Reports of Cases

JUDGMENT OF THE COURT (Seventh Chamber)

4 February 2016 *

(Reference for a preliminary ruling — Community trade mark — Regulation (EC) No 207/2009 — Article 23 — Licence — Register of Community trade marks — Right of the licensee to bring proceedings for infringement notwithstanding the fact that the licence has not been entered in the Register)

In Case C-163/15,

REQUEST for a preliminary ruling under Article 267 TFEU from the Oberlandesgericht Düsseldorf (Higher Regional Court, Düsseldorf, Germany), made by decision of 31 March 2015, received at the Court on 9 April 2015, in the proceedings

Youssef Hassan

v

Breiding Vertriebsgesellschaft mbH,

THE COURT (Seventh Chamber),

composed of C. Toader, President of the Chamber, A. Prechal and E. Jarašiūnas (Rapporteur), Judges,

Advocate General: M. Wathelet,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after considering the observations submitted on behalf of:

— Breiding Vertriebsgesellschaft mbH, by K. Schulze Horn, Rechtsanwältin,

— the German Government, by T. Henze and J. Kemper, acting as Agents,

— the Polish Government, by B. Majczyna, acting as Agent,

— the European Commission, by J. Samnadda and T. Scharf, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 17 December 2015,

gives the following

* Language of the case: German.

Judgment

1 This request for a preliminary ruling concerns the interpretation of the first sentence of Article 23(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1) ('the Regulation').

2 The request has been made in proceedings between Mr Hassan and Breiding Vertriebsgesellschaft mbH ('Breiding') involving an action for infringement of a Community trade mark brought by Breiding against Mr Hassan.

Legal context

3 Recital 11 of the Regulation states:

'A Community trade mark is to be regarded as an object of property which exists separately from the undertakings whose goods or services are designated by it. Accordingly, it should be capable of being transferred, subject to the overriding need to prevent the public being misled as a result of the transfer. It should also be capable of being charged as security in favour of a third party and of being the subject matter of licences.'

4 Article 17 of the Regulation, entitled 'Transfer', provides:

'1. A Community trade mark may be transferred, separately from any transfer of the undertaking, in respect of some or all of the goods or services for which it is registered.

2. A transfer of the whole of the undertaking shall include the transfer of the Community trade mark except where, in accordance with the law governing the transfer, there is agreement to the contrary or circumstances clearly dictate otherwise. This provision shall apply to the contractual obligation to transfer the undertaking.

…

5. On request of one of the parties a transfer shall be entered in the Register and published.

6. As long as the transfer has not been entered in the Register, the successor in title may not invoke the rights arising from the registration of the Community trade mark.

…'

5 Under Article 19 of the Regulation, entitled 'Rights *in rem*':

'1. A Community trade mark may, independently of the undertaking, be given as security or be the subject of rights *in rem*.

2. On request of one of the parties, rights mentioned in paragraph 1 shall be entered in the Register and published.'

6 Article 22 of the Regulation, entitled 'Licensing', provides:

'1. A Community trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Community. A licence may be exclusive or non-exclusive.

…

3. Without prejudice to the provisions of the licensing contract, the licensee may bring proceedings for infringement of a Community trade mark only if its proprietor consents thereto. However, the holder of an exclusive licence may bring such proceedings if the proprietor of the trade mark, after formal notice, does not himself bring infringement proceedings within an appropriate period.

4. A licensee shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in infringement proceedings brought by the proprietor of the Community trade mark.

5. On request of one of the parties the grant or transfer of a licence in respect of a Community trade mark shall be entered in the Register and published.'

7 Article 23 of the Regulation, entitled 'Effects vis-à-vis third parties', provides:

'1. Legal acts referred to in Articles 17, 19 and 22 concerning a Community trade mark shall have effects vis-à-vis third parties in all the Member States only after entry in the Register. Nevertheless, such an act, before it is so entered, shall have effect vis-à-vis third parties who have acquired rights in the trade mark after the date of that act but who knew of the act at the date on which the rights were acquired.

2. Paragraph 1 shall not apply in the case of a person who acquires the Community trade mark or a right concerning the Community trade mark by way of transfer of the whole of the undertaking or by any other universal succession.

…'

The dispute in the main proceedings and the questions referred for a preliminary ruling

8 Since 2 January 2011 Breiding has been the holder of a licence, which is not registered in the Register of Community trade marks ('the Register'), relating to the Community word mark ARKTIS, which was applied for on 15 August 2002 and registered on 11 February 2004 under the number CTM 002818680 by KBT & Co. Ernst Kruchen agenzia commerciale società and which covers, inter alia, bedding and blankets. The licence agreement stipulates that Breiding is to assert, in its own name, rights arising from infringement of the trade mark.

9 Mr Hassan is the managing director of OVL Onlinevertrieb & -logistik GmbH & Co. KG, which took over, on 1 May 2010, his one-man undertaking. On 27 October 2009 and 30 October 2012 respectively, those undertakings offered for sale several down duvets 'Arktis 90', 'Arktis 90 HS', and 'innoBETT selection Arktis' on the website 'schoene-traeume.de'.

10 Following the first offers and a letter of formal notice sent by the company that at that time was the holder of a licence for the ARKTIS mark, Mr Hassan, on 3 February 2010, submitted a so-called 'cease-and-desist declaration', by which he undertook to refrain from using the sign 'Arktis' for bedding, failing which he would be subject to a penalty for non-compliance to be determined at the discretion of the licensee.

11 In proceedings brought by Breiding, the court hearing the case at first instance declared the cease-and-desist agreement to be valid, ordered Mr Hassan to provide information and to remove the infringing products for the purpose of having them destroyed, and ordered him to pay damages.

12 The referring court, before which Mr Hassan has brought an appeal against that decision, takes the view that the success of that appeal depends on whether Breiding, which, according to the licence agreement, has the consent of the trade mark proprietor, as required by Article 22(3) of the Regulation, may bring proceedings for infringement of that trade mark even though the licence has not been entered in the Register.

13 That court states that, in a previous decision, it ruled that the first sentence of Article 23(1) of the Regulation governs only the possibility of a 'good faith' acquisition. It observes that, admittedly, on a purely literal reading of that provision, which provides, in general terms, that acts concerning the Community trade mark referred to in Articles 17, 19 and 22 of the Regulation are to have effects vis-à-vis third parties in all the Member States only after entry in the Register, the bringing of infringement actions by the licensee might be included among those acts. However, in its view, as the second sentence of paragraph 1 and the following paragraph concern only 'good faith' acquisitions, a schematic reading calls for the same conclusion in respect of the first sentence also.

14 The referring court states that a Spanish court has, however, taken the view that the licensee can invoke rights vis-à-vis third parties only after the licence has been entered in the Register.

15 Moreover, the referring court states that, should it be held that the assertion of the licensee's rights is subject to entry of the licence in the Register, the question then arises as to whether the licensee, who is not entered in the Register, can assert, in its own name, the trade mark proprietor's rights by virtue of the power conferred on it for that purpose, which German law permits under certain conditions which are satisfied in the present case.

16 In those circumstances, the Oberlandesgericht Düsseldorf (Higher Regional Court, Düsseldorf) decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

'1. Does the first sentence of Article 23(1) of [the Regulation] preclude a licensee who is not entered in the Register … from bringing proceedings alleging infringement of a Community trade mark?

2. In the event that the first question is answered in the affirmative: Does the first sentence of Article 23(1) of [the Regulation] preclude a national legal practice whereby the licensee can enforce the trade mark proprietor's rights against the infringer by virtue of the power conferred on it for that purpose ("Prozessstandschaft")?'

Consideration of the questions referred

17 By its first question, the referring court asks, in essence, whether the first sentence of Article 23(1) of the Regulation must be interpreted as meaning that the licensee cannot bring proceedings alleging infringement of a Community trade mark which is the subject of the licence if that licence has not been entered in the Register.

18 It follows from the first sentence of Article 23(1) of the Regulation, according to which '[l]egal acts referred to in Articles 17, 19 and 22 concerning a Community trade mark shall have effects vis-à-vis third parties in all the Member States only after entry in the Register', that the legal acts thus covered are the transfer of the Community trade mark, the creation of rights *in rem* over that mark and the grant of a licence. Read in isolation, that sentence could be interpreted as meaning that the licensee cannot, if the licence has not been entered in the Register, rely on the rights conferred by that licence vis-à-vis third parties, including the party infringing the trade mark.

19 However, in interpreting a provision of EU law, it is necessary to consider not only its wording but also the context in which it occurs and the objectives pursued by the rules of which it is part (judgments in *Brain Products*, C-219/11, EU:C:2012:742, paragraph 13, and *Lanigan*, C-237/15 PPU, EU:C:2015:474, paragraph 35 and the case-law cited).

20 As regards the context of which the first sentence of Article 23(1) of the Regulation is part, the Court observes, first of all, that the second sentence of that paragraph qualifies the rule set out in that first sentence as regards 'third parties who have acquired rights' in the trade mark after the date of the legal act in question but who knew of the act at the date on which the rights were acquired. Article 23(2) establishes an exception to that rule in the case of a 'person who acquires the Community trade mark or a right concerning the Community trade mark' by way of transfer of the whole of the undertaking or by any other universal succession. Accordingly, an interpretation of Article 23(1) and (2) of the Regulation which is both literal and schematic gives support to the idea that it, as a whole, is intended to govern the enforceability of the legal acts referred to in Articles 17, 19 and 22 of the Regulation in respect of third parties who have, or are likely to have, rights in the Community trade mark.

21 Next, the Court notes that Section 4 of Title II of the Regulation, which includes Article 23 of the Regulation, is entitled 'Community trade marks as objects of property'. Accordingly, all of the articles in that section contain rules relating to the Community trade mark as an object of property. This is the case with regard to Articles 17, 19 and 22 of the Regulation, as is also apparent from recital 11 thereof. As noted by the Advocate General in point 21 of his Opinion, those articles relate to acts the purpose or effect of which is to create or transfer a right in respect of a trade mark.

22 Finally, the Court observes that, in the first sentence of Article 22(3) of the Regulation, the licensee's right to bring proceedings for infringement of a Community trade mark, without prejudice to the provisions of the licensing contract, is subject only to the proprietor's consent thereto.

23 It must also be stated that, according to Article 22(5) of the Regulation, the licence is entered in the Register on request of one of the parties. However, that article, like Article 19 of the Regulation, does not contain any provision analogous to that of Article 17(6) of the Regulation, under which '[a]s long as the transfer has not been entered in the Register, the successor in title may not invoke the rights arising from the registration of the Community trade mark'.

24 Moreover, Article 17(6) of the Regulation would serve no useful purpose if Article 23(1) thereof had to be interpreted as precluding reliance, vis-à-vis all third parties, on all of the legal acts referred to in Articles 17, 19 and 22 of the Regulation as long as they have not been entered in the Register.

25 With regard to the purpose of the rule laid down in the first sentence of Article 23(1) of the Regulation, the Court takes the view that, having regard to what has been established in paragraphs 20 and 21 of the present judgment, the lack of effects, vis-à-vis third parties, of the legal acts referred to in Articles 17, 19 and 22 of the Regulation which have not been entered in the Register is intended to protect a person who has, or may have, rights in a Community trade mark as an object of property. It follows that the first sentence of Article 23(1) of the Regulation does not apply to a situation, such as that in the main proceedings, in which a third party, by infringing the mark, infringes the rights conferred by the Community trade mark.

26 In the light of all of the foregoing, the answer to the first question is that the first sentence of Article 23(1) of the Regulation must be interpreted as meaning that the licensee may bring proceedings alleging infringement of a Community trade mark which is the subject of the licence, although that licence has not been entered in the Register.

27 In view of that answer, there is no need to address the second question.

Costs

28 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Seventh Chamber) hereby rules:

The first sentence of Article 23(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the licensee may bring proceedings alleging infringement of a Community trade mark which is the subject of the licence, although that licence has not been entered in the Register of Community trade marks.

[Signatures]