JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)
12 March 2003 *

In Case T-174/01,

Jean M. Goulbourn, residing at Dasmarinas Village, Makati, Metro Manila (Philippines), represented by S. Jackermeier, lawyer,

applicant,

v

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

* Language of the case: German.

the other party before the Court being

Redcats SA, established in Roubaix (France), represented by A. Bertrand and T. Reisch, lawyers,

intervener,

ACTION brought against the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 25 April 2001 in Case R 641/2000-3 relating to an opposition procedure between Redcats SA and Jean M. Goulbourn,

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

composed of: R.M. Moura Ramos, 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 13 November 2002,

gives the following

Judgment

Relevant provisions

1 The ninth recital in the preamble to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended, states:

'[w]hereas there is no justification for protecting Community trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used'.

2 Articles 15, 43 and 73 of Regulation No 40/94 provide as follows:

'*Article 15*

Use of Community trade marks

1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community

trade mark shall be subject to the sanctions provided for in this regulation, unless there are proper reasons for non-use.

...

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 73

Statement of reasons on which decisions are based

... [Decisions of the Office] shall be based only on reasons or evidence on which the parties concerned have had on opportunity to present their comments.'

3 The eighth recital in the preamble to First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), as amended, states:

'[w]hereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation...'.

4 Article 10 of Directive 89/104 provides:

'*Article 10*

Use of trade marks

1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use

in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this directive, unless there are proper reasons for non-use.

...'

Background to the dispute

5 On 28 May 1977, the applicant filed an application for a Community trade mark, drafted in German, at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) ('the Office') under Regulation No 40/94.

6 The trade mark in respect of which registration was sought is the sign 'Silk Cocoon'.

7 The goods in respect of which registration of the trade mark was sought are in 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 correspond to the following description: 'Clothing'.

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

9 On 20 October 1998, the intervener, acting under its former name 'La Redoute SA', gave notice of opposition under Article 42(1) of Regulation No 40/94. That opposition was based on the existence of a mark registered in France on 21 February 1989 and an international mark which was registered on 16 April 1984 and protected in respect of the Benelux countries, Italy, Monaco and Switzerland. Those marks ('the earlier marks') consist in the sign 'COCOON' and designate goods which are in Class 25 of the Nice Agreement and correspond to the following description: 'Clothing including boots, shoes and slippers'. In support of its opposition, the intervener relied on the relative ground for refusal under Article 8(1)(b) of Regulation No 40/94.

10 On 17 May 1999, the applicant requested that the intervener furnish proof, in accordance with Article 43(2) and (3) of Regulation No 40/94, that the earlier marks had, during the period of five years preceding the date of publication of the Community trade mark application, been put to genuine use in the Member States in which those marks are protected. By letter of 7 June 1999, the Opposition Division of the Office ('the Opposition Division') requested the intervener to furnish that proof within two months.

11 On 6 August 1999, the intervener sent to the Office extracts from its mail-order catalogues dated 1997 and 1998. In those catalogues, clothing is presented under the mark COCOON.

12 In a letter of 26 October 1999 sent to the Office, the applicant claimed that the catalogue extracts submitted by the intervener did not satisfy the requirements of Article 43(2) of Regulation No 40/94 and of Rule 22(2) of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1), since they provide no indication as to the place, time or extent of the use of the earlier trade marks.

13 On 10 November 1999, the intervener informed the Office that its name was now Redcats SA.

14 On 8 March 2000, the intervener stated, in a letter sent to the Office, that it is well-known as a leading European mail-order company. In addition, it declared that the catalogue from which it had submitted extracts is well-known and that several million copies of it are distributed in various European countries, including France and the Benelux countries. Lastly, it stated that the purchases made by the recipients of that catalogue amount to several hundred thousand French francs.

15 By communication of 30 March 2000, the Office forwarded that letter to the applicant. That communication contained the following words:

'Please note that no further observations may be submitted.'

16 By decision of 14 April 2000, the Opposition Division rejected the opposition pursuant to Article 43(2) and (3) of Regulation No 40/94 on the ground that the intervener had not proved that the earlier marks had been put to genuine use within the meaning of that provision. In that regard, it considered that it could be deduced from the catalogue extracts submitted by the intervener that those marks were intended for use in France and possibly Belgium. However, it took the view that it was not possible, on the basis of that evidence, to establish the extent of that use.

17 On 13 June 2000, the intervener filed notice of appeal at the Office, pursuant to Article 59 of Regulation No 40/94, against the decision of the Opposition Division. The intervener's written statement setting out the grounds of appeal, of 14 August 2000, states as follows:

'... La Redoute is a mail-order catalogue so well-known in several European countries that the opponent did not think it was necessary to submit information about this fact.... [T]he opponent submitted on 8 March 2000 abundant information about the La Redoute mail-order catalogue, stating that several million copies thereof are distributed in many European countries, such as France, Belgium..., and that the sales made as a consequence of mail orders sent by the persons receiving the catalogue amount to several milliards of French francs.'

18 As an annex to that statement of grounds, the intervener submitted a statement of the sales of 'COCOON' goods featured in its catalogue which had been made in France, the United Kingdom, Belgium, the Netherlands, Portugal, Germany, Austria, Sweden, Spain and Switzerland. In addition, it submitted a copy of the English version of the spring-summer catalogues of 1997 and 1998.

19 In her response of 23 October 2000 to the statement of grounds referred to in paragraph 17 above, the applicant stated that the intervener's assertions as to the distribution of its mail-order catalogue and the new evidence annexed to that statement had been submitted out of time.

20 By decision of 25 April 2001 ('the contested decision'), notified to the applicant on 5 June 2001, the Third Board of Appeal of the Office annulled the decision of the Opposition Division. In substance, the Board of Appeal considered that, in general, genuine use within the meaning of Article 43(2) of Regulation No 40/94 is to be understood as real use of the mark on the market, so as to draw the attention of potential consumers to the goods or services effectively offered under that mark (paragraph 15 of the contested decision). In the present case, in respect of the extent of use of the earlier marks, the Board of Appeal took the view that the evidence produced by the intervener and the explanations which it had given were sufficient to prove the genuineness of that use (paragraph 21 of the contested decision). In that regard, the Board of Appeal took the view, in particular, that the intervener had stated that both it and its catalogue were clearly well known in the field of mail-order sales, that several million copies of that catalogue are distributed in many European countries, such as France, and that the applicant had not contested those facts (paragraphs 22 to 24 of the contested decision). In those circumstances, it considered that it was not necessary to take into consideration the new evidence submitted by the intervener in the proceedings before the Board of Appeal (paragraph 25 of the contested decision).

Procedure and forms of order sought by the parties

21 By application in German lodged at the Court Registry on 30 July 2001, the applicant brought the present action.

22 By letter of 11 September 2001, the intervener requested that English become the language of the case. By letter of 1 October 2001, the applicant opposed that request. By decision of 24 October 2001, the President of the Second Chamber rejected the request.

23 The Office lodged its response at the Court Registry on 22 January 2002. The intervener lodged its response at the Court Registry on 10 January 2002.

24 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to pay the costs.

25 The Office and the intervener contend that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

26 In support of her action, the applicant raises three pleas. The first plea alleges infringement of Article 43(2) of Regulation No 40/94, in conjunction with Article 43(3) thereof, in respect of the notion of 'genuine use'. The second plea alleges breach of the right to be heard. It should be noted that, contrary to the Office's assertion at the hearing, that plea was raised — although impliedly — in the application. That plea was also mentioned in the report for the hearing, which did not provoke any observations from the Office. The third plea alleges that the Board of Appeal was wrong in basing its decision on the fact that the 'La Redoute' sales catalogue is widely distributed in the French-speaking Member States, although that fact was not validly raised during the proceedings.

Infringement of Article 43(2) of Regulation No 40/94, in conjunction with Article 43(3) thereof

Arguments of the parties

27 The applicant criticises the Board of Appeal for having incorrectly interpreted the notion of 'genuine use'. In that regard, she submits that the Board of Appeal was wrong to equiparate 'genuine use' to 'real use'. In the applicant's view, 'genuine use' must be contrasted with 'artificial use', the boundary between these two opposing notions being defined by the extent of use.

28 According to the applicant, in order to assess in a particular case whether a mark has been put to genuine use, account must be taken of the type of goods or services in question. Thus, high-volume consumer goods must have been sold in large numbers over a year in the country in which the mark is protected before use of that mark can be regarded as genuine.

29 In that regard, the applicant criticises the Board of Appeal for having failed to specify, in respect of the goods at issue in this case, namely clothing, what must be the extent of use of a mark for use to be regarded as genuine.

30 The Office states that the purpose of the requirement of use of the mark is to restrict the number of conflicts between two marks, in so far as there is no sound economic reason. In that regard, the only function of 'genuine use' is to enable a contrast to be drawn with purely artificial uses, that is forms of using a mark which are designed solely to evade the sanctions for its non-use.

31 In general, referring to a decision of the Benelux Court of Justice of 27 January 1981 in *Winston* (CJ Benelux, Jurisprudence 1980-1981, p. 34), the Office states that use of a mark must be regarded as genuine where, in the light of what is deemed to be customary and commercially justified in the business sector concerned, its purpose is to create or preserve an outlet for the marked goods and not only to maintain the rights in the mark.

32 According to the Office, the Boards of Appeal have adopted a consistent practice in respect of the interpretation of 'genuine use'. In that context, 'real use' has a very specific meaning. The Office cites a decision of the Second Board of Appeal of 27 September 2000 in Case R 380/1999-2, in which it was held that '[g]enuine

use must be contrasted with token use. It implies real use for the purpose of trading in the goods or services in question so as to generate goodwill as opposed to artificial use designed solely to maintain the trade mark on the register'.

33 In the present case, the Office submits that the manner in which the Board of Appeal interpreted the concept of 'genuine use' is entirely consistent with the abovementioned position and that, contrary to the applicant's assertions, it has not committed any error of law. According to the Office, far from equiparating the concept to 'real use', the Board of Appeal defined genuine use, in paragraph 15 of the contested decision, as 'real use of the earlier mark on the marketplace, so as to draw the attention of potential consumers to the goods or services effectively offered under the mark'.

34 In that context, the Office states that the criterion proposed by the applicant in order to draw the line between genuine use and artificial use, that is mere extent of use, is not relevant. However, according to the Office, indications and evidence as to the extent of use are necessary in order to assess, in a particular case, the genuineness of the use.

35 The intervener does not present any particular arguments on this point.

Findings of the Court

36 In order to interpret the notion of 'genuine use' under Article 43(2) of Regulation No 40/94 and Article 15(1) thereof, it is first necessary to effect a comparative

analysis of the different language versions of those provisions. The German ('ernsthafte Benutzung'), French ('usage sérieux'), Italian ('seriamente utilizzata') and Portuguese ('utilizaçao séria') versions state the requirement of 'serious' use. The English version ('genuine use') has the same meaning. On the other hand, the Spanish version uses the expression 'actual use' ('uso efectivo'), which also corresponds to the wording of the ninth recital in the preamble to Regulation No 40/94 in the German, English, Spanish, French and Italian versions. Lastly, the Dutch version ('normaal gebruik') places a slightly different emphasis, namely requiring 'normal' use.

37 Accordingly, contrary to the applicant's claim, it is not possible to contrast 'genuine use' with 'real use'. It is by contrast necessary to define 'genuine use' by taking account of the different language versions of Articles 15(1) and 43(2) of Regulation No 40/94, on the one hand, and of the ninth recital in the preamble to that regulation, on the other.

38 Next, as the Office rightly noted in its response, the ratio legis of the requirement that the earlier mark must have been put to genuine use if it is to be capable of being used in opposition to a trade mark application is to restrict the number of conflicts between two marks, in so far as there is no sound economic reason resulting from an actual function of the mark on the market. That interpretation is supported by the eighth recital in the preamble to Directive 89/104 which explicitly refers to that objective.

39 Therefore, the Court finds that the condition of genuine use of the mark requires that the mark, as protected on the relevant territory, be used publicly and outwardly for the purpose of ensuring an outlet for the goods or services which it represents (see, to that effect, the Opinion of Advocate General Ruiz-Jarabo Colomer in Case C-40/01 *Ansul* [2003] ECR I-2439, point 58).

40 Furthermore, it became apparent at the hearing that the applicant does not dispute that interpretation.

41 In the present case, the Board of Appeal based its assessment on a correct interpretation of 'genuine use'. In paragraph 15 of the contested decision, it defined that concept as 'real use of the earlier mark on the marketplace, so as to draw the attention of potential consumers to the goods or services effectively offered under the mark'.

42 Accordingly, the first plea must be rejected.

Breach of the right to be heard

Arguments of the parties

43 The applicant criticises the Board of Appeal for having exceeded its competence in that, surprisingly, it based its decision in part on its own knowledge of certain elements of fact without their having been raised by the intervener in the context of the procedure of adducing evidence which, according to Rule 22 of Regulation No 2868/95, is organised inter partes. Furthermore, the applicant asserts that she had not been aware of those elements of fact.

44 The Office submits that, in the present case, it was reasonable for the Board of Appeal to base its decision on the generally known fact that the intervener's catalogue is widely distributed as well as on the fact that the intervener is one of the largest mail-order companies in Europe.

45 The intervener notes that the applicant had become aware, at the beginning of the opposition procedure, of the extracts from the mail-order catalogues which it had submitted.

Findings of the Court

46 Under the second sentence of Article 73 of Regulation No 40/94, a decision of the Office can be based only on facts on which the parties concerned have had an opportunity to present their comments.

47 In the present case, as is clear from paragraphs 22 to 24 of the contested decision, the Board of Appeal based its decision on the fact that the intervener's sales catalogue is widely distributed under the name 'La Redoute' in the French-speaking Member States ('the disputed fact'). That fact is used to demonstrate the suitability of the catalogue extracts produced by the intervener as proof of the place and extent of that use.

48 Furthermore, the file shows that the intervener relied on the disputed fact for the first time in its letter of 8 March 2000, that is after the expiry of the time-limit which the Office had set it for that purpose. Admittedly, by its communication of 30 March 2000, the Office explicitly requested the applicant not to present any comments on the disputed fact. Therefore, at that stage of the procedure, it was reasonable for the applicant to consider that that fact would not be taken into consideration by the Office.

49 However, in the statement of grounds of appeal of 14 August 2000, the intervener again relied on the disputed fact. The applicant thus had the opportunity to express her view on that fact during the proceedings before the Board of Appeal, but she did not do so. In fact she merely stated, in her pleading of 23 October 2000, that the intervener's reliance on the disputed fact was out of time, without making any observations, even in the alternative, as to the substance.

50 None the less, the disputed fact had not been taken into account in the decision of the Opposition Division.

51 In respect of such a situation, procedural equity and the general principle of the protection of legitimate expectations require that the second sentence of Article 73 of Regulation No 40/94 be interpreted as meaning that the Board of Appeal is obliged to indicate at the outset to the party concerned that it intends to take into account the fact in question in order that that party be in a position to evaluate the usefulness, if any, of submitting substantive observations on that fact.

52 In the present case, the Board of Appeal failed to indicate at the outset to the applicant that it intended to take the disputed fact into account. Accordingly, the second plea must be upheld.

53 In those circumstances, it is not necessary to adjudicate on the question whether, in spite of the belated reliance on the disputed fact, the Board of Appeal was none the less entitled, under Article 74(2) of Regulation No 40/94 and irrespective of the question of respect for the right to be heard, to base its decision on that fact, which is what the applicant disputes by her third plea. Similarly, it is not necessary to adjudicate on the admissibility of the claim, raised by the applicant at the hearing, that the Board of Appeal was wrong to consider the disputed fact as established because it was well known.

54 It follows that the contested decision must be annulled.

Costs

55 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 Office has been unsuccessful and the applicant has asked for costs to be awarded against it, 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 25 April 2001 (Case R 641/2000-3);**

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

Moura Ramos Pirrung Meij

Delivered in open court in Luxembourg on 12 March 2003.

H. Jung

Registrar

R.M. Moura Ramos

President