JUDGMENT OF THE COURT OF FIRST INSTANCE (Third Chamber)

12 June 2009 *

In Case T-450/07,

Harwin International LLC, established in Albany, New-York (United States), represented by D. Przedborski, avocat,

applicant,

v

Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), represented by A. Folliard-Monguiral, acting as Agent,

defendant,

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

* Language of the case: English.

Cuadrado, SA, established in Paterna (Spain),

ACTION brought against the decision of the Second Board of Appeal of OHIM of 10 September 2007 (Case R 1245/2006-2), relating to invalidity proceedings between Cuadrado SA and Harwin International LLC,

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

composed of J. Azizi, President, E. Cremona and S. Frimodt Nielsen (Rapporteur), Judges,

Registrar: N. Rosner, Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 3 December 2007,

having regard to the response lodged at the Court Registry on 25 February 2008,

further to the hearing on 4 March 2009, at which none of the parties were present,

gives the following

Judgment

Background to the proceedings

1 On 15 May 1998 the applicant, Harwin International LLC, filed an application for a Community trade mark at the Office for Harmonization 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 following figurative sign:



3 The goods in respect of which registration was sought fell within Class 25 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 corresponded to the following description: 'clothing, footwear, headgear'.

4 The Community trade mark was registered on 1 September 2000.

5 On 10 January 2005, Cuadrado, SA ('the applicant for a declaration of invalidity') submitted an application for a declaration of invalidity under Article 55 of Regulation No 40/94 against that Community trade mark. The application was directed against all the goods covered by the Community trade mark and was based on the following earlier marks:

— the word mark PICK OUIC Cuadrado, SA VALENCIA, filed on 24 April 1989 and registered on 5 September 1990 under the reference 1318311 in respect of the following goods in Class 25: 'Articles of clothing for women, men and children and footwear (except orthopaedic)';

— the following figurative mark, filed on 2 April 1997 and registered on 6 October 1997 under the reference 2083855 in respect of the goods in Class 25 ('articles of outer clothing and underwear, footwear, headgear') and represented below:



6 By decision of 31 July 2006, the Cancellation Division granted the application for a declaration of invalidity.

7 On 22 September 2006, the applicant filed a notice of appeal at OHIM against the Cancellation Division's decision.

8 By decision of 10 September 2007 ('the contested decision'), the Board of Appeal dismissed the appeal. In that decision, it pointed out that the applicant requested it, inter alia, to annul the Cancellation Division's decision since the division had not considered whether the applicant for a declaration of invalidity had proved use of its trade marks. In response, the Board of Appeal pointed out that the Cancellation Division had rightly concluded that it was not entitled to assess whether the earlier marks of the applicant for a declaration of invalidity had been used in accordance with Article 56(2) and (3) of Regulation No 40/94 (now Article 57(2) and (3) of Regulation No 207/2009), given that the applicant had not made an express request for proof of use during the cancellation proceedings. Moreover, the Board of Appeal stated that such a request could not be submitted for the first time at the stage of the appeal against the Cancellation Division's decision (paragraphs 17 to 21 of the contested decision).

Forms of order sought

9 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

10 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

11 The applicant puts forward two pleas in law in support of its action: the first plea alleges infringement of Article 56(2) and (3) of Regulation No 40/94 and the second alleges infringement of Article 52(1)(a) and Article 8(1)(b) of Regulation No 40/94 (now Article 53(1)(a) and Article 8(1)(b) of Regulation No 207/2009 respectively). It is appropriate to start with an examination of the first plea in law.

Arguments of the parties

12 The applicant claims that the voluntary production of evidence by the applicant for a declaration of invalidity made it pointless for it to make any formal request for proof of use under Article 56(2) and (3) of Regulation No 40/94. The Board of Appeal, it submits, infringed those provisions by refusing to examine the objections submitted by the applicant to the documents produced by the applicant for a declaration of invalidity, in its application for a declaration of invalidity and subsequent to that application, to prove the use of its earlier marks. Those objections are supported by the decision of the Opposition Division of 2 March 2004 concerning the applicant for a declaration of invalidity's word mark PICK OUIC Cuadrado, SA VALENCIA, adopted in the course of parallel proceedings in which the Opposition Division declared that a number of documents produced by the applicant for a declaration of invalidity were insufficient to prove genuine use. That decision was confirmed by a decision of the First Board of Appeal of OHIM of 28 February 2005 (Case R 335/2004-1). The applicant also submits that this case may be distinguished from that considered by the Court of First Instance in Joined Cases T-183/02 and T-184/02 *El Corte Inglés* v *OHIM — González Cabello and Iberia Líneas Aéreas de España (MUNDICOR)* [2004] ECR II-965, in which the opponent voluntarily produced evidence to establish the reputation and not the genuine use of the earlier mark.

13 OHIM confirms that the issue of the genuine use of the earlier Spanish mark PICK OUIC Cuadrado, SA VALENCIA, was discussed in parallel opposition proceedings. It observes, however, that those proceedings were still pending when the application for a declaration of invalidity was filed on 10 January 2005, since the First Board of Appeal's decision was given one month afterwards, on 28 February 2005.

14 According to OHIM, the applicant for a declaration of invalidity took the view that the documents produced in support of its application would convince the applicant that a second exchange of arguments regarding use was unnecessary. The applicant for a declaration of invalidity thus sought to avoid the applicant submitting a formal request for proof of use. The applicant therefore should have made clear that it intended to refer that question to the Cancellation Division, for it to assess the genuine nature of the use of the earlier marks, before disputing the evidential value of the documents produced on that issue by the applicant for a declaration of invalidity. In that situation, the Cancellation Division would then have sent an official notification to the applicant for a declaration of invalidity under which it would have been given a time-limit to produce proof of use. Such an official notification from OHIM might have encouraged the applicant for a declaration of invalidity to reconsider whether the documents attached to its application for a declaration of invalidity were *prima facie* conclusive of genuine use.

15 So far as the principles are concerned, OHIM contends that there are two fundamental reasons why a request for proof of use must be made expressly. First, a formal request for proof of use shifts the burden of proving that use to the proprietor of the earlier mark. Secondly, that request confers on OHIM the competence to adjudicate on whether that use is genuine or not. That issue must be settled before a decision is given on the merits of the opposition or application for a declaration of invalidity. Once OHIM has that competence, it will weigh up the evidence and adjudicate on its conclusiveness without being bound by a possible agreement between the parties on any given point. Whether or not the trade mark applicant disputes the probative value of the evidence of use filed by the applicant for a declaration of invalidity in response to a request for proof of use, OHIM is entitled to form its own view on that evidence and to reject the application for a declaration of invalidity if it considers that evidence not to support the genuine use of the earlier mark. Conversely, until the request for proof of

use has the effect of triggering OHIM's competence to examine the proof of use, OHIM cannot take a position on the issue and must assume that the earlier mark is used.

16 In the present case, OHIM contends that the applicant's refusal to accept the extent of the use of the earlier marks is not in itself an express request for proof of use for the purposes of Article 56(2) of Regulation No 40/94. That interpretation is supported by a literal interpretation of that provision which, by referring to a 'request' from the proprietor of the Community trade mark, requires a formal request to allow OHIM to rule on the issue of genuine use of the earlier marks. Likewise, it is apparent from the Court of First Instance's case-law that, in the absence of an 'express' request, OHIM is not competent to adjudicate on whether the earlier mark(s) have been put to genuine use (see, as regards the opposition procedure provided for by Article 43(2) and (3) of Regulation No 40/94 (now Article 42(2) and (3) of Regulation No 207/2009), Case T-364/05 *Saint-Gobain Pam* v *OHIM — Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 34). *MUNDICOR*, cited in paragraph 12 above, is explicit on this point. Admittedly, in that case the Court noted that the documentary evidence submitted voluntarily by the opponent was intended to prove the reputation of the earlier mark. None the less, had those documents been intended to establish the genuine use of the earlier mark, the result would have been the same, as shown clearly in paragraphs 42 and 43 of that judgment, which are applicable by analogy to invalidity proceedings.

Findings of the Court

17 Article 56(2) and (3) of Regulation No 40/94 provides:

'2. If the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish

proof that, during the period of five years preceding the date of the application for a declaration of invalidity, 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 application … If, at the date on which the Community trade mark application was published, the earlier Community trade mark had been registered for not less than five years, the proprietor of the earlier Community trade mark shall furnish proof that, in addition, the conditions contained in Article 43(2) were satisfied at that date. In the absence of proof to this effect the application for a declaration of invalidity shall be rejected ….

3. Paragraph 2 shall apply to earlier national trade marks referred to in Article 8(2)(a), by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.'

18 In the present case, on its own initiative, the applicant for a declaration of invalidity included with its application of 10 January 2005 evidence concerning the use of its earlier marks (application for a declaration of invalidity, referred to by the applicant, p. 200 of the file lodged by OHIM at the Court of First Instance).

19 In its observations on the application for a declaration of invalidity sent to OHIM on 21 July 2005, the applicant states that that evidence was insufficient to prove genuine use (observations on the application for a declaration of invalidity, referred to by the applicant, p. 361 of the file lodged by OHIM at the Court of First Instance).

20 The applicant also points out in its observations that its objections relating to the documents produced by the applicant for a declaration of invalidity are substantiated by the decision of the First Board of Appeal of OHIM of 28 February 2005 (Case R 335/2004-1), which adjudicated on those documents and held that they were insufficient to establish genuine use of the trade mark PICK OUIC Cuadrado, SA VALENCIA. Those observations concluded with an application to the Cancellation Division to reject the application for a declaration of invalidity (observations on the

application for a declaration of invalidity, referred to by the applicant, p. 364 of the file lodged by OHIM at the Court of First Instance).

21 In response to those observations, the applicant for a declaration of invalidity produced by a letter of 3 October 2005 additional documents on proof of use (response to the observations on the application for a declaration of invalidity, referred to by the applicant, p. 386 of the file lodged by OHIM at the Court of First Instance).

22 In the contested decision, the Board of Appeal ruled on the proof of genuine use under Article 56(2) and (3) of Regulation No 40/94, stating, first, that the Cancellation Division had rightly concluded that it was not entitled to assess whether the earlier marks of the applicant for a declaration of invalidity had been used in accordance with those provisions, given that the applicant had not made an express request for proof of that use during the invalidity proceedings and, secondly, that such a request could not be submitted for the first time at the stage of the appeal against the Cancellation Division's decision (see paragraph 8 above).

23 For OHIM, the effect of the absence of an express request for proof of use, which should, for example, have been made by the applicant when OHIM invited it to submit its observations on the application for a declaration of invalidity, was to deprive the applicant of any opportunity to dispute the genuine use of the earlier mark relied on in support of the application for a declaration of invalidity. In the present case, OHIM refused to treat the observations submitted on that issue by the applicant in its response to the application for a declaration of invalidity as an express request under Article 56(2) and (3) of Regulation No 40/94.

24 Such an approach does not take into account the relevant evidence submitted on that issue in due time by the parties to the Cancellation Division and, subsequently, to the Board of Appeal.

25 So far as the principles underlying it are concerned, the system provided for by Article 56 of Regulation No 40/94 concerning cancellation proceedings, which refers also to Article 43 of that regulation concerning opposition proceedings, must be described as follows:

— the proprietor of an earlier trade mark is obliged to prove the use of its mark only if that use is challenged by the proprietor of the trade mark which is the subject-matter of an application for a declaration of invalidity;

— in the absence of such a challenge, OHIM may confine itself to considering whether a likelihood of confusion exists, without considering proof of use;

— where there is such a challenge of the use, whether by means of a request for proof of use submitted by the proprietor of the trade mark which is the subject-matter of an application for a declaration of invalidity or by means of that party challenging the evidence submitted by the proprietor of the earlier mark to prove use, OHIM is required to examine the issue of proof of use prior to that of the existence of a likelihood of confusion.

26 Concerning the literal interpretation of the words '[i]f the proprietor of the Community trade mark so requests' used in Article 56(2) of Regulation No 40/94, it must be observed that they may be understood as referring to a request such as that set out in the applicant's observations on the application for a declaration of invalidity. That request was furthermore fully understood by the applicant for a declaration of invalidity, since it produced additional evidence in order to reply to the applicant (see paragraph 21 above).

27 So far as the case-law put forward by OHIM is concerned, although it is possible to reason by analogy from the case-law relating to Article 43(2) and (3) of Regulation No 40/94, which refers to opposition proceedings, inasmuch as those provisions are similar to Article 56(2) and (3) of that regulation, which refers to cancellation proceedings, that case-law may, nevertheless, not be applied to the factual situation in the present case. Consequently, the inferences made by OHIM (see paragraph 16 above) are flawed.

28 The judgment of the Court of First Instance in Case T-112/03 *L'Oréal* v *OHIM — Revlon (FLEXI AIR)* [2005] ECR II-949, referred to in the contested decision, points out that, pursuant to Article 43(2) and (3) of Regulation No 40/94, for the purposes of examining an opposition introduced under Article 42 of that regulation (now Article 41 of Regulation No 207/2009) the earlier mark is presumed to have been put to genuine use as long as the applicant does not request proof of such use. The presentation of such a request therefore has the effect of shifting the burden of proof to the opponent to demonstrate genuine use (or the existence of proper reasons for non-use) upon pain of having his opposition dismissed. For that to occur, the request must be made expressly and timeously to OHIM (*FLEXI AIR*, paragraph 24, quoting *MUNDICOR*, cited in paragraph 12 above, paragraph 38; *PAM PLUVIAL*, cited in paragraph 16 above, paragraph 34).

29 For the reasons stated in paragraph 26 above, the request for proof of use was made by the applicant expressly and timeously. In any event, it was fully understood by the applicant for a declaration of invalidity, which answered it in its response to the observations submitted by the applicant on that subject.

30 In that context, the reference made in point 18 of the contested decision to *FLEXI AIR*, cited in paragraph 28 above (paragraph 28), according to which, in principle, the applicant should have requested proof of the genuine use of the earlier mark within the time-limit set by OHIM for submitting observations in response to the notice of opposition, is not sufficient to support a finding that the applicant did not submit a request for proof of use. By contrast, the examination of the observations submitted in

response to the application for a declaration of invalidity does show that such a request for proof of use is indeed set out in that document.

31 The judgment in *MUNDICOR*, cited in paragraph 12 above, for its part, after having set out the principles recalled in paragraph 28 above, concludes that 'the lack of proof of genuine use can only be penalised by rejecting the opposition where the applicant [for a Community trade mark] expressly and timeously requested such proof before OHIM' (paragraph 39). In that case, the Court of First Instance held that a request for the purposes of Article 43(2) of Regulation No 40/94 had never been submitted before OHIM, stating that '[t]hat conclusion is not undermined by the applicant's argument that it did not request proof of use on the ground that Iberia had spontaneously presented before the Opposition Division documents which showed that it had made use of the earlier marks in a form other than that in which they had been registered' (paragraph 42). On that issue, the Court also observed that that argument was manifestly unfounded, since it was apparent from the case-file that Iberia did not produce the documents in question to the Opposition Division to prove use of its earlier marks, but in order to prove the reputation of those marks and thus to substantiate the existence of a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94. According to the Court, the production of such documents cannot, in any event, replace the requirement for an express request on the part of the applicant that there be proof of genuine use so that the question of such use must be examined and decided by OHIM (paragraph 43).

32 The situation here is not comparable to that which gave rise to the judgment in *MUNDICOR*, cited in paragraph 12 above. In the present case, the issue of the use of the earlier mark was the subject of an exchange of arguments between the parties. That exchange, which was commenced in the application for a declaration of invalidity, was expressly instigated by the applicant both in its observations relating to that application for a declaration of invalidity and again following those observations, without the applicant for a declaration of invalidity being mistaken as to the nature of that exchange.

33 Consequently, in the light of the observations submitted by the applicant concerning the genuine use of the earlier mark in response to the observations made on that issue by the applicant for a declaration of invalidity and following which the latter submitted new evidence in that regard, the Board of Appeal infringed Article 56(2) and (3) by holding in the contested decision that the issue of the genuine use of the earlier mark did not have to be examined by the Cancellation Division.

34 It follows that the contested decision must be annulled without it being necessary to rule on the second plea alleging infringement of Article 52(1)(a) and Article 8(1)(b) of Regulation No 40/94, since the issue of proof of use is to be considered prior to the assessment of the likelihood of confusion which is raised in the second plea.

Costs

35 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.

36 Since OHIM has been unsuccessful and the applicant has applied for costs, OHIM must be ordered to bear its own costs and to pay those incurred by the applicant.

On those grounds,

THE COURT OF FIRST INSTANCE (Third Chamber)

hereby:

1. **Annuls the decision of the Second Board of Appeal of the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) of 10 September 2007 (Case R 1245/2006-2);**

2. **Orders OHIM to bear its own costs and pay those incurred by Harwin International LLC.**

Azizi Cremona Frimodt Nielsen

Delivered in open court in Luxembourg on 12 June 2009.

[Signatures]