JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)
23 September 2003 *

In Case T-308/01,

Henkel KGaA, established in Düsseldorf (Germany), represented by C. Osterrieth, lawyer, with an address for service in Luxembourg,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by O. Waelbroeck, acting as Agent,

defendant,

* Language of the case: English.

the other party to the proceedings before the Office for Harmonisation in the Internal Market (Trade Marks and Designs) being:

LHS (UK) Ltd, established in Cheadle Hulme (United Kingdom),

APPEAL against the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 12 September 2001 (Case R-738/2000-3) concerning opposition proceedings between Henkel KGaA and LHS (UK) Ltd,

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

composed of: N.J. Forwood, President, J. Pirrung and A.W.H. Meij, Judges,

Registrar: D. Christensen, Administrator,

having regard to the written procedure and further to the hearing on 15 January 2003,

gives the following

Judgment

Legal background

1 Articles 43, 59, 61, 62, 74 and 76 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended, provide:

'*Article 43*

Examination of opposition

...

2. If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition... In the absence of proof to this effect, the opposition shall be rejected....

3. Paragraph 2 shall apply to earlier national trade marks..., by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.

...

Article 59

Time-limit and form of appeal

... Within four months after the date of notification of the decision, a written statement setting out the grounds of appeal must be filed.

Article 61

Examination of appeals

1. If the appeal is admissible, the Board of Appeal shall examine whether the appeal is allowable.

...

Article 62

Decisions in respect of appeals

1. Following the examination as to the allowability of the appeal, the Board of Appeal shall decide on the appeal. The Board of Appeal may either exercise any power within the competence of the department which was responsible for the decision appealed or remit the case to that department for further prosecution.

...

Article 74

Examination of the facts by the Office of its own motion

1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to relative grounds for refusal of registration, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.

2. The Office may disregard facts or evidence which are not submitted in due time by the parties concerned.

Article 76

Taking of evidence

1. In any proceedings before the Office, the means of giving or obtaining evidence shall include the following:

...

(f) statements in writing sworn or affirmed or having a similar effect under the law of the State in which the statement is drawn up.

...'

2 Rules 22 and 48 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 on the Community trade mark (OJ 1995 L 303, p. 1) provide as follows:

'*Rule 22*

Proof of use

1. Where, pursuant to Article 43(2) or (3) of... Regulation [No 40/94], the opposing party has to furnish proof of use..., the Office shall invite him to provide the proof required within such period as it shall specify. If the opposing party does not provide such proof before the time-limit expires, the Office shall reject the opposition.

2. The indications and evidence for the furnishing of proof of use shall consist of indications concerning the place, time, extent and nature of use of the opposing trade mark for the goods and services in respect of which it is registered and on which the opposition is based, and evidence in support of these indications in accordance with paragraph 3.

3. The evidence shall, in principle, be confined to the submission of supporting documents and items such as packages, labels, price lists, catalogues, invoices, photographs, newspaper advertisements, and statements in writing as referred to in Article 76(1)(f) of [Regulation 40/94].

...

Rule 48

Content of the notice of appeal

1. The notice of appeal shall contain:

...

(c) a statement identifying the decision which is contested and the extent to which amendment or cancellation of the decision is requested.

...'

Background to the case

3 On 1 April 1996, the other party to the proceedings before the Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (hereinafter 'the Office'), Laporte EDS Ltd as it then was, filed an application for a Community trade mark at the Office.

4 The trade mark in respect of which registration was sought was the word mark KLEENCARE.

5 The goods in respect of which registration was sought are in Classes 1 and 3 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 descriptions:

— Class 1: 'chemicals and chemical preparations and products; detergents, disinfectant and degreasing preparations for use in industry and manufacturing processes';

— Class 3: 'cleaning, scouring, abrasive, polishing and washing preparations; detergents; degreasers; rust removing preparations; soaps and skin care preparations'.

6 Registration was also sought in respect of certain other goods in Classes 1 and 5 and certain services in Class 42 of the Nice Agreement.

7 On 26 October 1998, the application was published in the *Community Trade Marks Bulletin*.

8 On 26 January 1999, the applicant filed a notice of opposition under Article 42(1) of Regulation No 40/94 in respect of the categories of goods referred to in paragraph 5 above. The ground relied on in support of the opposition was the existence of a mark registered in Germany on 11 January 1965. That mark (hereinafter 'the earlier mark') consists of the word mark CARCLIN and is registered in respect of certain goods in Classes 1 and 2 of the Nice Agreement. In support of its opposition, the applicant relied on the ground for refusal laid down in Article 8(1)(b) of Regulation No 40/94.

9 On 24 May 1999, the other party to the proceedings before the Board of Appeal requested that the applicant furnish proof, in accordance with Article 43(2) and (3) of Regulation No 40/94, that during the period of five years preceding the date of publication of the Community trade mark application the earlier mark had been put to genuine use in the Member State in which that earlier mark was protected. On 27 July 1999, the Office's Opposition Division (hereinafter 'the Opposition Division') asked the applicant to furnish that proof within two months.

10 As an annex to a letter of 9 September 1999, received by the Office on 10 September 1999, the applicant sent, first, a declaration entitled 'Eidesstattliche Versicherung' (affirmation in lieu of oath) by Mr Blacha, its industrial manager. He stated that the earlier mark had been used by the applicant for years 'for... cleaning of motor vehicles', that the sales under that mark were DEM 1 200 000 for 1993, DEM 1 400 000 for 1994 and DEM 1 500 000 for 1995 and that he had been duly cautioned that the making of a false declaration in an affidavit was subject to penalties. Second, the applicant produced three labels featuring the earlier mark written in stylised bold letters. Third, it produced five instructions for use, written in German, which refer to various cleaning products for motor vehicles and on which the earlier mark is written in black letters and dated from 24 October 1995 to 25 September 1998.

11 By decision of 4 July 2000, the Opposition Division rejected the opposition on the ground that the applicant had not furnished sufficient proof that the earlier mark had been put to genuine use. The Opposition Division essentially found that statements from an employee of one of the parties to the proceedings were of less probative value than statements from third parties. Accordingly, the Opposition Division held that, in the present case, since the applicant had not produced invoices either, Mr Blacha's statement by itself did not prove the extent of the use to which the earlier mark had been put.

12 On 7 July 2000, the applicant filed an appeal with the Office, pursuant to Article 59 of Regulation No 40/94. On 30 October 2000, the applicant filed a written statement setting out the grounds of its appeal. That statement read as follows: 'As the Opposition Division has rejected our opposition... due to an insufficient proof of the extent of use of our trade mark "CARCLIN" we hereby submit invoices... with one of our CARCLIN customers for the relevant period.

We are confident that these documents prove the extent of use and that the proof of use is sufficient to indicate the genuine use of the earlier mark.... We therefore request to overturn the Opposition Division's decision.' The invoices referred to were attached to the statement.

13 By decision of 12 September 2001 (hereinafter 'the contested decision'), notified to the applicant on 15 October 2001, the Third Board of Appeal of the Office (hereinafter 'the Board of Appeal') dismissed the appeal. The Board of Appeal found that the applicant had not contested the Opposition Division's finding that the evidence submitted by the applicant before it was insufficient to establish that the earlier mark had been put to genuine use (paragraph 12 of the contested decision). As to the new evidence filed by the applicant in its statement setting out the grounds of appeal, the Board of Appeal held that in *inter partes* proceedings the parties must file all of their arguments and evidence when invited to do so by the department of the Office hearing the application at first instance. Accordingly, the Board of Appeal found in this case that the new evidence could not be taken into consideration, since it could have been produced before the Opposition Division (paragraphs 13 to 15 of the contested decision).

Procedure and forms of order sought

14 By application, in English, lodged at the Registry of the Court on 10 December 2001, the applicant brought this action. The other party to the proceedings before the Board of Appeal did not object, within the time allowed by the Registry of the Court, to English being the language of the case. The Office lodged its response at the Registry of the Court on 3 April 2002.

15 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to pay the costs.

16 The Office contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

17 The applicant raises five pleas in support of its action. The first plea alleges infringement by the Board of Appeal of its obligation to conduct a full examination of the Opposition Division's decision. The second plea alleges infringement by the Opposition Division of Article 76(1)(f) of Regulation No 40/94 in conjunction with Rule 22(3) of Regulation No 2868/95. The third and fourth pleas, raised as alternative pleas, allege infringement by the Opposition Division of the right to effective legal protection and procedural

principles generally accepted in the Member States. The fifth plea, also an alternative plea, alleges infringement of Article 74(2) of Regulation No 40/94. The Court considers it appropriate to begin by examining the first plea, alleging infringement by the Board of Appeal of its obligation to conduct a full examination of the Opposition Division's decision.

Arguments of the parties

18 The applicant criticises the Board of Appeal for having committed an error of law in finding that it was not required fully to examine the Opposition Division's decision, particularly its refusal to allow Mr Blacha's declaration in evidence. According to the applicant, the purpose of the appeal procedure provided for by Article 57 et seq. of Regulation No 40/94 is to guarantee the legality of decisions by the Office through a review based on a full assessment of the facts relied on by the parties. The applicant observes that the second sentence of Article 62(1) of Regulation No 40/94 allows the Board of Appeal either to exercise any power within the competence of the department which was responsible for the decision appealed or to remit the case to that department for further prosecution.

19 The applicant adds that, as a rule, the Board of Appeal cannot limit its power or its obligation to conduct a full examination of the Opposition Division's decision. It refers to Rule 48 of Regulation 2868/95, which states that the notice of appeal need only contain a statement indicating the extent to which amendment or cancellation of the decision is requested before the Board of Appeal.

20 In this case, the applicant states that its appeal before the Office sought to have the Opposition Division's decision annulled, without in any way limiting the

Board of Appeal's power as to the extent of its review. It adds that it was only as a precautionary measure — in the event that the Board of Appeal agreed with the Opposition Division's assessment of the evidence produced before it — that it introduced new evidence at the appeal stage. The applicant maintains that the Board of Appeal was thus under an obligation to conduct a full examination of the Opposition Division's decision.

21 The Office contends that in the statement setting out the grounds of its appeal to the Office the applicant merely alleged that, on the basis of the new evidence produced, the fact that the earlier mark had been put to genuine use had to be considered as proven. The Office adds that the statement did not contain anything from which the Board of Appeal could have inferred that the applicant intended to contest the Opposition Division's assessment of Mr Blacha's declaration.

22 Nor, the Office submits, does it follow from the second sentence of Article 62(1) of Regulation No 40/94 that the Board of Appeal was required to examine the legality of the Opposition Division's decision on the assessment of Mr Blacha's declaration. According to the Office, that provision cannot be interpreted as meaning that it requires the Board of Appeal to exercise the powers of the department which took the decision under appeal in respect of points which were not raised in the statement setting out the grounds of appeal.

23 The Office adds that any other interpretation would also be contrary to the principle laid down in Article 74(1) *in fine* of Regulation No 40/94, according to which, in *inter partes* proceedings, its examination is restricted to the facts, evidence and arguments provided by the parties.

Findings of the Court

24 It is apparent from Article 61(1) of Regulation No 40/94 that the Board of Appeal must conduct an examination of the merits of the appeal when it is admissible. In addition, Article 62(1) of the same regulation provides that the Board of Appeal may either exercise any power within the competence of the department which was responsible for the decision appealed or remit the case to that department for further prosecution. This last provision contains an indication not only as to the possible content of a decision of the Board of Appeal, but also as to the extent of the examination which it must conduct of the decision under appeal.

25 The case-law shows that there is continuity, in terms of their functions, between the examiner and the Boards of Appeal (Case T-163/98 *Procter & Gamble* v *OHIM (BABY-DRY)* [1999] ECR II-2383, paragraphs 38 to 44; Case T-63/01 *Procter & Gamble* v *OHIM (Soap bar shape)* [2002] ECR II-5255, paragraph 21). That case-law may also be applied appropriately to the relationship between the other departments of the Office deciding on the application at first instance, such as the Opposition Divisions, Cancellation Divisions, and the Boards of Appeal.

26 Accordingly, the powers of the Office's Boards of Appeal imply that they are to re-examine the decisions taken by the Office's departments at first instance. In the context of that re-examination, the outcome of the appeal depends on whether or not a new decision with the same operative part as the decision under appeal may be lawfully adopted at the time of the appeal ruling. Thus, the Boards of Appeal may, subject only to Article 74(2) of Regulation No 40/94, allow the appeal on the basis of new facts relied on by the party who has brought the appeal or on the basis of new evidence adduced by that party.

27 In this case, the parties have addressed the issue of whether, in the proceedings before the Board of Appeal, the applicant expressly called into question the Opposition Division's assessment of the evidence which the applicant had adduced in the proceedings before that division, particularly Mr Blacha's declaration. Paragraph 12 of the contested decision shows that the Board of Appeal found that it did not do so, having regard to the applicant's statement setting out the grounds of its appeal.

28 However, even if the applicant did not expressly call into question the Opposition Division's assessment of the evidence which the applicant had produced in the proceedings before that division, particularly Mr Blacha's affidavit, as the Office submits, that circumstance is not of such a nature as to relieve the Board of Appeal of its obligation to conduct its own assessment of the evidence.

29 In the light of the considerations set out in paragraphs 25 and 26 above, the Court finds that, contrary to what the Office maintains, the extent of the examination which the Board of Appeal must conduct is not, in principle, determined by the grounds relied on by the party who has brought the appeal. Accordingly, even if the party who has brought the appeal has not raised a specific ground of appeal, the Board of Appeal is none the less bound to examine whether or not, in the light of all the relevant matters of fact and of law, a new decision with the same operative part as the decision under appeal may be lawfully adopted at the time of the appeal ruling.

30 The Court notes first that, under Rule 48(c) of Regulation No 2868/95, which deals with the admissibility of the notice of appeal, as is apparent from Rule 49(1) of the same regulation, the notice of appeal need only contain a statement identifying the decision which is contested and the extent to which amendment or cancellation of the decision is requested. By contrast, Rule 48(c) does not require

that the notice of appeal set out any specific grounds of appeal. Hence it is only the subject matter and not the extent of the examination which the Board of Appeal must conduct which falls to be determined by the party bringing the appeal.

31 Second, the interpretation given in paragraph 29 above can in no way impair the practical effect of the third sentence of Article 59 of Regulation No 40/94, under which a written statement setting out the grounds of appeal must be filed within four months after the date of notification of the decision. The party bringing the appeal may put forward items in that statement from which it is apparent that the decision under appeal must be annulled or rectified on the ground that a new decision with the same wording as the decision appealed can no longer be lawfully adopted at the time of the appeal ruling. Under Article 74(1) *in fine* of Regulation No 40/94, that party may also, subject only to Article 74(2), rely on new facts or adduce new evidence. The written statement provided for in the third sentence of Article 59 of Regulation No 40/94 therefore facilitates the smooth running of the appeal process, and there is no need to find that the extent of the examination which the Board of Appeal is required to conduct of the decision under appeal is limited or determined by the grounds relied on by the party bringing the appeal.

32 Third, contrary to what the Office maintains, the Board of Appeal's obligation to conduct an examination of the decision under appeal, even if a specific ground has not been raised by the party concerned, is not contrary to the rule laid down in Article 74(1) *in fine* of Regulation No 40/94, according to which, in *inter partes* proceedings, the Office's departments, including Boards of Appeal, are restricted in their examination to the facts, evidence and arguments provided by the parties. In the light of the different language versions of that provision, the Court finds that it limits the examination conducted by the Office in two ways. On the one hand, it refers to the factual basis of the Office's decisions, that is to say, the facts and evidence on the basis of which they may validly be based (Case T-232/00 *Chef Revival USA* v *OHIM — Massagué Marin (Chef)* [2002] II-2749,

paragraph 45); on the other hand, it refers to the legal basis of those decisions, that is to say, the provisions which the department hearing the application is bound to apply. Thus, the Board of Appeal, in ruling on an appeal against a decision to terminate an opposition procedure, can base its decision only on the relative grounds for refusal on which the party concerned relied and on the related facts and evidence produced by that party. However, such a limitation of the legal and factual basis of the examination conducted by the Board of Appeal is compatible with the principle that the extent of the examination which the Board of Appeal is required to conduct in regard to the decision under appeal does not depend upon whether or not the party bringing the appeal has raised a specific ground of appeal criticising the interpretation or application of a provision by the department which heard the application at first instance, or upon that department's assessment of a piece of evidence. It follows from the principle of continuity of functions that, within the scope of Article 74(1) *in fine* of Regulation No 40/94, the Board of Appeal is required to base its decision on all the matters of fact and of law which the party concerned introduced either in the proceedings before the department which heard the application at first instance or, subject only to Article 74(2), in the appeal.

33 Fourth, the interpretation given in paragraph 29 above is supported by the fact that, under Article 88(1) of Regulation No 40/94, and subject only to Article 88(2) concerning natural or legal persons not having either their domicile or their principal place of business or a real and effective industrial or commercial establishment in the Community, parties to proceedings before the Office may appear without professional representation or, a fortiori, a lawyer.

34 Lastly, the interpretation given in paragraph 29 above is not invalidated by the fact that the extent of the examination conducted by the Community courts in the context of direct actions is determined by the grounds of appeal raised in the application, subject only to grounds involving a question of public policy. First,

the proceedings before the Board of Appeal are not judicial in nature but administrative (*Soap bar shape*, cited above, paragraphs 21 to 23). Second, as recalled in paragraph 30 above, unlike the situation prevailing in the Community courts, the notice initiating proceedings before the Board of Appeal need not refer to specific pleas.

35 It follows that, by failing itself to examine the evidence the applicant had produced in the proceedings before the Opposition Division, particularly Mr Blacha's declaration, the Board of Appeal failed to fulfil its obligations under Article 61(1) and Article 62(1) of Regulation No 40/94. Consequently, the first plea must be upheld.

36 Accordingly, the contested decision must be annulled and it is not necessary to rule on the other pleas raised by the applicant.

Costs

37 Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been asked for in the successful party's pleadings. Since the Office has been unsuccessful and the applicant has asked for costs, the Office must be ordered to pay the costs.

On those grounds,

THE COURT OF FIRST INSTANCE (Second Chamber)

hereby:

1. **Annuls the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 12 September 2001 (Case R-738/2000-3);**

2. **Orders the Office for Harmonisation in the Internal Market (Trade Marks and Designs) to pay the costs.**

Forwood Pirrung Meij

Delivered in open court in Luxembourg on 23 September 2003.

H. Jung N.J. Forwood

Registrar President