Reports of Cases

JUDGMENT OF THE GENERAL COURT (Third Chamber)

9 December 2020 *

(EU trade mark – Invalidity proceedings – EU figurative mark BASIC – Earlier national trade names basic and basic AG – Relative grounds for refusal – Use in the course of trade of a sign of more than mere local significance – Article 8(4) and Article 53(1)(c) of Regulation (EC) No 207/2009 (now Article 8(4) and Article 60(1)(c) of Regulation (EU) 2017/1001) – Declaration of partial invalidity – Decision taken following the annulment of an earlier decision by the General Court – Referral of the case back to a Board of Appeal – Lack of competence of the authority referring the case – Article 1(d) of Regulation (EC) No 216/96 – Cross-claim)

In Case T-722/18,

Repsol, SA, established in Madrid (Spain), represented by J.-B. Devaureix and J.C. Erdozain López, lawyers,

applicant,

v

European Union Intellectual Property Office (EUIPO), represented by H. O'Neill and V. Ruzek, acting as Agents,

defendant,

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

Basic AG Lebensmittelhandel, established in Munich (Germany), represented by D. Altenburg, lawyer,

ACTION brought against the decision of the Second Board of Appeal of EUIPO of 22 August 2018 (Case R 178/2018-2), relating to invalidity proceedings between Basic Lebensmittelhandel and Repsol,

THE GENERAL COURT (Third Chamber),

composed of A.M. Collins (Rapporteur), President, V. Kreuschitz and G. De Baere, Judges,

Registrar: A. Juhász-Tóth, Administrator,

having regard to the application lodged at the Court Registry on 7 December 2018,

having regard to the response of EUIPO lodged at the Court Registry on 4 March 2019,

* Language of the case: English.

having regard to the response of the intervener lodged at the Court Registry on 27 February 2019,

having regard to the cross-claim of the intervener lodged at the Court Registry on 27 February 2019,

having regard to the response of the applicant to the cross-claim, lodged at the Court Registry on 10 July 2019,

having regard to the response of EUIPO to the cross-claim, lodged at the Court Registry on 28 June 2019,

having regard to the replies to the measures of organisation of procedure, lodged at the Court Registry by EUIPO on 4 March 2020 and by the applicant on 6 March 2020,

further to the hearing on 3 July 2020,

gives the following

Judgment

Background to the dispute

1 On 29 January 2007, the applicant, Repsol, SA, filed an application for registration of an EU trade mark with the European Union Intellectual Property Office (EUIPO) 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 (replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1), as amended, itself 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, claiming the colours blue, red, orange and white:



3 The services in respect of which registration was sought are in, inter alia, Classes 35 and 39 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, inter alia, for each of those classes, to the following description:

– Class 35: ‘Commercial retailing of tobacco, press, batteries, playthings’;

– Class 39: ‘Distribution of staple foodstuffs, pastry and confectionery, ices, prepared meals, tobacco, press, batteries, playthings’.

4 The EU trade mark application was published in *Community Trade Marks Bulletin* No 34/2007 of 16 July 2007.

5 The mark at issue was registered on 4 May 2009 under number 5648159.

6 On 26 September 2011, the intervener, Basic AG Lebensmittelhandel, submitted an application for declaration of partial invalidity of the mark at issue for the services referred to in paragraph 3 above.

7 That application was based on Article 53(1)(a) of Regulation No 207/2009 (now Article 60(1)(a) of Regulation 2017/1001), read in conjunction with Article 8(1)(b) of that regulation (now Article 8(1)(b) of Regulation 2017/1001), and on Article 53(1)(c) of Regulation No 207/2009 (now Article 60(1)(c) of Regulation 2017/1001), read in conjunction with Article 8(4) of that regulation (now Article 8(4) of Regulation 2017/1001).

8 In support of its application for a declaration of invalidity, to the extent that it was based on Article 53(1)(a) in conjunction with Article 8(1)(b) of Regulation No 207/2009, the intervener relied on the following earlier EU figurative trade mark, filed on 15 January 2004, registered on 29 April 2005 and duly renewed:



9 That earlier mark covered goods and services in Classes 29 to 33, 35, 42 and 43.

10 In support of its application for a declaration of invalidity, to the extent that it was based on Article 53(1)(c) in conjunction with Article 8(4) of Regulation No 207/2009, the intervener relied on the 'business signs', within the meaning of Paragraph 5 of the Gesetz über den Schutz von Marken und sonstigen Kennzeichen (Markengesetz) (German Law on the protection of trade marks and other distinctive signs) of 25 October 1994 (BGBl. 1994 I, p. 3082 and BGBl. 1995 I, p. 156), 'basic' and 'basic AG', which, it claims, it uses in the course of trade in Germany and Austria to provide services of 'retail of foodstuffs, drugstore articles, organic and other consumer products, restaurant services'.

11 To substantiate its rights over those business signs, the intervener annexed a series of enclosures to its application for a declaration of invalidity, including screenshots from its website, its annual reports for the years 2004 to 2006, letters from a supplier, a delivery note, invoices, sales statistics, an affidavit sworn by a member of the intervener's marketing department, tables detailing its turnover, marketing brochures, promotional and advertising material, an 'Entrepreneur of the Year 2006' certificate awarded to two of its directors, press clippings from 2003 to 2006 and a judgment of the Landgericht München I (Regional Court, Munich I, Germany) of 9 September 2006.

12 In its application for a declaration of invalidity, the intervener also cited the relevant provisions of Paragraphs 5 and 15 of the Law on the protection of trade marks and other distinctive signs, and decisions of German courts interpreting those provisions.

13 On 24 May 2012, the intervener responded to observations filed by the applicant on 29 December 2011 and produced various items of evidence intended to establish that the earlier EU figurative mark reproduced in paragraph 8 above had been put to genuine use. It also furnished additional evidence, annexed to its observations lodged on 4 March 2013.

14 By decision of 8 October 2013, the Cancellation Division granted the application for a declaration of invalidity on the basis of Article 53(1)(c) of Regulation No 207/2009, read in conjunction with Article 8(4) of that regulation and declared the partial invalidity of the mark at issue to the extent that it was registered in respect of the services referred to in paragraph 3 above. The Cancellation Division held that, as a result, it was not necessary to examine the ground for invalidity based on Article 53(1)(a) in conjunction with Article 8(1)(b) of Regulation No 207/2009.

15 On 2 December 2013, the applicant filed a notice of appeal with EUIPO, pursuant to Articles 58 to 64 of Regulation No 207/2009 (now Articles 66 to 71 of Regulation 2017/1001), against the Cancellation Division's decision.

16 By decision of 11 August 2015, the First Board of Appeal of EUIPO confirmed the Cancellation Division's decision and dismissed the appeal. It found that the Cancellation Division had correctly applied the ground for invalidity laid down in Article 53(1)(c) of Regulation No 207/2009, read in conjunction with Article 8(4) of that regulation. In that regard, it found, inter alia, that the evidence furnished by the intervener established to the requisite legal standard that the earlier signs 'basic' and 'basic AG' had been used in the course of trade of more than mere local significance, within the meaning of that provision. It held, as the Cancellation Division had done, that it was not necessary to examine the ground for invalidity based on Article 53(1)(a) in conjunction with Article 8(1)(b) of Regulation No 207/2009.

17 By application lodged at the Court Registry on 29 October 2015, the applicant brought an action for annulment of the Board of Appeal's decision of 11 August 2015, registered as Case T-609/15.

18 By judgment of 21 September 2017, *Repsol YPF* v *EUIPO – Basic (BASIC)* (T-609/15, EU:T:2017:640), the Court annulled the Board of Appeal's decision of 11 August 2015 on the grounds that the Board of Appeal, on the sole basis of the evidence on which it had based that decision, namely that set out in paragraph 11 above, could not conclude that the condition requiring use of the signs in the course of trade was satisfied. The Court noted, as regards the relevant period, that it was for the intervener to establish that the signs 'basic' and 'basic AG' were used in the course of trade in Germany, not only on the date of filing the application for registration of the mark at issue, but also on the date of filing the application for a declaration of invalidity. While the evidence in question proved to the requisite legal standard that those signs were used in the course of trade in Germany on the first date, it did not establish that they were still used on the second date.

19 On 24 January 2018, following the judgment of 21 September 2017, *BASIC* (T-609/15, EU:T:2017:640), the case was referred by the President of the Boards of Appeal back to the Second Board of Appeal, under reference number R 178/2018-2, on the basis of Commission Delegated Regulation (EU) 2017/1430 of 18 May 2017 supplementing Regulation No 207/2009 and repealing Commission Regulations (EC) No 2868/95 and (EC) No 216/96 (OJ 2017 L 205, p. 1), as amended (replaced by Commission Delegated Regulation (EU) 2018/625 of 5 March 2018 supplementing Regulation 2017/1001, and repealing Delegated Regulation 2017/1430 (OJ 2018 L 104, p. 1)), and in particular Article 35(4) thereof (now Article 35(4) of Delegated Regulation 2018/625).

20 By decision of 22 August 2018 ('the contested decision'), the Second Board of Appeal, after examining each of the grounds for invalidity relied on by the intervener, annulled the Cancellation Division's decision in so far as that decision granted the application for a declaration of invalidity in respect of 'commercial retailing of tobacco, press, batteries, playthings' in Class 35 and 'distribution of tobacco, press, batteries, playthings' in Class 39. By contrast, the Second Board of Appeal upheld that decision in so far as it granted the application for a declaration of invalidity in respect of 'distribution of staple foodstuffs, pastry and confectionery, ices, prepared meals' in Class 39. It arrived at those conclusions after taking into consideration, in its examination of the ground for invalidity laid down in Article 53(1)(c) of Regulation No 207/2009, read in conjunction with Article 8(4) of that regulation, the evidence provided by the intervener on 24 May 2012 (see paragraph 13 above).

Forms of order sought

The forms of order submitted in support of the main action

21 The applicant claims that the Court should:

– annul the contested decision;

– order EUIPO and the intervener to pay the costs.

22 EUIPO and the intervener contend that the Court should:

– dismiss the action;

– order the applicant to pay the costs.

The forms of order submitted in support of the cross-claim

23 The intervener claims that the Court should:

– annul the contested decision to the extent that it annuls the Cancellation Division's decision;

– order the applicant to pay the costs.

24 The applicant contends that the Court should:

– dismiss the cross-claim;

– order the intervener to pay the costs incurred in relation to its response to the cross-claim.

25 EUIPO contends that the Court should:

– allow the cross-claim in so far as it seeks partial annulment of the contested decision for infringement of Article 53(1)(c) of Regulation No 207/2009, read in conjunction with Article 8(4) of that regulation;

– in the alternative, dismiss the cross-claim in so far as it seeks partial annulment of the contested decision for infringement of Article 53(1)(a) of Regulation No 207/2009, read in conjunction with Article 8(1)(b) of that regulation.

Law

26 In support of the main action, the applicant relies on two pleas in law. The first plea alleges infringement of Article 65(6) of Regulation No 207/2009 (now Article 72(6) of Regulation 2017/1001). The second plea, raised in the alternative, alleges infringement of Article 8(4) of Regulation No 207/2009.

27 In support of the cross-claim, the intervener relies on two pleas in law. The first alleges misapplication of the ground for invalidity laid down in Article 53(1)(c) of Regulation No 207/2009, read in conjunction with Article 8(4) of that regulation. The second alleges misapplication of the ground for invalidity laid down in Article 53(1)(a) of Regulation No 207/2009, read in conjunction with Article 8(1)(b) of that regulation.

28 The applicant's first plea is divided into two parts. In the first part, the applicant submits that the case was reallocated to the Second Board of Appeal on an incorrect legal basis, namely Article 35(4) of Delegated Regulation 2017/1430. In the second part, it alleges an infringement of Article 65(6) of Regulation No 207/2009, criticising the Board of Appeal, in essence, for disregarding the force of *res judicata* attaching to the judgment of 21 September 2017, *BASIC* (T-609/15, EU:T:2017:640), by taking into account, in the contested decision, when examining the ground for invalidity laid down in Article 53(1)(c) of Regulation No 207/2009, read in conjunction with Article 8(4) of that regulation, the additional evidence submitted on 24 May 2012.

29 EUIPO and the intervener dispute the applicant's arguments.

30 As regards the first part of the applicant's first plea, it should be noted that, as is agreed between the parties, the provision on the basis of which the case should have been reallocated to a Board of Appeal following the judgment of 21 September 2017, *BASIC* (T-609/15, EU:T:2017:640), was Article 1(d) of Commission Regulation (EC) No 216/96 of 5 February 1996 laying down the rules of procedure of the Boards of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OJ 1996 L 28, p. 11), as amended by Commission Regulation (EC) No 2082/2004 of 6 December 2004 (OJ 2004 L 360, p. 8), and not Article 35(4) of Delegated Regulation 2017/1430.

31 While Article 80 of Delegated Regulation 2017/1430 repealed, inter alia, Regulation No 216/96, it nevertheless provided that Regulation No 216/96 would continue to apply 'to ongoing proceedings where [Delegated Regulation 2017/1430] d[id] not apply in accordance with its Article 81'. It follows from Article 81(2)(j) of Delegated Regulation 2017/1430 that Title V thereof, which contains, inter alia, Article 35(4) of that regulation, does not apply to appeals entered before the Board of Appeal before 1 October 2017. That is in fact the case here, given that the judgment of 21 September 2017, *BASIC* (T-609/15, EU:T:2017:640), which annulled the entirety of the Board of Appeal's decision of 11 August 2015, had the effect of retroactively eliminating that decision from the legal order and making the appeal brought by the applicant before EUIPO against the Cancellation Division's decision of 2 December 2013, that is to say, before 1 October 2017, pending again.

32 Article 1(d) of Regulation No 216/96, as amended, entitled 'Referral of a case following a ruling of the Court of Justice', provided as follows:

'1. If, pursuant to Article [65](6) of [Regulation No 207/2009], the measures necessary to comply with a judgment of the Court of Justice annulling all or part of a decision of a Board of Appeal or of the Grand Board include re-examination by the Boards of Appeal of the case which was the subject of that decision, the Presidium shall decide if the case shall be referred to the Board which adopted that decision, or to another Board, or to the Grand Board.

2. If the case is referred to another Board, that Board shall not comprise members who were party to the contested decision. This provision shall not apply if the case is referred to the Grand Board.'

33 Article 35(4) of Delegated Regulation 2017/1430 provided as follows:

'Where a decision of a Board of Appeal on a case has been annulled or altered by a final ruling of the General Court or, as the case may be, of the Court of Justice, the President of the Boards of Appeal shall, with a view to complying with that ruling in accordance with Article 65(6) of Regulation … No 207/2009, re-allocate the case pursuant to paragraph 1 of this Article to a Board of Appeal, which shall not comprise those members which had adopted the annulled decision, except where the case is referred to the enlarged Board of Appeal … or where the annulled decision had been taken by the Grand Board.'

34 Accordingly, pursuant to Article 1(d)(1) of Regulation No 216/96, as amended, the decision to reallocate a case to a Board of Appeal following a judgment annulling a decision was a matter for the Presidium of the Boards of Appeal, whereas, under Article 35(4) of Delegated Regulation 2017/1430, that decision was a matter for the President of the Boards of Appeal. It should be concluded, therefore, that, in the present case, the decision to reallocate the case to the Second Board of Appeal following the judgment of 21 September 2017, *BASIC* (T-609/15, EU:T:2017:640), was taken by an authority which was not competent to do so, in this case the President of the Boards of Appeal.

35 EUIPO, without challenging the above conclusion, submits that, although the case at issue was reallocated on the basis of Article 35(4) of Delegated Regulation 2017/1430, in practice the reallocation was compliant with the requirements of Article 1(d) of Regulation No 216/96, as amended. According to EUIPO, the Presidium can be said in the present case to have reviewed and approved the reallocation of the case to the Second Board of Appeal, since at its meeting on 23 April 2018 the Presidium raised no objections to that reallocation, which was mentioned in a report that, pursuant to a decision of the President of the Boards of Appeal applicable since 1 October 2017, was approved by the latter and submitted to the Presidium to make it aware of the cases annulled during the relevant time frame and to receive any observations on the reallocation of those cases.

36 Those assertions must be rejected. The mere fact that the Presidium has been informed of a decision on reallocation taken by an authority not competent to do so, namely an authority other than itself, and raised no objections to that decision cannot mean that it must be regarded as having taken that decision and that, therefore, the illegality established in paragraph 34 above has been remedied. It should be noted, in that context, that EUIPO made no reference to any regulatory provision suggesting otherwise.

37 It is also necessary to reject EUIPO's argument, endorsed by the intervener at the hearing, that the result would have been the same had Article 1(d) of Regulation No 216/96, as amended, been applied in the present case, since the case would still have been reallocated to a Board of Appeal for re-examination, and that the applicant has not shown how it has been prejudiced in any way by the application of Article 35(4) of Delegated Regulation 2017/1430 rather Article 1(d) of Regulation No 216/96, as amended.

38 It is true that case-law has made clear that a procedural irregularity will entail the annulment of a decision in whole or in part only if it is shown that had it not been for the irregularity the contested decision might have been substantively different (see judgment of 1 February 2018, *Philip Morris Brands* v *EUIPO – Explosal (Superior Quality Cigarettes FILTER CIGARETTES Raquel)*, T-105/16, EU:T:2018:51, paragraph 78 and the case-law cited).

39 However, it is clear in the present case that EUIPO's argument concerning the effect of the infringement of Article 1(d) of Regulation No 216/96, as amended, on the content of the contested decision is wholly speculative. It is true that, pursuant to that provision, the Presidium would have reallocated the case to a Board of Appeal for the case to be decided again. It is also true that the Presidium could have chosen the Second Board of Appeal. Nevertheless, it could equally have reallocated the case to another Board of Appeal, including the one which took the decision annulled by the General Court, without having to stipulate, in that situation, that it should not comprise any member that had taken part in that decision, unlike under Article 35(4) of Delegated Regulation 2017/1430. Given that the choice and composition of the Board of Appeal takes place prior to the adoption of the decision and that it has a crucial influence on the content of that decision, it is not possible either to affirm or to deny that by remitting a case to another Board of Appeal, the decision which that Board has to take would be different (see, to that effect, judgment of 3 July 2013, *Cytochroma Development* v *OHIM – Teva Pharmaceutical Industries (ALPHAREN)*, T-106/12, not published, EU:T:2013:340, paragraph 31).

40 Finally, EUIPO cannot usefully rely on the fact that the applicant did not raise before the Second Board of Appeal the issue of the case having been reallocated on an incorrect legal basis where, by letter from the Registry of the Boards of Appeal dated 24 January 2018, nearly seven months before the contested decision was adopted, it had been informed that the case had been referred back to that Board of Appeal on the basis of Article 35(4) of Delegated Regulation 2017/1430. That letter was merely for information, and contained no invitation to submit any observations.

41 It follows from all of the foregoing that the first part of the first plea in the main action must be upheld and the contested decision annulled in its entirety, without there being any need to examine the second part of that plea or the second plea. Since that annulment has the effect of rendering the cross-claim, which seeks the partial annulment of the contested decision, devoid of purpose, there is no longer any need to adjudicate on it.

Costs

42 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. Furthermore, under Article 137 of the Rules of Procedure, where a case does not proceed to judgment the costs shall be in the discretion of the Court.

43 Since EUIPO and the intervener have been unsuccessful in the main action in the present case, they must, in accordance with the form of order sought by the applicant, be ordered to bear their own costs and to pay those incurred by the applicant. In that regard, EUIPO and the intervener shall each pay half of the applicant's costs.

44 In respect of the cross-claim, given that it is because the main action is well founded that the cross-claim is devoid of purpose, EUIPO and the intervener must also be ordered to bear their own costs and each to pay half of the applicant's costs.

On those grounds,

THE GENERAL COURT (Third Chamber)

hereby:

1. **Annuls the decision of the Second Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 22 August 2018 (Case R 178/2018-2);**

2. **Declares that there is no longer any need to adjudicate on the cross-claim;**

3. **Orders EUIPO and Basic AG Lebensmittelhandel to bear their own costs and each to pay half of the costs incurred by Repsol, SA.**

Collins Kreuschitz De Baere

Delivered in open court in Luxembourg on 9 December 2020.

E. Coulon
Registrar

S. Papasavvas
President