JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)

24 March 2009 *

In Joined Cases T-318/06 to T-321/06,

Alberto Jorge Moreira da Fonseca, L^da^, established in Santo Tirso (Portugal), represented by M. Oehen Mendes and D. Jeffries, lawyers,

applicant,

v

Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), represented by J. Novais Gonçalves, acting as Agent,

defendant,

* Language of the case: English.

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

General Óptica, SA, established in Barcelona (Spain), represented by M. Curell Aguilà and X. Fàbrega Sabaté, lawyers,

FOUR ACTIONS brought against the decisions of the First Board of Appeal of OHIM of 8 August 2006 (Cases R 944/2005-1, R 945/2005-1, R 946/2005-1 and R 947/2005-1), concerning four sets of invalidity proceedings between Alberto Jorge Moreira da Fonseca, L^{da} and General Óptica, SA,

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

composed of I. Pelikánová, President, K. Jürimäe and S. Soldevila Fragoso (Rapporteur), Judges,

Registrar: N. Rosner, Administrator,

having regard to the applications lodged at the Registry of the Court of First Instance on 27 November 2006,

having regard to the responses of OHIM lodged at the Court Registry on 23 March 2007,

having regard to the responses of the intervener lodged at the Court Registry on 23 March 2007,

further to the hearing on 16 September 2008,

gives the following

Judgment

Background to the dispute

1 On 10 July 1997, the intervener, General Óptica, SA, filed two Community trade mark applications with the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

2 Registration as marks was sought for the figurative signs GENERAL OPTICA reproduced below:





3 The services in respect of which registration was sought are in Class 42 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.

4 On 10 September 1999, the intervener was granted registration of the Community trade marks GENERAL OPTICA with the numbers 573592 and 573774, for Optician's services.

5 On 5 November 2001, the intervener filed two further applications for the registration of the figurative signs GENERAL OPTICA, reproduced below, as Community trade marks in respect of the same services. Those trade marks were registered on 20 November 2002 and 31 January 2003 respectively under the numbers 2436798 and 2436723.





6 The intervener is also the proprietor of the international trade mark No 483246, GENERAL OPTICA, for optical appliances, instruments and articles in Class 9 and services of promotion and publicity of optical products, manufactured and sold by their respective owners, in Class 35. After renouncing the extension to Portugal of the trade

mark right on 13 February 1997, the intervener requested a new extension on 14 February 1997, which was granted on 16 February 1998. That mark is reproduced below:



7 On 27 January 2004, the applicant, Alberto Jorge Moreira da Fonseca, L[da] requested that OHIM declare the figurative Community trade marks GENERAL OPTICA invalid pursuant to Articles 52(l)(c) and 8(4) of Regulation No 40/94, in the version applicable at the material time.

8 The applicant based its applications for a declaration of invalidity on its ownership of an earlier business establishment name, Generalóptica, registration of which had been applied for on 4 September 1987 and granted on 24 April 1990 for the import and retail sale of optical, precision and photographic apparatus.

9 On that basis, the applicant also brought legal proceedings before a Portuguese court to have the extension to Portugal of the international trade mark and the intervener's company name declared null and void and to have the use of those signs prohibited. At the hearing, the applicant submitted a decision of the Supremo Tribunal de Justiça (Supreme Court of Justice) (Portugal) of 10 July 2008 in which that court upheld the decisions of the Tribunal Judicial da Comarca de Lisboa (District Court of Lisbon, Portugal) and the Tribunal da Relação de Lisboa (Court of Second Instance, Lisbon) which had ruled in favour of the applicant. The parties having been heard on that point, the decision of the Supremo Tribunal de Justiça was added to the case-file on 16 September 2008, formal note of which was taken in the minutes of the hearing.

10 On 7 June 2005, the Cancellation Division of OHIM rejected the applications for a declaration that the four figurative Community trade marks GENERAL OPTICA were invalid as it considered that the applicant had not proved in respect of the sign relied on, first, genuine use and, secondly, use of more than local significance.

11 On 1 August 2005, the applicant filed a notice of appeal against each of the Cancellation Division's decisions requesting that those decisions be set aside and that the applications for a declaration that the abovementioned Community trade marks are invalid be granted.

12 By decisions of 8 August 2006 ('the contested decisions'), the First Board of Appeal of OHIM upheld the Cancellation Division's decisions and dismissed the four appeals.

13 The Board of Appeal found, in essence, first, that the applicant had not proved that it had made genuine use of the sign in question and, secondly, that that use was of local significance.

Procedure and forms of order sought

14 By order of the President of the Second Chamber of the Court of First Instance of 10 July 2008, Cases T-318/06 to T-321/06 were joined for the purposes of the oral procedure and the judgment in accordance with Article 50 of the Rules of Procedure of the Court of First Instance.

15 The applicant claims in essence that the Court should:

— stay the proceedings until the decision given by the Portuguese courts becomes final;

— annul the contested decisions;

— declare the registration of the Community figurative marks GENERAL OPTICA to be null and void;

— order OHIM to pay the costs.

16 OHIM and the intervener contend that the Court should:

— dismiss the actions as unfounded;

— order the applicant to pay the costs.

17 At the hearing, the applicant declared that it was withdrawing its third head of claim, formal note of which was taken in the minutes of the hearing.

Law

The requests for a stay of the proceedings

Arguments of the parties

18 The applicant submits that a Community decision which is contrary to the decision given by the Portuguese courts would undermine the principle of the unity of the Community trade mark system, under which that mark must produce its effects in all the Member States of the Union, and that that system does not have absolute autonomy with respect to the various national laws. Consequently, the applicant claims that the proceedings must be stayed until the decision given by the Portuguese courts becomes final.

19 OHIM and the intervener contend that those arguments should be rejected.

Findings of the Court

20 It must be pointed out that, at the current stage of the proceedings before the Court and following the decision of the Supremo Tribunal de Justiça referred to in paragraph 9 above, which makes final the decisions of the Portuguese courts concerning the international mark No 483246, GENERAL OPTICA, and the intervener's company

name, the applicant's request for the proceedings to be stayed until the decision given by the Portuguese courts becomes final has become devoid of purpose.

21 In any event, the decision of the Portuguese courts concerns only the extension to Portugal of the international registration of the trade mark GENERAL OPTICA and the intervener's company name. As the decision of the Portuguese courts does not contain any general prohibition against the use in Portugal of a mark including the words 'general optica', the Community trade marks GENERAL OPTICA are not affected by it. Therefore, and contrary to the arguments put forward by the applicant at the hearing, a decision of the Court of First Instance upholding the registration of the Community trade marks GENERAL OPTICA does not make it possible for the intervener to circumvent the decision of the Portuguese courts. In particular, the confirmation of the validity of the Community trade marks GENERAL OPTICA has no bearing at all on the obligation arising from the decision of the Supremo Tribunal de Justiça to refrain from using in Portugal the international trade mark GENERAL OPTICA and the intervener's company name.

22 Lastly, contrary to what the applicant maintains, the unitary character of the Community trade mark system cannot be called into question by a contradiction between the decision of the Portuguese courts and the decision of the Court of First Instance. The unitary character of the Community trade mark constitutes a principle which is not absolute, but permits exceptions, such as those provided for in Article 106 of Regulation No 40/94, relating to the prohibition of use of Community trade marks, and Article 107 of Regulation No 40/94, relating to prior rights applicable to particular localities (Case C-9/93 *IHT Internationale Heiztechnik and Danzinger* [1994] ECR I-2789, paragraph 55).

23 Consequently, the requests for the proceedings to be stayed must be rejected.

The applications for annulment

24 In support of its action, the applicant relies on two pleas in law. The first plea alleges infringement of Articles 52(1)(c) and 8(4) of Regulation No 40/94. The second plea alleges infringement of Rules 22 and 40(6) of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1).

25 In the event that the applicant's request for the proceedings to be stayed should be interpreted as a plea calling into question the fact that OHIM did not stay the procedure pending a final decision from the Portuguese courts, it must be stated that that fact is not capable of affecting the legality of the contested decisions. Therefore, that argument must be rejected as unfounded.

The first plea, alleging infringement of Articles 52(1)(c) and 8(4) of Regulation No 40/94

Arguments of the parties

26 First, the applicant submits that the business establishment name Generalóptica is a right which predates the registration of the Community figurative marks GENERAL OPTICA. That establishment name was registered on 4 September 1987, whilst the first application for registration of the Community figurative marks GENERAL OPTICA was made only on 10 July 1997.

27 Secondly, the applicant maintains that its exclusive right to the business establishment name Generalóptica precludes the subsequent registration of a sign as a trade mark or as any other sign in the course of trade under Article 295(2) of the Código da propriedade industrial (Portuguese intellectual property code).

28 Thirdly, as regards the Board of Appeal's assertion that the applicant had not made genuine use of the business establishment name Generalóptica in the course of trade for the purposes of Article 8(4) of Regulation No 40/94, the applicant maintains that Portuguese business establishment names are not subject to any Community provision on use, but only to the scheme set out in the Código da propriedade industrial. Furthermore, the applicant states that it has been using the sign Generalóptica as an establishment name, in accordance with the relevant Portuguese legislation, from 1987 until the present day.

29 Fourthly, the applicant submits that its exclusive right to the business establishment name Generalóptica has national scope because it applies throughout the entire country of Portugal under Article 4(1) of the Código da propriedade industrial and that, because Community law has not harmonised the law regarding business establishment names, it is not applicable in determining what constitutes relevant use.

30 Fifthly and lastly, the applicant claims, in its arguments relating to Article 8(4) of Regulation No 40/94, first, that its business activities and those of the intervener are similar and, secondly, that the Community figurative marks GENERAL OPTICA and the business establishment name Generalóptica contain exactly the same words and are pronounced in the same way, with the result that it is impossible to distinguish between them.

31 OHIM and the intervener contend that the applicant's arguments concerning genuine use and the scope of the sign should be rejected. Furthermore, OHIM disputes the argument relating to likelihood of confusion.

Findings of the Court

32 Under Article 52(1)(c) of Regulation No 40/94 in conjunction with Article 8(4) thereof, the existence of a sign other than a mark makes it possible to obtain a declaration that a Community trade mark is invalid if that sign satisfies all of four conditions: the sign must be used in the course of trade; it must be of more than mere local significance; the right to that sign must have been acquired in accordance with the law of the Member State in which the sign was used prior to the date of application for registration of the Community trade mark; and, lastly, the sign must confer on its proprietor the right to prohibit the use of a subsequent trade mark. Those four conditions limit the number of signs other than marks which may be relied on to dispute the validity of a Community trade mark throughout the Community under Article 1(2) of Regulation No 40/94.

33 The first two conditions, namely those relating to the use of the sign relied on and its significance, which must be more than merely local, are apparent from the very wording of Article 8(4) of Regulation No 40/94 and must therefore be interpreted in the light of Community law. Regulation No 40/94 thus sets out uniform standards, relating to the use of signs and their significance, which are consistent with the principles underlying the system established by that regulation.

34 By contrast, it is apparent from the phrase 'where and to the extent that, pursuant to the law of the Member State governing that sign', that the other two conditions, set out subsequently in Article 8(4)(a) and (b) of Regulation No 40/94, constitute conditions laid down by the regulation which, unlike the conditions above, must be assessed in the light of the criteria set by the law governing the sign relied on. That reference to the law governing the sign relied on is entirely justified, given that Regulation No 40/94 makes it possible for signs which fall outside the Community trade mark system to be relied on against a Community trade mark. Therefore, only the law which governs the sign relied on can determine whether that sign predates the Community trade mark and whether it can justify a prohibition of the use of a subsequent trade mark.

35 Consequently, contrary to the arguments submitted by the applicant, the conditions relating to use in the course of trade and to the significance of the sign relied on must be interpreted in the light of the uniform standards of Community law and not in the light of Portuguese law.

36 As regards the interpretation of the condition relating to the significance of the sign in question, according to which that significance must be more than merely local, it must be pointed out first that the rationale of that provision is to restrict the number of conflicts between signs, by preventing an earlier sign, which is not sufficiently important or significant, from making it possible to challenge either the registration or the validity of a Community trade mark.

37 Furthermore, the significance of a sign used to identify specific business activities must be established in relation to the identifying function of that sign. That consideration means that account must be taken, first, of the geographical dimension of the sign's significance, that is to say of the territory in which it is used to identify its proprietor's economic activity, as is apparent from a textual interpretation of Article 8(4) of Regulation No 40/94. Account must be taken, secondly, of the economic dimension of the sign's significance, which is assessed in the light of the length of time for which it has fulfilled its function in the course of trade and the degree to which it has been used, of the group of addressees among which the sign in question has become known as a distinctive element, namely consumers, competitors or even suppliers, or even of the exposure given to the sign, for example, through advertising or on the Internet.

38 The relevance of an examination of the economic dimension may be understood through a teleological interpretation of the condition relating to the significance of the sign relied on. Thus, as has already been stated in paragraph 36 above, the purpose of that condition is to restrict the possibilities of conflict to those which may exist with signs which are truly significant. In order to ascertain the actual significance of the sign relied on in the relevant territory, the Court must not therefore confine itself to a purely formal assessment, but must examine the impact of that sign in the territory in question after it has been used as a distinctive element.

39 It follows from the above that, contrary to what the applicant submits, the fact that a sign confers on its proprietor an exclusive right throughout the national territory is in itself insufficient to prove that it is of more than mere local significance within the meaning of Article 8(4) of Regulation No 40/94.

40 As regards the relevant territory, in order to establish that the sign relied on is of more than mere local significance account must be taken of the fact that signs which are likely to come into conflict with a Community trade mark constitute exclusive rights which derive from legal rules applicable in different territories. It follows that the relevant territory in respect of an examination of the significance of those exclusive rights is that in which each of those legal rules applies. It is throughout that territory or in a part of it that a rule confers exclusive rights which may enter into conflict with a Community trade mark.

41 For the purposes of Community law, the sign in question is of more than mere local significance in the relevant territory where its impact is not confined to a small part of that territory, as is generally the case with a town or a province. However, it is not possible to establish a priori, in an abstract manner, which part of a territory must be used to prove that a sign is of more than mere local significance. Therefore, the assessment of the sign's significance must be made *in concreto*, according to the circumstances of each case.

42 In short, in order to be able properly to oppose the registration of a Community trade mark or to obtain a declaration of invalidity, it is necessary to establish that, through use, the sign relied on has acquired a significance which is not restricted from the point of view of the third parties concerned to a small part of the relevant territory.

43 Regulation No 40/94 leaves to the applicant the choice of proof to establish that the sign on which it relies is of more than mere local significance. That may be established by the existence of a network of economically active branches throughout the relevant territory, but also more simply, for example, by producing invoices issued outside the

region in which it has its principal place of business, press cuttings showing the degree of recognition on the part of the public of the sign relied on or by establishing that there are references to the business establishment in travel guides.

44 It is not apparent from the evidence provided by the applicant that the significance of the sign relied on in the present case is more than merely local within the meaning of Article 8(4) of Regulation No 40/94. As the Board of Appeal stated in paragraph 33 of the contested decisions, it is apparent from the documents submitted by the applicant that, at the time when registration of the first two Community trade marks was applied for, the sign in question had been used for almost 10 years merely to designate a business establishment open to the public in the Portuguese town of Vila Nova de Famalicão, which has 120 000 inhabitants. In spite of its explanations at the hearing, the applicant did not provide any evidence of recognition of the sign by consumers or of its business relationships outside the abovementioned town. Likewise, the applicant has not shown that it had developed any advertising activity in order to ensure that its business establishment was promoted outside that town. It must therefore be held that the business establishment name Generalóptica is of mere local significance within the meaning of Article 8(4) of Regulation No 40/94.

45 That finding does not entail any breach of the principle of subsidiarity, contrary to what the applicant appears to claim. According to the first and second recitals in the preamble to Regulation No 40/94, the existence of Community arrangements for trade marks is a result of the conferment on the European Union of powers concerning the internal market, which serves to remove the barriers of the territoriality of the rights conferred on proprietors of trade marks by the laws of the Member States. Therefore, the principle of subsidiarity has no role to play. Furthermore, it must be pointed out that the legal regime of the Community trade mark does not disregard national laws, since it provides for mechanisms which allow account to be taken of the existence of earlier national signs. That is, inter alia, true of Article 106 of Regulation No 40/94, in respect of earlier rights for the purposes of Article 8 or Article 52(2) of that regulation and, among those rights, in respect of signs of more than mere local significance. It is also true of Article 107 of Regulation No 40/94 in respect of signs which apply to particular localities. In the present case, the possibility of coexistence between the Community trade marks GENERAL OPTICA and the business establishment name Generalóptica will have to be examined in the context of a different procedure under Article 107 of

Regulation No 40/94, which allows the proprietor of an earlier right which applies only to a particular locality to oppose the use of a Community trade mark in the territory where his right is protected.

46 Having regard to the foregoing, it must be concluded that the business establishment name Generalóptica is not a sign which is of more than mere local significance within the meaning of Article 8(4) of Regulation No 40/94.

47 Given that the conditions laid down by Article 8(4) of Regulation No 40/94 are cumulative, it is sufficient that only one of those conditions not be satisfied for an application for a declaration of invalidity of Community trade marks to be rejected. In those circumstances, there is no need to examine whether the sign relied on was used in the course of trade.

48 As regards the existence of a likelihood of confusion between the business establishment name Generalóptica and the Community trade marks GENERAL OPTICA, that fact could be taken into account in the context of an examination under Article 8(4) of Regulation No 40/94 only when there is an analysis of the right conferred on the proprietor of a business establishment name by Article 239(f) of the Código da propriedade industrial to oppose the use of a subsequent trade mark which is similar or identical. However, that analysis could be made only if the business establishment name satisfied the other conditions in Article 8(4) of Regulation No 40/94, which is not the case here.

49 It follows from all of the foregoing that the Board of Appeal did not err in rejecting the applications for a declaration of invalidity based on an earlier right within the meaning of Article 52(1)(c) and Article 8(4) of Regulation No 40/94. The first plea must therefore be rejected.

The second plea, alleging infringement of Rules 22 and 40(6) of Regulation No 2868/95

Arguments of the parties

50 The applicant submits that the Board of Appeal did not comply with its duty to invite the applicant to provide proof of prior use of the sign relied on and that it disregarded the additional evidence provided in the course of the procedure. That evidence consists, inter alia, of a new certificate issued by the Parish of Vila Nova de Famalicão which states that the business establishment has been open continuously since 1988, a copy of the declaration filed with the tax authorities at the time when the establishment began its business activities and a declaration from the company's auditor confirming the date on which the establishment began its business activities, the fact that it is still open and its average annual turnover.

51 OHIM and the intervener contend that those arguments should be rejected.

Findings of the Court

52 First, in the present case, the Board of Appeal was not obliged to invite the applicant to provide proof of use of the business establishment name Generalóptica. As has already been pointed out in paragraph 32 above, proof of use of the sign relied on is one of the conditions for entitlement to the protection conferred under Article 8(4) of Regulation No 40/94 and thus only proprietors of signs used in the course of trade may claim such protection. That constitutes a significant difference compared with the Community trade marks and national trade marks referred to in Article 8(2)(a) of Regulation No 40/94, which are relied on in opposition proceedings or invalidity proceedings. Under Article 43(2) and (3) of Regulation No 40/94 and Rules 22 and 40(6) of Regulation No 2868/95, it is necessary to prove the use of those marks only where that is required by the applicant or by the proprietor of the Community trade mark. Under

Rules 22(1) and 40(6) of Regulation No 2868/95, in that case, OHIM is required to invite the opposing party or the applicant for a declaration of invalidity to furnish proof of use within a specific period.

53 Furthermore, the plea alleging that the Board of Appeal erred in refusing to take account of documents submitted for the first time during the appeal procedure is unfounded. It is apparent from paragraph 33 of the contested decisions that the Board of Appeal examined those documents before concluding that they were not sufficient to prove that the business establishment name Generalóptica was of more than mere local significance. Consequently, the second plea must be rejected and the actions must be dismissed in their entirety.

Costs

54 Under Article 87(2) of the Rules of Procedure, 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, and OHIM and the intervener have applied for costs, the applicant must be ordered to pay the costs.

On those grounds,

THE COURT OF FIRST INSTANCE (Second Chamber)

hereby:

1. Dismisses the actions;

2. Orders Alberto Jorge Moreira da Fonseca, L^{da} to pay the costs.

Pelikánová Jürimäe Soldevila Fragoso

Delivered in open court in Luxembourg on 24 March 2009.

[Signatures]