JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)
30 March 2000 *

In Case T-91/99,

Ford Motor Company, established in Dearborn, Michigan, United States of America, represented by A.J. Tweedale Willoughby and B.H.E. Halliday, Solicitors, with an address for service in Luxembourg at the Chambers of Loeff, Claeys and Verbeke, 58 Rue Charles Martel,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by F. López de Rego, Head of the Legal Affairs and Litigation Service, A. Di Carlo, of that service, and A. von Mühlendahl, Vice-President responsible for Legal Affairs, acting as Agents, with an address for service in Luxembourg at the office of C. Gómez de la Cruz, of the Legal Service of the Commission, Wagner Centre, Kirchberg,

defendant,

* Language of the case: English.

APPLICATION for annulment of the decision of the Second Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 11 February 1999 (Case R 150/98-2) refusing registration of the word OPTIONS as a Community trade mark,

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

composed of: V. Tiili, President, R.M. Moura Ramos and P. Mengozzi, Judges,

Registrar: G. Herzig, Administrator,

having regard to the application lodged at the Registry of the Court on 15 April 1999,

having regard to the response lodged at the Registry of the Court on 13 July 1999,

further to the hearing on 2 December 1999,

gives the following

Judgment

Legal background

1 Article 7 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, as amended (OJ 1994 L 11, p. 1), provides:

'1. The following shall not be registered:

...

(b) trade marks which are devoid of any distinctive character;

(c) 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;

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

...

2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.

3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.'

Background to the dispute

2 On 29 March 1996, the applicant filed an application for a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (hereinafter 'the Office').

3 The trade mark for which registration was requested is the word OPTIONS. The services for which registration was requested were, initially, all services included in 'Class 36' within the meaning 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. Subsequently, on 27 August 1996, the specification was amended to read as follows: 'insurance, warranty, financing, hire-purchase and lease-purchase services'.

4 By decision of 9 July 1998, the examiner refused the application under Article 38 of Regulation No 40/94. The examiner based his decision on the fact that the word OPTIONS was devoid of any distinctive character in English and French.

5 On 9 September 1998, the applicant filed at the Office an appeal against the examiner's decision under Article 59 of Regulation No 40/94. The statement setting out the grounds of appeal was filed on 9 November 1998. In the grounds of its appeal the applicant produced evidence to show that the trade mark OPTIONS had been used in the supply of the services concerned in Belgium, Denmark, the Netherlands, Portugal, Sweden and the United Kingdom. Use was not, however, claimed in respect of France.

6 The appeal was dismissed by decision of 11 February 1999 of the Second Board of Appeal of the Office (hereinafter 'the contested decision'), which was notified to the applicant on 15 February 1999. In its decision the Board of Appeal considered that, even if the trade mark OPTIONS had become distinctive through use in the United Kingdom, as the applicant was claiming, it would not be

inherently distinctive in France. The Board thus decided to dismiss the appeal under Article 7(2) of Regulation No 40/94 and stated that use of the trade mark in France had not been claimed.

Forms of order sought

7 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to pay the costs;

— take any further measures which the Court deems appropriate.

8 The Office contends that the Court should:

— dismiss the application;

— order the applicant to pay the costs.

Law

Arguments of the parties

9 In support of its application, the applicant puts forward a single plea based on infringement of Article 7(3) of Regulation No 40/94. It asserts that that provision must prevail over Article 7(2), at least where distinctiveness acquired through use can be demonstrated in a substantial part of the European Community, including one 'major country' such as, in this case, the United Kingdom.

10 First, the applicant accepts that, in the absence of evidence of use of the mark, a mark which is descriptive in only part of the Community cannot be registered under Article 7(1)(b) and (c) in view of the application of Article 7(2). However, it submits that Article 7(2) itself does not provide grounds for refusal of registration, but merely clarifies the scope of Article 7(1)(b) and (c).

11 Second, it claims that it is sufficient that the trade mark's distinctiveness be acquired through use in only a part of the Community for Article 7(3) to apply. Unlike Article 7(2), Article 7(3) does not merely direct the application of Article 7(1)(b) and (c) but, in certain circumstances, overrules those subparagraphs. Consequently, and contrary to what seems to be the Office's practice to date, where there is evidence that a mark has acquired distinctiveness through use

in a substantial part of the Community, the mark must be accepted for registration.

12 As regards the area over which distinctive character has been acquired through use, the applicant states that neither Article 7(3) nor any other provision of Regulation No 40/94 states that that distinctiveness must be shown throughout the Community. It is therefore sufficient that that distinctiveness be acquired in a substantial part of the Community. In the present case, that distinctiveness has been shown in the United Kingdom and in certain other States of the Community.

13 The applicant points out, in this respect, that Ford or its subsidiary companies have registered the trade mark OPTIONS in Ireland and the United Kingdom for services included in 'Class 36' within the meaning of the Nice Agreement, mentioned above. Registration in the United Kingdom was obtained on evidence of distinctiveness acquired in that Member State. Furthermore, a script form of the mark is registered in Denmark and the United Kingdom. Finally, the word mark OPTIONS is registered in the Benelux.

14 The applicant claims that evidence of registration of an identical trade mark in the United Kingdom and Ireland is in itself sufficient to overcome the objections to registration based on Article 7(1)(b) and (c) of Regulation No 40/94.

15 The Office states, first, that it shares the applicant's view that Article 7(2) of Regulation No 40/94 does not itself provide independent grounds for refusal but merely directs the application of Article 7(1)(b) and (c) and only clarifies the scope of those subparagraphs. However, it contends that the mere fact that the

contested decision has cited Article 7(2) does not mean that the Board of Appeal considered that that provision alone constituted a ground for refusal.

16 The Office points out that the Board of Appeal refused registration of the trade mark because of its lack of distinctiveness and its descriptiveness, grounds mentioned in Article 7(1)(b) and (c) of Regulation No 40/94 respectively. On the basis of those considerations alone, the Board, referring to Article 7(2), concluded that those absolute grounds for refusal — obtaining in part of the Community, namely France — were sufficient not to allow the registration requested.

17 Consequently, the defendant contends that the contested decision was correctly adopted on the basis of Article 7(1)(b) and (c) of Regulation No 40/94 in conjunction with Article 7(2).

18 Second, the defendant contends that where the refusal of registration of a Community trade mark is based on the ground of lack of distinctiveness and on descriptiveness of a trade mark in part of the Community, any challenge to that refusal of registration, on the ground of distinctiveness acquired through use provided for in Article 7(3) of Regulation No 40/94, requires that acquisition of distinctiveness through use be demonstrated with regard to the part of the Community where distinctiveness was denied. If the ground for refusal exists everywhere in the Community, acquired distinctiveness must be demonstrated everywhere in the Community.

19 The Office submits that otherwise the registration of a mark would amount to a significant breach of the principle of the unitary character of the Community trade mark, as expressly established in Article 1(2) of Regulation No 40/94. That principle plays a fundamental part in the Community trade mark system which is based on a legal order which is separate and independent from the national trade

mark systems. In that regard, the Office also states that there are no exceptions to the unitary character of Community trade marks in relation to absolute grounds for refusal.

20 In the present case, the defendant contends that the application should be dismissed, on the ground that the applicant, first, has not claimed either acquisition of distinctiveness or even use of the trade mark in the French-speaking parts of the Community and, second, accepts that the mark OPTIONS is non-distinctive and, in any event, descriptive in French and in English.

Findings of the Court

21 The applicant claims that where a trade mark's distinctive character has been acquired through use in accordance with Article 7(3) of Regulation No 40/94, although that acquisition has occurred only in a substantial part of the Community, the Office has an obligation to register that mark, without having the power to refuse that registration on the basis of the rules in Article 7(1)(b), (c) and (d) and (2).

22 That argument cannot be accepted.

23 In the words of the second recital in the preamble to Regulation No 40/94, the Community trade mark arrangements are to enable undertakings by means of one procedural system to obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community, and the principle of the unitary character of the Community

trade mark thus stated is to apply unless otherwise provided for in that regulation. The same principle is set down in Article 1(2) of Regulation No 40/94 which provides that the Community trade mark is to have 'a unitary character', which implies that '[i]t shall have equal effect throughout the Community'.

24 Consequently, in order to be accepted for registration, a sign must possess a distinctive character throughout the Community. That requirement, enabling consumers to distinguish the goods or services of one undertaking from those of other undertakings in accordance with Article 4 of Regulation No 40/94, is essential for that sign to be able to exercise the function of a Community trade mark in economic life.

25 The principle of the unitary character of the Community trade mark is expressly applied in Article 7(2) of Regulation No 40/94 which provides that a trade mark is not to be registered 'notwithstanding that the grounds of non-registrability [laid down in Article 7(1)] obtain in only part of the Community'.

26 Article 7(3) of Regulation No 40/94 must be read in the light of that principle.

27 On that basis, in order to have the registration of a trade mark accepted under Article 7(3) of Regulation No 40/94, the distinctive character acquired through the use of that trade mark must be demonstrated in the substantial part of the

Community where it was devoid of any such character under Article 7(1)(b), (c) and (d) of that regulation.

28 In the present case, the applicant has not disputed the lack of distinctiveness of the word OPTIONS in the French language. Nor has it claimed that the trade mark OPTIONS has been used in such a way that it has acquired a distinctive character in a substantial part of the Community, in this case in France.

29 In those circumstances, the Office cannot be criticised for having refused registration of the word OPTIONS as a Community trade mark.

30 Accordingly, the application must be dismissed.

Costs

31 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 applicant has been unsuccessful, it must, having regard to the form of order sought by the defendant, be ordered to pay the costs.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. **Dismisses the application;**

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

Tiili Moura Ramos Mengozzi

Delivered in open court in Luxembourg on 30 March 2000.

H. Jung
Registrar

V. Tiili
President