JUDGMENT OF THE GENERAL COURT (Fourth Chamber)

17 May 2011 *

In Case T-341/09,

Consejo Regulador de la Denominación de Origen Txakoli de Álava, established in Amurrio (Spain),

Consejo Regulador de la Denominación de Origen Txakoli de Bizkaia, established in Leioa (Spain),

Consejo Regulador de la Denominación de Origen Txakoli de Getaria, established in Getaria (Spain),

represented by J. Grimau Muñoz and J. Villamor Muguerza, lawyers,

applicants,

* Language of the case: Spanish.

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

defendant,

ACTION brought against the decision of the Second Board of Appeal of OHIM of 4 June 2009 (Case R 197/2009-2), concerning an application for the registration of the word sign TXAKOLI as a Community trade mark,

THE GENERAL COURT (Fourth Chamber),

composed of O. Czúcz (Rapporteur), President, I. Labucka and K. O'Higgins, Judges,

Registrar: J. Palacio González, Principal Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 27 August 2009,

having regard to the response lodged at the Registry of the Court of First Instance on 30 October 2009,

having regard to the reply lodged at the Registry of the General Court on 30 December 2009,

having regard to the statement in response lodged at the Registry of the General Court on 9 February 2010,

further to the hearing on 26 October 2010,

gives the following

Judgment

Background to the dispute

1 On 30 May 2008, the applicants, the Consejo Regulador de la Denominación de Origen Txakoli de Álava, the Consejo Regulador de la Denominación de Origen Txakoli de Bizkaia and the Consejo Regulador de la Denominación de Origen Txakoli de Getaria, filed an application for registration of a Community collective trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), under 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 Community trade mark (OJ 2009 L 78, p. 1)).

2 The trade mark for which registration was sought is the word sign TXAKOLI.

3 The goods and services in respect of which registration was sought are in Classes 33, 35, 41 and 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, and correspond, for each of those classes, to the following description:

— Class 33: 'Txakoli (chacolí [in Spanish])';

— Class 35: 'Wholesale services, retail services by global IT networks, import and export services, advertising, promotions and sole agencies, all the foregoing relating to "txakoli"';

— Class 41: 'Educational, cultural and leisure activities relating to "txakoli"';

— Class 42: 'Supply of scientific and technological services, industrial research and quality control, all relating to the development of "txakoli"'.

4 By decision of 11 December 2008, the application for registration was rejected by the examiner under Article 7(1)(b) and (c) of Regulation No 40/94 (now Article 7(1)(b) and (c) of Regulation No 207/2009).

5 On 4 February 2009, the applicants lodged an appeal against that decision at OHIM pursuant to Articles 57 to 62 of Regulation No 40/94 (now Articles 58 to 64 of Regulation No 207/2009).

6 By decision of 4 June 2009 ('the contested decision'), the Second Board of Appeal of OHIM dismissed the appeal on the ground that the mark sought was descriptive and devoid of any distinctive character in respect of the goods and services concerned within the meaning of Article 7(1)(b) and (c) of Regulation No 207/2009.

7 In respect of the ground for refusal provided for Article 7(1)(c), the Board of Appeal stated that the word 'txakoli' ('chacoli' in Spanish) appears in the *Diccionario de la Lengua española* (Dictionary of the Spanish Language) of the Real Academia Española and is defined as a 'light wine, slightly acidic, produced in the Basque Country, in Cantabria and in Chile'. The Board of Appeal inferred that the relevant public would not perceive this word as a mark but as the description of a specific type of wine.

8 Moreover, even if the Board of Appeal found that that word corresponds to the traditional terms 'chacolí' or 'txakolina' and was reserved, in accordance with Spanish and EU legislation (in particular Annex III of Commission Regulation (EC) No 753/2002 of 29 April 2002 laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products (OJ 2002 L 118, p. 1), to wines protected by designations of origin for which the applicants are the regulatory boards, the Board of Appeal also found that, following the example of any other traditional term, a term cannot be monopolised by means of an individual or collective mark, for it is intended to be freely used by all the wine-producing undertakings of that type of wine which have, or could in the future have, the right to use that traditional term.

9 As regards the ground for refusal referred to in Article 7(1)(b) of Regulation No 207/2009, the Board of Appeal found that the mark sought was necessarily devoid of distinctive character in the light of the goods and services covered since it exclusively comprised the traditional term for the specific type of wine covered by the application for registration and to which the services at issue refer.

Forms of order sought by the parties

10 The applicants claim, in essence, that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

11 OHIM contends that the Court should:

— dismiss the action;

— order the applicants to pay the costs.

Law

12 The applicants put forward, essentially, two pleas in law, alleging, first, infringement of Article 66(2) of Regulation No 207/2009 and, second, infringement of Article 7(1)(b) of that regulation. In addition, they make certain statements of a political nature to support their claims and certain arguments concerning the principle of non-discrimination.

The first plea, alleging breach of Article 66(2) of Regulation No 207/2009

Arguments of the parties

13 The applicants acknowledge that the word 'txakoli' constitutes a descriptive designation within the meaning of Article 7(1)(c) of Regulation No 207/2009, like any other traditional designations protected by Regulation No 753/2002, but claims that the absolute ground for refusal provided for in Article 7(1)(c) does not apply in this case. They thus maintain that the word 'txakoli' constitutes, in essence, an indication which may serve, in trade, to designate the geographical origin of goods and services at issue, and that it may consequently be registered under Article 66(2) of Regulation No 207/2009 which provides that, by derogation from Article 7(1)(c) of that regulation, such signs or indications may constitute Community collective marks.

14 In that regard, the applicants claim in particular that, since Regulation No 753/2002 and the Spanish legislation recognise the other traditional designations 'chacolí' or 'txakolina' and 'txakoli' solely for wines with designation of origin of which they are the regulatory boards, the word 'txakoli' serves to identify those wines exclusively and may not be used by wine producers outside the zones concerned by those designations of origin. In particular, the applicants assert that, in order for a word be recognised as a traditional term, what is important is that, together with the geographical indication of wines, the word should be associated with the origin of the characteristic features of the wines it designates. The applicants add that the relevant public associate the word 'txakoli' with the Basque Country (Spain), owing to its origin and its spelling, and consider, consequently, that word to be an indicator of geographical origin.

15 Furthermore, the applicants refer to the registration of certain allegedly comparable marks.

16 OHIM challenges those arguments.

Findings of the General Court

17 Under Article 7(1)(c) of Regulation No 207/2009, 'trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service' are not to be registered.

18 Article 7(1)(c) of Regulation No 207/2009 pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all (Case C-191/01 P, *OHIM* v *Wrigley* [2003] ECR I-12447, paragraph 31, and the judgment of 25 March 2009 in Case T-343/07 *allsafe Jungfalk* v *OHIM (ALLSAFE)*, not published in the ECR, paragraph 20).

19 The signs and indications referred to in Article 7(l)(c) of Regulation No 207/2009 are thus only those which may serve in normal usage, from the point of view of the relevant public, to designate, either directly or by reference to one of their essential characteristics, goods or services in respect of which registration is sought (*ALLSAFE*, paragraph 21). That is the case where there is, for the relevant public, a direct and specific relationship between the word sign in question and the products covered

(see, to that effect, Case T-311/02 *Lissotschenko and Hentze* v *OHIM (LIMO)* [2004] ECR II-2957, paragraph 30, and Case T-173/03 *Geddes* v *OHIM (NURSERYROOM)* [2004] ECR II-4165, paragraph 20).

20 Therefore, the distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been sought and, second, by reference to the perception which the relevant public has of those goods or services (see, by analogy, Case T-79/00 *Rewe-Zentral* v *OHIM (LITE)* [2002] ECR II-705, paragraph 27, and Joined Cases T-79/01 and T-86/01 *Bosch* v *OHIM (Kit Pro and Kit Super Pro)* [2002] ECR II-4881, paragraph 20).

21 Furthermore, Article 66 of Regulation No 207/2009 provides:

'(1) A Community collective mark shall be a Community trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. …

(2) In derogation from Article 7(1)(c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks within the meaning of paragraph 1 …'

22 In the present case, confirming the assessment of the examiner, the Board of Appeal found that, from the point of view of the relevant public, namely, the average Basque and Spanish consumer, the word 'txakoli' designated the type of wine for which registration had been sought and to which the services at issue referred, and consequently it ran foul of the ground for refusal provided for in Article 7(1)(c) of Regulation No 207/2009.

23 First of all, even if the applicants do not contest the definition of the relevant public found by the Board of Appeal, since the word 'txakoli' or 'chacolí' designates the type of wine for which registration was sought (see paragraph 3 above) and there is no translation of it into other languages of the Union, there is no reason to limit the relevant public to Basque and Spanish consumers only. That statement, however, has no consequences for the Board of Appeal's assessment.

24 The applicants maintain that the word 'txakoli' constitutes, in essence, an indication which may serve, in trade, to designate the geographical provenance of goods and services for which registration was sought under Article 66(2) of Regulation No 207/2009 because, on the one hand, it is another traditional term protected by Regulation No 753/2002 and therefore exclusively reserved for wines which show their designation of origin and, on the other, it is of Basque origin and is written in Basque.

25 It must be noted that Regulation No 753/2002, relied upon by the applicants, was repealed, between the date when the contested decision was adopted and the introduction of the action, by Commission Regulation (EC) No 607/2009 of 14 July 2009 laying down certain detailed rules for the implementation of Council Regulation (EC) No 479/2008 as regards protected designations of origin and geographical indications, traditional terms, labelling and presentation of certain wine sector products (OJ 2002 L 193, p. 60). Regulation No 607/2009 like Regulation No 753/2002, recognises the terms 'chacolí' and 'txakolina' in connection with the wines with designated origin for which the applicants are the regulatory boards. By contrast, in accordance with the new basic regulation, Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ 2007 L 299, p. 1), as amended, it no longer uses the phrase 'other traditional term'.

26 As regards, in the first place, the applicants' arguments seeking to show that the word 'txakoli' is a geographical indication, it must be noted that, even if that word, which the applicants claim, is equivalent to the words 'chacolí' and 'txakolina', it, like them, constitutes no more than an 'other traditional term' within the meaning of Article 23 of Regulation No 753/2002 and not a protected designation of origin or a protected geographical indication. Protected designations of origin included in the wine regulation are 'txakoli de Álava', 'txakoli de Bizkaia' and 'txakoli de Getaria' and include, together with the word 'txakoli', the name of a region or a specified place indicating the actual geographical provenance of the wine at issue accordingly authorised by the second paragraph of Article 52(1) of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine (OJ 1999 L 179, p. 1) — the basic regulation before Regulation No 1234/2007 on which Regulation No 753/2002 was based — which provided that Member States might authorise the name of a specified region to be accompanied by details relating, in particular, to the type of product.

27 The distinction between geographical indications, in a broad sense, and traditional terms was clearly set out in Regulation No 1493/1999, for it stated at Article 47(2)(e) that the rules relating to the description, designation and presentation of certain products covered by that regulation, and the protection of certain particulars and terms, included, in particular, the objectives governing the use of geographical indications and traditional terms.

28 Among the latter, Article 23 of Regulation No 753/2002 defined other traditional terms as 'additional terms traditionally used in producer Member States to designate, in the case of wines (table wines with geographical indications and quality wines produced in a specified region), the production or ageing method or the quality, colour, type of place, or a particular event linked to the history of the wine concerned and defined in a Member State's legislation for the purposes of designating the wines concerned originating in its territory'. The other traditional terms within the meaning of

Regulation No 753/2002 were, consequently, terms designating certain characteristic features of wine, the place or production or its history and not its geographical provenance.

29 That finding is confirmed by the fact that many traditional terms protected by Regulation No 753/2002 and, currently, by Regulation No 607/2009, are linked to a large number of designations of origin, covering sometimes an entire Member State, even several, thereby making it impossible to consider that qualifying a word as an 'other traditional term' has the effect of transforming it into a geographical indication and still less to consider that that qualification does no more than confirm that the word already constituted in itself a geographical indication of origin of wines.

30 Moreover, contrary to what the applicants claim, Regulation No 753/2002 did not provide that, in order for a word be recognised as a traditional term, it, together with the geographical indication of the wines, should be associated with the origin of the characteristics of the wines it designates.

31 Admittedly, Article 24(6) of the first version of Regulation No 753/2002 stated that 'traditional terms' were intended to identify those wines as originating in that region where the characteristic of the wine, as expressed by the traditional term concerned, was essentially attributable to that geographical origin. That paragraph, inter alia, was however deleted with effect from 1 February 2004 by Article 1(4) of Commission Regulation (EC) No 316/2004 of 20 February 2004 amending Regulation (EC) No 753/2002 (OJ 2002 L 55, p. 16). It is clear from recitals 2 and 3 of Regulation No 316/2004 that the deletion was intended to respond to criticisms made by certain non-Member States alleging that that provision reserved certain 'traditional terms', namely, those appearing in the list including the terms 'chacolí' and 'txakolina', to wines from the European Union only.

32 The action brought by the Italian Republic against Regulation No 316/2004, in the context of which the Italian Republic alleged that the 'traditional terms' simply formed a whole with the geographic indications, was dismissed by judgment of the Court of First Instance of 15 March 2006 in Case T-226/04 *Italy* v *Commission* [2006], not published in the ECR.

33 In the light of these factors, it must be acknowledged that even if the regulation associates the words 'chacolí' or 'txakolina', or yet the word 'txakoli', with wines with designations of origin for which the applicants are the regulatory boards, the wine regulation relied on by the applicants regards those words as merely an indication of the characteristic of wines and not as an indication of their geographical provenance, despite the link supposedly existing between those words, 'txakoli' in particular, and the Basque Country.

34 Therefore, the applicant's arguments according to which that word constitutes, in substance, a geographical indication, must be dismissed.

35 In any event, it is to be observed that inasmuch as Article 66(2) of Regulation No 207/2009 provides an exception to the ground for refusal under Article 7(1)(c) of that regulation, it must not be interpreted broadly by including the signs comprising a geographical indication solely on the substance (see, to that effect, Case T-190/03 *Olesen* v *Commission* [2005] ECR I-A-181 and ECR II-805, paragraph 47).

36 Moreover, it is important to note that, as regards the very specific wine market, in the context of assessing the application for registration lodged by the applicants with OHIM, to accept that the word 'txakoli' designates or may serve to designate, in normal usage from the point of view of the relevant public, the Basque Country as the geographical provenance for the wine at issue, would amount to encroaching on the powers of the authorities intervening in the procedures intended to create new

designations of origin or protected geographical indications containing that word (or its equivalents, 'chacolí' or 'txakolina'), or to increase the number of designations linked to those terms.

37 It is, however, for those authorities to determine, within the framework of their discretion and after assessing all the relevant circumstances such as those discussed by the parties in this case, whether the word 'txakoli' must be protected as a designation of geographic origin of the wine at issue, and in accordance with the specific procedure laid down in that respect by Regulation No 1234/2007, which includes, in particular, specific rights for interested persons and includes the possibility of challenging the final decision of the Commission in that respect before the union judicature.

38 With regard, in the second place, to the registered marks relied upon by the applicants, it follows from settled case-law that the decisions concerning registration of a sign as a Community trade mark which OHIM's Boards of Appeal are called on to take under Regulation No 40/94 are adopted in the exercise of circumscribed powers and are not a matter of discretion. Accordingly, the legality of those decisions must be assessed solely on the basis of that regulation and not on that of previous decision-making practice (Case C-412/05 P *Alcon* v *OHIM* [2007] ECR I-3569, paragraph 65, and Case T-346/04 *Sadas* v *OHIM - LTJ Diffusion (ARTHUR ET FELICIE)* [2005] ECR II-4891, paragraph 71).

39 In any event, the fact remains that the marks cited by the applicants are not relevant in this case, for it concerns individual marks not falling foul of the ground for refusal under Article 7(1)(c), and not descriptive collective marks having been registered under Article 66(2) of Regulation No 207/2009. In particular, the first two are figurative marks including, in addition to the words cited by the applicants, 'zumo' and 'don

sabor mosto', very distinctive figurative features. As regards the word mark MOSTO, 'mosto' meaning grape must in Spanish, it must be noted that, contrary to what the applicants claim, that mark was not registered for grape must.

40 It follows from the foregoing that the Board of Appeal did not err in not applying Article 66(2) of Regulation No 207/2009 for the purposes of rejecting the ground for refusal under Article 7(1)(c) of that regulation.

The second plea, alleging breach of Article 7(1)(b) of Regulation No 207/2009

Arguments of the parties

41 The applicants claim that, in order for a traditional term to be protected by Regulation No 753/2002, it must evoke a geographical indication that serves to link it to a region and they maintain that the distinctive character of the word 'txakoli' arises from its direct link with the Basque Country, that link being shown by the fact that it is reserved to the designations of origin for which they are the regulatory boards. They add that the exclusivity of the use of the word 'txakoli' comes from its qualification as a 'traditional term' in that regulation in connection with their designations of origin.

42 The applicants maintain, purely for information, that their position is confirmed by a judgment of the Tribunal Superior de Justicia (High Court of Justice) of the Basque Country of 4 June 2007, on the legality of a fine imposed on a Basque producer having used that word to designate its wines, which found that the word 'txakoli' could not be

used by operators having no right to one of the applicants' designations of origin and that, together with those designations, it was linked to the origin of the characteristics it described.

43 On the basis of the national rules on designations of origin for which they are the regulatory boards, the applicants claim that the words 'chacolí', 'txakoli' or 'txakolina' are specific in themselves, and, having been precisely defined in those rules, enjoy a reputation and distinctive character acquired as a result of the efforts of wine growers and producers entitled to use those designations of origin.

44 OHIM challenges those arguments.

Findings of the General Court

45 It is clear that the applicants confine themselves, in essence, to repeating the arguments that they raised in support of their first plea and that have been rejected above.

46 As regards their argument that the exclusivity of the word 'txakoli' follows from its qualification as a 'traditional term' by Regulation No 753/2002, it must be noted that, even assuming that that exclusivity is real — which, moreover, the Board of Appeal accepted, even if OHIM does not share that view — that exclusivity is not relevant in the context of the assessment of the application for registration which the applicants made to OHIM and which forms the subject-matter of the contested decision. Indeed, the exclusivity conferred by other provisions of Union law cannot automatically imply the registration of a sign at issue as a Community mark. Such registration confers specific rights on its proprietor, including the option of benefiting from exclusivity for

an unlimited time — provided that the formalities for renewing the mark have been completed (see Article 46 of Regulation No 207/2009) — that do not flow from other rules such as those falling within the sphere of agricultural policy.

47 As regards the judgment of the Tribunal Superior de Justicia of 4 June 2007, it must be noted that the applicants acknowledge that it is only referred to for information. In any event, in accordance with settled case-law, decisions of national courts are merely one factor which may only be taken into consideration, without being given decisive weight, in the registration of a Community trade mark (Case T-337/99 *Henkel* v *OHIM (Round red and white tablet)* [2001] ECR II-2597, paragraph 58; see also, to that effect, Case T-129/04 *Develey* v *OHIM* (Shape of a plastic bottle) [2006] ECR II-811, paragraph 32). It follows from the assessment above that the arguments which the applicants invoke from that judgment are either unfounded or irrelevant.

48 As regards, finally, the argument that the words 'chacolí', 'txakoli' or 'txakolina' are themselves specific and enjoy a distinctive character and reputation, it must be noted that those conditions were required by Article 24(5) of Regulation No 753/2002 in order for it to be possible for a word to be classed as a 'traditional term' and are, consequently, common to all those terms. Taking account of the respective aims of Regulations No 753/2002 and No 207/2009, the distinctive character to which the first of those regulations referred was whether the word could identify a particular characteristic of the wine at issue and not whether it could distinguish the goods or services of an undertaking from those of other undertakings within the meaning of Article 4 of Regulation No 207/2009. Recognition of a distinctive character and a reputation for a word in the context of its classification as a 'traditional term' is, therefore, irrelevant in the present case.

49 In those circumstances, the plea alleging infringement of Article 7(1)(b) of Regulation No 207/2009 must be rejected.

The arguments based on certain statements of a political nature and those concerning the principle of non-discrimination

Arguments of the parties

50 The applicants submitted to the General Court official statements of the Parliament of the Autonomous Community of the Basque Country, the General Councils of Álava (Juntas Generales de Álava) and a Spanish Parliament committee in which those bodies support their claim for the exclusive use of the words 'txakoli' and 'chacolí' in their territory. The applicants claim that those statements seek to support the word 'txakoli' and claim exclusivity for that word.

51 In addition, they claim that the contested decision denies the factual and legal reality which protects them in order to use the word 'txakoli' as one of the indicators of the Basque Country and thereby significantly and unjustifiably discriminates against them in relation to other wines and geographical zones in Spain and the Union. Moreover, after the oral procedure had been closed, they submitted documents to the General Court on a parliamentary question and the Commission's response to that question, which, in their view, show that it would be impossible for them to defend their interests against producers who use the word 'chacolí' if the mark applied for were not registered.

52 OHIM challenges those arguments.

Findings of the General Court

53 In the first place, it must be emphasised that the different bodies of OHIM and the General Court make their decisions quite independently of any adoption of political positions.

54 Second, it must be stated that the refusal to register the mark applied for does not affect the exclusive right at present enjoyed by the applicants, to use the words 'chacolí', 'txakolina' and even 'txakoli', pursuant to the legislation on wine, and does not have the effect of authorising the use of that word for operators other than those who benefit from that right under that regulation, or of preventing the applicants from requiring observance of that legislation. In the light of that fact, the General Court found that it was not necessary to reopen the oral procedure and to place on the file the documents referred to at paragraph 51 above, produced by the applicants after that procedure had been closed.

55 Third, the applicants give no details of their argument alleging the existence of discrimination and do not indicate what 'other wines or geographical zones', supposedly in the same situation, have obtained the registration of marks comprising a word which constitutes an 'other traditional term' and not a designation of origin or a protected geographical indication. As regards, in particular, the applicants' contention that all traditional terms are descriptive words, the use of which is reserved for certain designations of origin, it is important to note that that contention is not relevant to the outcome of the present action given that that exclusivity is a consequence of the wine legislation only, whereas the applicants seek to benefit, in addition, from the exclusivity granted by the registering of a Community mark.

56 Since those last arguments of the applicants must therefore also be disregarded, the action must be dismissed.

Costs

57 Under Article 87(2) of the Rules of Procedure of the General Court, the unsuccessful party must be ordered to pay the costs if they have been asked for in the successful party's pleadings. Since the applicants have been unsuccessful, they must, having regard to the form of order sought by OHIM, be ordered to pay the costs.

On those grounds,

THE GENERAL COURT (Fourth Chamber)

hereby:

1. **Dismisses the action.**

2. **Orders the Consejo Regulador de la Denominación de Origen Txakoli de Álava, the Consejo Regulador de la Denominación de Origen Txakoli de Bizkaia and the Consejo Regulador de la Denominación de Origen Txakoli de Getaria to pay the costs.**

Czúcz Labucka O'Higgins

Delivered in open court in Luxembourg on 17 May 2011.

[Signatures]