# JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)
10 November 2004 *

In Case T-164/02,

**Kaul GmbH,** established in Elmshorn (Germany), represented by G. Würtenberger and R. Kunze, lawyers,

applicant,

v

**Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM),** represented by A. von Mühlendahl and G. Schneider, acting as Agents,

defendant,

the other party to the proceedings before the Board of Appeal having been

**Bayer AG,** established in Leverkusen (Germany),

* Language of the case: German.

ACTION brought against the decision of the Third Board of Appeal of OHIM of 4 March 2002 (Case R 782/2000-3), relating to opposition proceedings between Kaul GmbH and Bayer AG,

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

composed of H. Legal, President, M. Vilaras and I. Wiszniewska-Białecka, Judges,

Registrar: D. Christensen, Administrator,

having regard to the written procedure and further to the hearing on 30 June 2004,

gives the following

## Judgment

### Facts

1 On 3 April 1996 Atlantic Richfield Company (Atlantic Richfield Co.) filed an application for a Community 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.

2 The mark in respect of which registration was sought is the word mark ARCOL.

3 The goods in respect of which registration of the mark was applied for are within Classes 1, 17 and 20 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. The goods within Class 1 include 'chemical substances for preserving foodstuffs'.

4 On 20 July 1998, the trade mark application was published in the *Community Trade Marks Bulletin*.

5 On 20 October 1998 the applicant gave notice of opposition under Article 42(1) of Regulation No 40/94 to registration of the trade mark applied for, in respect of 'chemical substances for preserving foodstuffs' within Class 1. The opposition was based on the existence of an earlier Community trade mark, registered on 24 February 1998 under number 49106. That mark consists of the word mark CAPOL and covers the goods referred to as 'chemical preparations for keeping fresh and preserving foodstuffs, namely, raw materials for smoothing and preserving prepared food products, in particular, confectionery', within Class 1. In support of the opposition, the applicant relied on the ground for refusal referred to in Article 8(1)(b) of Regulation No 40/94.

6 By decision of 30 June 2000 the Opposition Division rejected the opposition on the ground that, even if the goods were identical, there could not be any likelihood of confusion between the marks at issue because they were different visually and phonetically.

7 On 24 July 2000 the applicant filed notice of appeal under Article 59 of Regulation No 40/94 against the Opposition Division's decision.

8 By letter of 17 July 2000, received on 24 July 2000, OHIM was informed by Bayer AG of the transfer to it of the trade mark application in respect of ARCOL filed by Atlantic Richfield Co. The transfer was entered in the Register of Community trade marks on 17 November 2000 pursuant to Article 17(5) and Article 24 of Regulation No 40/94.

9 On 30 October 2000 the applicant filed with OHIM its written statement setting out the grounds of appeal, as provided for in Article 59 of Regulation No 40/94.

10 By decision of 4 March 2002, notified to the applicant on 25 March 2002 ('the contested decision'), the Third Board of Appeal of OHIM dismissed the appeal. The Board of Appeal found essentially that account could no longer be taken of the allegedly highly distinctive character of the earlier mark due to its being well known, since the applicant had put that fact forward only at the appeal stage. The Board of Appeal also noted that the applicant had, in reality, not so much submitted a fresh argument as changed the legal basis of its opposition to Article 8(2)(c) of Regulation No 40/94, relating to well-known trade marks. The Board also found that, despite the identical nature of the goods, there was no likelihood of confusion between the word marks at issue, given the considerable differences between them visually and phonetically, the highly specialised nature of the market for the goods in question and the likely expertise of the typical consumer of those goods.

## Procedure and forms of order sought

11 By application lodged at the Registry of the Court of First Instance on 24 May 2002 the applicant brought the present action. On 16 October 2002 OHIM lodged its response at the Registry of the Court.

12 By letter lodged at the Registry of the Court on 7 November 2002, the applicant, pursuant to Article 135(2) of the Rules of Procedure of the Court of First Instance, requested permission to lodge a reply.

13 On 20 November 2002, the Court of First Instance (Fourth Chamber) decided that it was not necessary to proceed with a second exchange of written observations, since the applicant could elaborate on its pleas and arguments and reply to OHIM's response during the oral procedure.

14 Upon hearing the report of the Judge-Rapporteur, the Court of First Instance (Fourth Chamber) decided to open the oral procedure.

15 The parties presented oral argument and replied to the questions put to them by the Court at the hearing on 30 June 2004.

16 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

17 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

**Law**

18 The applicant relies essentially on four pleas in law in support of its action: first, breach of the obligation to examine the evidence adduced by it before the Board of Appeal; second, infringement of Article 8(1)(b) of Regulation No 40/94; third, infringement of the principles of procedural law acknowledged in the Member States and the procedural rules applicable before OHIM, and, fourth, breach of the duty to state reasons.

19 It is appropriate to begin by examining the first plea.

*Arguments of the parties*

20 According to the applicant, the Board of Appeal's finding that, after the end of the opposition proceedings, new facts are no longer admissible before it results from a misunderstanding of the function of boards of appeal. On the contrary, proceedings before the Board of Appeal must be regarded as a second instance of review of the merits, in the course of which new facts may be put forward by the parties. The

Board of Appeal was thus wrong in refusing to examine in this case, for the purposes of assessing the likelihood of confusion, the evidence adduced by the applicant in its written statement of 30 October 2000 concerning the highly distinctive character of the earlier mark CAPOL, consisting of a declaration in lieu of an oath from the applicant's managing director together with a list of the applicant's customers. In so doing OHIM acted in breach of the applicant's right to be heard.

21 Moreover, contrary to OHIM's assertions, the applicant, did not in any way give up Article 8(1)(b) of Regulation No 40/94 in favour of Article 8(2)(c) of that regulation as the basis of its opposition. The documents produced in the statement of 30 October 2000 were not intended to provide new facts but rather to supplement the arguments already put forward during the opposition proceedings.

22 OHIM responds that the applicant's position is based on an incorrect interpretation of the system of legal protection established by Regulation No 40/94 and applied in 'settled case-law' of the boards of appeal. The continuity in terms of their functions between the boards of appeal and the opposition division means that it is not sufficient to bring an appeal in order to avoid the consequences of non-compliance with the time-limits fixed by the opposition division. Accordingly, OHIM states that, apart from a few exceptions, the boards of appeal always refuse to take account of any new statement of facts not presented within those time-limits.

23 The first time the applicant put forward its position as leader in the market in chemical preparations for preserving foodstuffs and the well-known character of the mark CAPOL among the public concerned was before the Board of Appeal. Those are new facts and indeed, in so far as the applicant uses the expression 'well known', a change to Article 8(2)(c) of Regulation No 40/94 in the legal basis of its opposition.

24 OHIM further submits that had the applicant's position in the market and the corresponding strengthening of the distinctive character of its mark been taken into account, this would not have led to a finding that there is a likelihood of confusion.

*Findings of the Court*

25 It is appropriate to note, as a preliminary point, that the evidence adduced by the applicant before the Board of Appeal consists of a declaration in lieu of an oath from the applicant's managing director and a list of the applicant's customers.

26 Those documents, relating to the degree of use of the applicant's mark, were produced by the applicant in support of its line of argument put forward previously before the Opposition Division — at that point based solely on considerations relating to the lack of distinctive character of the applicant's mark — to the effect that that mark was highly distinctive and should therefore have greater protection.

27 The Board of Appeal, in paragraphs 10 to 12 of the contested decision, and then OHIM, in paragraph 30 of its response, considered that that new statement of facts could not be taken into account, because it was made after the expiry of the time-limits set by the Opposition Division.

28 It must be stated, however, that that position is not compatible with the continuity in terms of their functions between the departments of OHIM as affirmed by the Court of First Instance as regards both ex parte proceedings (judgment in Case T-163/98 *Procter & Gamble* v *OHIM (BABY-DRY)* [1999] ECR II-2383, paragraphs 38 to 44, not overturned on this point by the Court of Justice in Case C-383/99 P *Procter &*

*Gamble* v *OHIM (BABY-DRY)* [2001] ECR I-6251, and Case T-63/01 *Procter & Gamble* v *OHIM (Soap bar shape)* [2002] ECR II-5255, paragraph 21) and inter partes proceedings (Case T-308/01 *Henkel* v *OHIM — LHS (UK) (KLEENCARE)* [2003] ECR II-3253, paragraphs 24 to 32).

29 It has been held that it follows from the continuity in terms of their functions between the departments of OHIM that, within the scope of application 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 (*KLEENCARE*, paragraph 32). Thus, contrary to OHIM's assertions concerning inter partes proceedings, the continuity in terms of their functions between the various departments of OHIM does not mean that a party which, before the department hearing the application at first instance, did not produce certain matters of fact or of law within the time-limits laid down before that department would not be entitled, under Article 74(2) of Regulation No 40/94, to rely on those matters before the Board of Appeal. On the contrary, the continuity in terms of functions means that such a party is entitled to rely on those matters before the Board of Appeal, subject to compliance with Article 74(2) of that regulation before the Board.

30 Accordingly, in the present case, since the disputed factual evidence was not submitted out of time for the purposes of Article 74(2) of Regulation No 40/94, but was annexed to the statement lodged by the applicant before the Board of Appeal on 30 October 2000, that is, within the four-month time-limit laid down in Article 59 of Regulation No 40/94, that board could not refuse to take account of that evidence.

31 Moreover, the Board of Appeal, adopting Bayer's assertion in its statement of 27 December 2000 that the applicant is, in reality, attempting to prove that its mark has a reputation or is well known, claimed in the alternative in paragraph 13 of the

contested decision that the applicant changed the legal basis of its opposition from Article 8(1)(b) of Regulation No 40/94 to Article 8(2)(c) thereof.

32 The Court finds that this alternative argument cannot be accepted.

33 At no stage of the proceedings has the applicant maintained that it was basing its opposition on any provision other than Article 8(1)(b) of Regulation No 40/94. On the contrary, that is the legal basis on which the applicant, beginning with the proceedings before the Opposition Division and then before the Board of Appeal, has relied on the highly distinctive character of its mark and the Court's case-law on the relevance of that consideration to the assessment of the likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94.

34 It follows from all the foregoing considerations that the Board of Appeal was not able, without infringing Article 74 of Regulation No 40/94, to refuse to consider the factual evidence adduced by the applicant in its statement of 30 October 2000 for the purpose of proving the highly distinctive character of the earlier mark resulting from the use, claimed by the applicant, of that mark in the market.

35 Moreover, according to the case-law, the more distinctive the earlier mark, the greater will be the likelihood of confusion, and therefore marks with a highly distinctive character, either per se or because of the recognition they possess on the market, enjoy broader protection than marks with a less distinctive character. It follows that there may be a likelihood of confusion, notwithstanding a lesser degree

of similarity between the trade marks, where the goods or services covered by them are very similar and the earlier mark is highly distinctive (see Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraphs 20 and 21, and the case-law cited).

36 Accordingly, since the Board of Appeal found in the present case that the goods covered by the conflicting marks were identical and that there were certain similarities between those marks, it was not able to rule as it did on whether there was a likelihood of confusion without taking into account all the factors relevant to that assessment, including the evidence adduced by the applicant for the purpose of establishing the highly distinctive character of the earlier mark.

37 It follows that, by failing to take into account the evidence adduced before it by the applicant, the Board of Appeal infringed its obligations relating to the assessment of the likelihood of confusion under Article 8(1)(b) of Regulation No 40/94. It is not for the Court of First Instance to assume OHIM's role in assessing the evidence in question; rather, that assessment is for OHIM to carry out. The contested decision must therefore be annulled, and it is not necessary to adjudicate on the other pleas in law.

## Costs

38 Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since the defendant has been unsuccessful, it must be ordered to pay the costs, as applied for by the applicant.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. **Annuls the decision of 4 March 2002 (Case R 782/2000-3) of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM);**

2. **Orders OHIM to pay the costs.**

Legal Vilaras Wiszniewska-Białecka

Delivered in open court in Luxembourg on 10 November 2004.

H. Jung H. Legal

Registrar President