JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)

12 May 2009 *

In Case T-410/07,

Jurado Hermanos, SL, established in Alicante (Spain), represented by C. Martín Álvarez, lawyer,

applicant,

v

Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), represented by P. López Fernández de Corres and O. Montalto, acting as Agents,

defendant,

ACTION brought against the decision of the Second Board of Appeal of OHIM of 3 September 2007 (Case R 866/2007-2) concerning the application lodged by the applicant for *restitutio in integrum*,

* Language of the case: Spanish.

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

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

Registrar: J. Palacio González, Principal Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 16 November 2007,

having regard to the Order of the President of the Court of First Instance of 18 February 2008 in Case T-410/07 R *Jurado Hermanos* v *OHIM* (*JURADO*) (not published in the ECR) dismissing the application for interim measures lodged by the applicant,

having regard to the response lodged at the Court Registry on 10 March 2008,

further to the hearing on 17 December 2008,

gives the following

Judgment

Background to the dispute

1 On 25 April 1996, Café Tal de Costa Rica SA applied to the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) for registration of the Community word mark JURADO for coffee and other goods in Class 30 of the Nice Agreement of 15 June 1957 concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, as revised and amended.

2 Once OHIM had registered the trade mark sought — under No 240 218 — Café Tal de Costa Rica ('the proprietor of the trade mark') entered into a contract on 5 August 1998 with the applicant, Jurado Hermanos, SL, granting the latter an exclusive licence in respect of the trade mark at issue. That contract, which forms part of another exclusive licence agreement entered into by the same parties on 15 April 1996 in respect of two Spanish marks and a Polish mark, provided that the licence was to remain valid for a period of 48 years, that is to say, until 2046. The grant of that licence was recorded in the Register of Community trade marks in accordance with Article 22(5) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

3 By letter of 26 September 2005, in accordance with Article 47(2) of Regulation No 40/94, OHIM informed both the applicant, in its capacity as the exclusive licence holder for the trade mark at issue, and the proprietor of the trade mark that registration of the mark would expire on 25 April 2006. In that letter, OHIM explained how to renew

the registration and stated that an application for renewal should be made before 30 April 2006 or, at the latest, before 1 November 2006, an additional fee surcharge being payable, however, in the latter case.

4 Since OHIM did not receive any application for renewal before the expiry of those deadlines, it informed the proprietor of the trade mark by letter of 24 November 2006 that the mark had been removed from the Register of trade marks with effect from 25 April 2006.

5 On 23 March 2007, the applicant filed an application for *restitutio in integrum*, on the basis of Article 78 of Regulation No 40/94. It stated that it had not received the letter of 26 September 2005 and had learned entirely by chance, when consulting OHIM's internet site, that the registration of the trade mark at issue had not been renewed.

6 By decision of 21 May 2007, the Trade Marks and Register Department of OHIM rejected the application for *restitutio in integrum* (or 're-establishment of rights'), holding that the applicant had failed to show that it had exercised all due care required by the circumstances.

7 On 31 May 2007, the applicant filed a notice of appeal with OHIM, under Articles 57 to 62 of Regulation No 40/94, against the decision of 21 May 2007.

8 By decision of 3 September 2007 ('the contested decision'), the Second Board of Appeal dismissed the appeal without considering whether the applicant met the condition of having exercised all due care required by the circumstances. The Board of Appeal held essentially that, since the applicant had not been expressly authorised by the proprietor of the trade mark to apply for renewal of the registration of the trade mark at issue, it was not entitled to do so; nor was it entitled to apply for the re-establishment of its rights in that connection.

Forms of order sought

9 The applicant claims the Court should:

— annul the contested decision and grant the application for *restitutio in integrum* which the applicant had filed with OHIM;

— in the alternative, rule on the substance of the case, recognising that the applicant is an interested party in the context of the proceedings for renewal of the registration of the trade mark at issue;

— order OHIM to pay the costs.

10 At the hearing, the applicant stated in reply to a question from the Court that its second head of claim was to be understood as seeking reversal by the Court of the contested decision.

11 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

12 In support of its action, the applicant relies on two pleas in law, alleging (i) breach of the rights of the defence and of the right to a fair hearing and (ii) an error of law in the interpretation of Regulation No 40/94. The Court considers that it is appropriate to examine the second plea first.

The second plea, alleging an error of law in the interpretation of Regulation No 40/94

Arguments of the parties

13 Essentially, the applicant submits that, in the contested decision, the Board of Appeal misinterpreted Article 78(1) of Regulation No 40/94, read in conjunction with Article 47(1) thereof, in so far as it held that the applicant was not a party to the proceedings for renewal of the registration of the mark at issue ('the renewal proceedings') because it had not been expressly authorised by the proprietor of the trade mark to apply for renewal.

14 OHIM disputes the applicant's arguments.

Findings of the Court

15 Under Article 78(1) of Regulation No 40/94, the re-establishment of rights in respect of proceedings before OHIM presupposes that: (i) the applicant is a party to the proceedings in question; (ii) in spite of the fact that, demonstrably, the applicant exercised all due care required by the circumstances, it has been unable to observe a time-limit vis-à-vis OHIM; and (iii) that non-observance has the direct consequence, by virtue of the provisions of Regulation No 40/94, of causing the loss of a right.

16 With regard to the first condition, under Article 47(1) of Regulation No 40/94, renewal may be requested by the proprietor of the trade mark or by any person expressly authorised by him. It follows that only the proprietor of the trade mark or a person expressly authorised by him can be regarded as a party to the renewal proceedings.

17 In particular, contrary to the applicant's submissions, it does not follow from the obligation upon OHIM, under the first sentence of Article 47(2) of Regulation No 40/94, to inform persons having a registered right in respect of the trade mark of the expiry of the registration that those persons are parties to the renewal proceedings. As is apparent from the second sentence of Article 47(2), which provides that failure to give such information is not to involve the responsibility of OHIM, and from the second sentence of Rule 29 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1), which provides that failure to give such notification is not to affect the expiry of the registration, the first sentence of Article 47(2) of Regulation No 40/94 imposes on OHIM only an obligation to give information — an obligation purely ancillary to the procedure — but does not seek to confer rights either on the proprietor of the trade mark or on other persons.

18 By the same token, it is necessary to reject the applicant's argument that its correspondence with OHIM regarding registration of the licence in respect of the mark and regarding its dispute with the proprietor of the trade mark proves that OHIM regarded the applicant as 'a party to the trade mark file'. First, Regulation No 40/94 does not include the concept of 'a party to the file relating to a trade mark'. Secondly, the fact that OHIM exchanged correspondence with the applicant is explained by the fact that

the applicant held a licence to use the trade mark and was therefore a party to the procedure relating to the registration of that mark. Thirdly, OHIM is not free to apply the provisions of Regulation No 40/94 as it likes. Accordingly, even if it were certain that OHIM regarded the applicant, wrongly, as a party to the renewal proceedings, that fact alone could not confer that status on the applicant.

19 Finally, it is necessary to reject the applicant's argument that the Guidelines relating to proceedings before OHIM (Part E, Section 6, entitled 'Renewal'), produced by the applicant and marked 'Final version (27.11.2003)', places the holder of a licence to use a trade mark on the same legal footing, for the purposes of renewal of the registration, as the proprietor of that trade mark.

20 In the first place, it should be noted that proceedings before OHIM are governed by Regulations No 40/94 and No 2868/95. The Guidelines relating to proceedings before OHIM, published on its internet site, are merely a set of consolidated rules setting out the line of conduct which OHIM itself proposes to adopt, which means that, provided that those rules comply with the legal provisions of higher authority, they constitute a self-imposed restriction on OHIM, in that it must comply with the rules which it has itself laid down. However, those guidelines cannot derogate from either Regulation No 40/94 or Regulation No 2868/95, and it is therefore solely in the light of those regulations that the applicant's capacity to file an application for renewal of registration of the trade mark must be assessed.

21 In the second place, quite apart from the question whether the guidelines produced by the applicant applied *ratione temporis* to the facts of the present case, they do not have the content which the applicant would like to attribute to them. For instance, the applicant has not quoted point 6.3.1 of the guidelines in full, omitting in particular the part according to which '[t]he person who holds a registered right over a Community trade mark cannot himself file an application for renewal, unless […] he is expressly authorised by the proprietor of the Community trade mark to apply for the renewal'. Thus, it in no way follows from those Guidelines that the applicant, as the holder of a licence to use the trade mark, is on the same legal footing, for the purposes of renewal, as the proprietor of the trade mark; on the contrary, it follows that, in the same way as any other person, a licensee must be expressly authorised by the proprietor of the trade

mark in order to be able to submit an application for renewal and must prove the existence of such authorisation.

22 Consequently, since the applicant is not, merely by dint of holding a licence to use the trade mark, a party to the renewal proceedings, it is necessary to examine whether the applicant was authorised by the proprietor of the trade mark to seek renewal of its registration.

23 In that regard, it should be pointed out, first of all, that at no time during the proceedings before OHIM or before the Court has the applicant produced such express authorisation from the proprietor of the trade mark. The fact that OHIM did not expressly ask the applicant to produce such authorisation is irrelevant in that regard, since it was for the applicant to prove that the conditions for application of the provisions on which it sought to rely were met, with no obligation on OHIM to request it to do so.

24 Next, the applicant's assertions that, as holder of an exclusive licence, it is entitled, throughout the duration of the licence, to seek renewal of the trade mark if the proprietor thereof does not do so must be rejected. It is true that express authorisation may, in principle, be included in the licence agreement. In the present case, however, the licensing agreement is silent in that regard. Moreover, even if the applicant were to argue that the exclusive licence agreement impliedly authorises the licensee to seek renewal of the registration or, further, that, in order to punish the abuse of rights and contravention of the law allegedly committed by the proprietor of the trade mark, the applicant should be deemed to have such authorisation, it must be held that that argument is thwarted by the clear wording and purpose of Article 47(1) of Regulation No 40/94, which provides that the authorisation must be express and which makes no reference whatsoever to penalties with regard to private persons.

25 Similarly, it is necessary to reject as irrelevant the applicant's argument that it was impossible for it to obtain, before the expiry of the 'period of grace' provided for in the third sentence of Article 47(3) of Regulation No 40/94, a court decision requiring the proprietor of the trade mark to give it express authorisation to apply for renewal of the registration. Even if it were to be established that that had been impossible, it would not mean that the condition laid down in Article 47(1) of Regulation No 40/94 requiring express authorisation could be disregarded.

26 Finally, with regard to the applicant's argument that an administrative remedy would be better suited to protecting its interests than an action before the civil courts, since it would make it possible for the validity of the trade mark to be maintained, those are considerations of expediency relevant to the applicant's choice of legal remedy to safeguard its commercial interests, a choice which is entirely its own responsibility. However, that choice cannot be binding on OHIM either as regards the procedural standing to be accorded to the applicant in administrative proceedings or as regards the result of such proceedings. Accordingly, if the applicant has opted not to turn to the courts for authorisation to seek renewal of the registration, it is not for OHIM to offset that omission by granting it that right, in breach of Regulation No 40/94.

27 In the light of the foregoing, it must be held that since the applicant did not have express authorisation from the proprietor of the trade mark to seek renewal of the registration of that trade mark, it was not a party to the renewal proceedings and, in consequence, could not seek the re-establishment of its rights in that connection. Accordingly, the Board of Appeal did not err in law by dismissing the applicant's action on that ground.

28 Since, therefore, the first condition laid down in Article 78(1) of Regulation No 40/94 is not satisfied, the second plea relied upon by the applicant must be rejected, without it being necessary to examine the other conditions laid down in that provision.

The first plea, alleging breach of the rights of the defence and the right to a fair hearing

Arguments of the parties

29 The applicant submits that the Board of Appeal based the contested decision, inter alia, on a refusal to recognise that the applicant is an interested party in relation to the renewal proceedings. Given that the decision of the Trade Marks and Register Department, on the other hand, never questioned in any way the applicant's status as an interested party, the applicant did not consider it necessary to take a position on that question in its appeal. Accordingly, the applicant claims, the Board of Appeal, which was aware of the decision of the Trade Marks and Register Department, ought to have sought the applicant's observations before dismissing its appeal on the ground that it was not an interested party.

30 OHIM disputes the applicant's arguments.

Findings of the Court

31 Pursuant to the second sentence of Article 73 of Regulation No 40/94, decisions of OHIM are to be based only on reasons or evidence on which the parties concerned have had an opportunity to present their comments. The general principle of protection of the rights of the defence is thereby enshrined in the law of Community trade marks. In accordance with that general principle of Community law, a person whose interests are appreciably affected by a decision taken by a public authority must be given the opportunity to make his point of view known. The right to be heard extends to all the factual and legal material which forms the basis for the decision, but not to the final position which the authority intends to adopt (see Case T-317/05 *Kustom Musical Amplification* v *OHIM* (*shape of a guitar*) [2007] ECR II-427, paragraph 24, 26 and 27, and the case-law cited).

32 Furthermore, it follows from the case-law that the rights of the defence are infringed by reason of a procedural irregularity only in so far as the irregularity actually has an effect on the ability of the undertakings to defend themselves (see Case T-210/01 *General Electric* v *Commission* [2005] ECR II-5575, paragraph 632 and the case-law cited). Consequently, non-compliance with rules in force whose purpose is to protect the rights of the defence can vitiate the administrative procedure only if it is shown that the latter could have had a different outcome if the rules had been observed (*General Electric* v *Commission*, paragraph 632; see also, to that effect, Case T-7/89 *Hercules Chemicals* v *Commission* [1991] ECR II-1711, paragraph 56, and Joined Cases T-191/98, T-212/98 to T-214/98 *Atlantic Container Line and Others* v *Commission* [2003] ECR II-3275, paragraph 340).

33 As it is, as was noted in the examination of the second plea, OHIM was correct in taking the view that the applicant was not a party to the renewal proceedings because it had not produced express authorisation from the proprietor of the trade mark to seek renewal. In that regard, it should be added that the applicant at no time stated that it would have been able to produce such authorisation, if requested. It follows that the proceedings before OHIM could not, in any event, have had an outcome other than dismissal of the appeal by the Board of Appeal.

34 Accordingly, the first plea in law relied upon by the applicant must be rejected, without it being necessary to examine whether the applicant was given the opportunity, before the adoption of the contested decision, properly to put forward its point of view on the question whether it was a party to the renewal proceedings.

35 Since the two pleas in law relied upon by the applicant fall to be rejected, the action must be dismissed, both as regards the principal form of order sought and the form of order sought in the alternative.

Costs

36 Under Article 87(2) of the Rules of Procedure of the Court of First Instance, 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, including those of the interlocutory proceedings, in accordance with the form of order sought by OHIM.

On those grounds,

THE COURT OF FIRST INSTANCE (Second Chamber)

hereby:

1. **Dismisses the action;**

2. **Orders Jurado Hermanos, SL to pay the costs, including those of the interlocutory proceedings.**

Pelikánová Jürimäe Soldevila Fragoso

Delivered in open court in Luxembourg on 12 May 2009.

[Signatures]