment for the competent authority when it identifies the essential characteristics of the sign. Consequently, the identification of the essential characteristics of a sign in the context of Article 7(1)(e)(ii) of Regulation No 207/2009 must not necessarily be carried out from the perspective of the relevant public (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 75 to 77).

99 The Court of Justice thus upheld the General Court's case-law, according to which the determination of the essential characteristics takes place, within the framework of Article 7(1)(e)(ii) of Regulation No 207/2009, with the specific aim of examining the functionality of the shape at issue. The average consumer's perception is not relevant to the analysis of the functionality of the essential characteristics of a shape. The average 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 207/2009, on the basis of its graphic representation and any descriptions filed at the time of the application for the trade mark (see, to that effect, judgment of 12 November 2008, *Red Lego brick*, T-270/06, EU:T:2008:483, paragraph 70).

- 100 In the present case, the Board of Appeal was correct in finding that it was well known that the colour beige was commonly used for transdermal patches and that colour on a product that affixes to the skin was not remarkable. That objective assessment is not called into question by the consumer's alleged perception. Nor has the applicant adduced any evidence in support of its assertion that the colour beige is an essential characteristic of the contested mark because it triggers a cognitive process allowing the consumer to recall his experience with the product.
- 101 Next, the condition requiring a sign to consist exclusively of the shape of the product necessary to obtain a technical result 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 (judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 51).
- 102 The presence of one or more minor arbitrary elements in a 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. That interpretation ensures that such a sign cannot be refused registration as a trade mark under that provision if the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative element which plays an important role in the shape (see, to that effect, judgment of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraphs 51 and 52).
- 103 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 207/2009 from the scope of the exception under Article 7(3). It thus follows 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 (see, to that effect, judgment of 20 September 2007, *Benetton Group*, C-371/06, EU:C:2007:542, paragraph 26 and the case-law cited). Accordingly, the applicant's argument to the effect that a colourful circular element will never come within the scope of Article 7(1)(e)(ii) of Regulation No 207/2009 but can be assessed only on the basis of distinctiveness or other absolute grounds which can be overcome by use cannot be upheld.
- 104 The Board of Appeal was therefore correct in finding that the beige colour of the circular area of the patch cannot be regarded as an essential characteristic. The applicant's argument concerning the alleged camouflage function is therefore ineffective.
- 105 Consequently, the fifth part of the single plea in law must be rejected as unfounded, as must the single plea in law in its entirety.
- 106 In the light of all the foregoing, the action must be dismissed in its entirety.

Costs

- 107 Under Article 134(1) of the Rules of Procedure of the General Court, 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 form of order sought by EUIPO and the intervener.

On those grounds,

THE GENERAL COURT (Eighth Chamber)

hereby:

- 1. Dismisses the action;**
- 2. Orders Novartis AG to pay the costs.**

Collins

Kancheva

Barents

Delivered in open court in Luxembourg on 31 January 2018.

E. Coulon

A. M. Collins

Registrar

President

* Language of the case: English.