JUDGMENT OF THE COURT (Grand Chamber)

13 March 2007 *

In Case C-29/05 P,

APPEAL under Article 56 of the Statute of the Court of Justice, lodged on 25 January 2005,

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

appellant,

the other parties to the proceedings being:

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

applicant at first instance,

* Language of the case: German.

Bayer AG, established in Leverkusen (Germany),

party to the proceedings before the Board of Appeal of OHIM,

THE COURT (Grand Chamber),

composed of V. Skouris, President, P. Jann, C.W.A. Timmermans, A. Rosas, K. Lenaerts and J. Klučka, Presidents of Chambers, J.N. Cunha Rodrigues, R. Silva de Lapuerta, K. Schiemann (Rapporteur), G. Arestis, A. Borg Barthet, M. Ilešič and J. Malenovský, Judges,

Advocate General: E. Sharpston,
Registrar: K. Sztranc-Sławiczek, Administrator,

having regard to the written procedure and further to the hearing on 27 June 2006,

after hearing the Opinion of the Advocate General at the sitting on 26 October 2006

gives the following

Judgment

1 By its appeal, the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) seeks annulment of the judgment of the Court of First Instance of the European Communities of 10 November 2004 in Case T-164/02 *Kaul* v *OHIM — Bayer (ARCOL)* [2004] ECR II-3807 ('the judgment under appeal') by which the Court of First Instance annulled the decision of the Third Board of Appeal of OHIM of 4 March 2002 (Case R 782/2000-3; 'the contested decision') rejecting the opposition brought by Kaul GmbH ('Kaul') to the registration of the word sign 'ARCOL' as a Community trade mark.

2 In paragraphs 29 and 30 of the judgment under appeal the Court of First Instance found that, in its decision, the Board of Appeal had wrongly found that points of fact which had not been submitted to the Opposition Division of OHIM, which heard the application at first instance, could not be produced for the first time by an applicant in support of its action before a Board of Appeal. According to that judgment, the Board of Appeal is, on the contrary, required to take such points of fact into account in order to give a decision on the appeal brought before it.

3 In its appeal, OHIM submits that, in so doing, the Court of First Instance wrongly interpreted the provisions of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) and Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 (OJ 1995 L 303, p. 1; 'the implementing regulation').

Legal context

Regulation No 40/94

4 Article 8(1)(b) of Regulation No 40/94, entitled 'Relative grounds for refusal', states:

'Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:

...

(b) if because of its identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.'

5 Article 42(3) of that regulation provides:

'Opposition must be expressed in writing and must specify the grounds on which it is made. It shall not be treated as duly entered until the opposition fee has been paid.

Within a period fixed by the Office, the opponent may submit in support of his case facts, evidence and arguments.'

6 Article 52(1)(a) of Regulation No 40/94, entitled 'Relative grounds for invalidity', states:

'A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) where there is an earlier trade mark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled.'

7 Title VII of Regulation No 40/94, concerning appeals, includes Article 57(1), which states, inter alia, that 'an appeal shall lie from decisions of the examiners, Opposition Divisions, Administration of Trade Marks and Legal Divisions and Cancellation Divisions'.

8 Under Article 59 of that regulation:

'Notice of appeal must be filed in writing at the Office within two months after the date of notification of the decision appealed from. ... Within four months after the

date of notification of the decision, a written statement setting out the grounds of appeal must be filed.'

9 Article 61 of the regulation, entitled 'Examination of appeals', provides:

'1. If the appeal is admissible, the Board of Appeal shall examine whether the appeal is allowable.

2. In the examination of the appeal, the Board of Appeal shall invite the parties, as often as necessary, to file observations, within a period to be fixed by the Board of Appeal, on communications from the other parties or issued by itself.'

10 Article 62 of Regulation No 40/94, entitled 'Decisions in respect of appeals', states:

'1. Following the examination as to the allowability of the appeal, the Board of Appeal shall decide on the appeal. The Board of Appeal may either exercise any power within the competence of the department which was responsible for the decision appealed or remit the case to that department for further prosecution.

2. If the Board of Appeal remits the case for further prosecution to the department whose decision was appealed, that department shall be bound by the ratio decidendi of the Board of Appeal, in so far as the facts are the same.

...'

11 Article 63 of that regulation, entitled 'Actions before the Court of Justice', provides:

'1. Actions may be brought before the Court of Justice against decisions of the Boards of Appeal on appeals.

2. The action may be brought on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of this Regulation or of any rule of law relating to their application or misuse of power.

3. The Court of Justice has jurisdiction to annul or to alter the contested decision.

...'

12 Under Section one, entitled 'General provisions', of Title IX of Regulation No 40/94, containing provisions on procedure, Article 74, entitled 'Examination of the facts by the Office of its own motion', states:

'1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to relative grounds for refusal of registration, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.

2. The Office may disregard facts or evidence which are not submitted in due time by the parties concerned.'

13 Under Article 76(1) of that regulation:

'In any proceedings before the Office, the means of giving or obtaining evidence shall include the following:

(a) hearing the parties;

(b) requests for information;

(c) the production of documents and items of evidence;

(d) hearing witnesses;

(e) opinions by experts;

(f) statements in writing sworn or affirmed or having a similar effect under the law of the State in which the statement is drawn up.'

The implementing regulation

14 Under Rule 16(3) of the implementing regulation:

'The particulars of the facts, evidence and arguments and other supporting documents as referred to in paragraph 1, and the evidence referred to in paragraph 2 may, if they are not submitted together with the notice of opposition or subsequent thereto, be submitted within such period after commencement of the opposition proceedings as the Office may specify pursuant to Rule 20(2).'

15 Rule 20(2) of that regulation provides:

'Where the notice of opposition does not contain particulars of the facts, evidence and arguments as referred to in Rule 16(1) and (2), the Office shall call upon the opposing party to submit such particulars within a period specified by the Office. Any submission by the opposing party shall be communicated to the applicant who shall be given an opportunity to reply within a period specified by the Office.'

Background to the dispute

16 The background to the dispute brought before the Court of First Instance, as stated in the judgment under appeal, may be summarised as follows.

17 On 3 April 1996, Atlantic Richfield Co. made an application to OHIM for registration of the word sign 'ARCOL' as a Community trade mark, in particular in respect of 'chemical substances for preserving foodstuffs'.

18 On 20 October 1998, Kaul gave notice of opposition to that application pleading that there was a likelihood of confusion within the meaning of Article 8(1)(b) of

Regulation No 40/94. In that regard, Kaul relied on the earlier Community trade mark of which it is the proprietor, namely the word sign 'CAPOL', registered for 'chemical preparations for keeping fresh and preserving foodstuffs, namely, raw materials for glazing and preserving prepared food products, in particular, confectionery'.

19 Finding that there was no likelihood of confusion, the Opposition Division of OHIM rejected that opposition on 30 June 2000.

20 In support of the appeal which it brought against that decision Kaul submitted, in particular, as it had already submitted before the Opposition Division, that the mark of which it is the proprietor has highly distinctive character, for which reason it should, in accordance with the Court's case-law, benefit from increased protection. In that regard, Kaul asserted, however, that such highly distinctive character resulted not only from the lack of descriptive character of the term 'CAPOL' for the goods considered, as it had already submitted before the Opposition Division, but also from the fact that that mark had become well known through use. In order to substantiate that well-known character Kaul produced, in the annex to its written statement before the Board of Appeal, a declaration in lieu of an oath from the applicant's managing director and a list of its customers.

21 In the contested decision the Board of Appeal of OHIM found, inter alia, that it could not take into account a possible highly distinctive character of the earlier mark which is linked to the fact that it is well known since that submission and the evidence mentioned above seeking to substantiate it were introduced for the first time in support of the appeal brought before it.

The judgment under appeal

22 By application lodged at the Registry of the Court of First Instance on 24 May 2002 Kaul brought an action seeking annulment of the contested decision. Four pleas in law were raised in support of that action: first, breach of the obligation to examine the evidence adduced by Kaul 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.

23 The Court of First Instance upheld the first plea and annulled the contested decision on that account without giving judgment on the other pleas raised in the action. In that regard, it held the following, inter alia, in paragraphs 25 to 30 of the judgment under appeal:

> '(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* ... [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.'

24 The Court of First Instance found, in paragraph 34 of that judgment, 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'.

The appeal

25 In its appeal, OHIM claims that the Court of Justice should set aside the judgment under appeal and refer the case back to the Court of First Instance for it to give judgment on the other pleas in the action. It also requests the Court to order the other parties to the proceedings to pay the costs.

26 Kaul contends that the Court should dismiss the appeal and order OHIM to pay the costs.

Arguments of the parties

27 By its single ground of appeal, which is divided into two parts, OHIM submits that, in finding in paragraphs 29 and 30 of the judgment under appeal that the Board of Appeal of OHIM was bound, in the context of opposition proceedings, to take account of the matters of fact and the evidence submitted for the first time in support of the written statement referred to in Article 59 of Regulation No 40/94, the Court of First Instance infringed various provisions of that regulation and of the implementing regulation.

28 By the first part of that ground of appeal, OHIM submits that, in finding in those paragraphs that the principle of continuity in terms of functions constrains the Board of Appeal to take account of such matters of fact and evidence, the Court of First Instance misinterpreted and misapplied the combined provisions of Article 42(3) of Regulation No 40/94, and Rules 16(3) and 20(2) of the implementing regulation, as well as Article 62(1) of Regulation No 40/94.

29 The time-limit set by OHIM on the basis of the first three of those provisions for an opponent to submit facts and evidence in support of its opposition constitutes an imperative time-limit, on expiry of which such submission of documents before the Opposition Division is precluded, unless that time-limit is extended by OHIM.

30 OHIM claims that facts and evidence not submitted within that time-limit can also not be submitted before the Board of Appeal or lead to the annulment of the

decision given by the Opposition Division. Contrary to the finding of the Court of First Instance, the continuity in terms of functions between the Opposition Divisions and Boards of Appeal as demonstrated by Article 62(1) of Regulation No 40/94 relates to the decision making powers of those departments, but cannot deprive of their effect the precise time-limits laid down in Community legislation in order to govern the course of opposition proceedings.

31 The underlying purpose of the opposition proceedings also requires such an interpretation. Such proceedings seek to enable the early identification of conflicts between marks and an administrative decision to be taken quickly in that regard. A decision rejecting the opposition is also not definitive in nature since, pursuant to Article 52(1) of Regulation No 40/94, it does not prevent the subsequent bringing of annulment proceedings or a counterclaim, in the context of infringement proceedings, based on grounds identical to those put forward in support of the opposition.

32 By the second part of the ground of appeal OHIM submits that, in finding, in paragraphs 29 and 30 of the judgment under appeal, that in so far as it takes place within the four-month time-limit laid down in Article 59 of Regulation No 40/94, the submission of matters of fact or evidence at the stage of the appeal takes place 'in due time' within the meaning of Article 74(2) of that regulation, so that the Board of Appeal must take those facts and that evidence into account, the Court of First Instance infringed that latter provision.

33 OHIM submits, primarily, in that regard that Article 74(2) is not intended to apply where the submission of matters of fact or evidence is, as in the present case, subject to an imperative time-limit before the body giving judgment at first instance. By using such terms as 'en temps utile', 'not in due time' and 'verspätet', that provision reflects the very concern of avoiding unjustified delays where no such imperative time-limit exists.

34 OHIM submits, in the alternative, that the Court of First Instance unduly restricted the scope of Article 74(2) in finding that, in the context of the appeal procedure, that provision applies only where the submission of matters of fact and evidence occurs after the four-month time-limit referred to in Article 59 of Regulation No 40/94 has expired. Article 74(2) of that regulation should also be applicable in other circumstances, such as where that submission could already have, and ought to have, been made before the Opposition Division.

35 According to Kaul, which addresses the ground of appeal raised as a whole, the Court of First Instance rightly found that the Boards of Appeal have to take account of new evidence as long as the submission of such evidence, including that submitted before those boards, is not submitted out of time for the purposes of Article 74(2) of Regulation No 40/94. That is the case here since the submission in dispute took place within the time-limit laid down in Article 59 of Regulation No 40/94.

36 The Board of Appeal constitutes a second instance which is called upon to reassess the substance of a case, without any restriction, prior to any judicial review by the Court of First Instance and the Court of Justice, which, for its part, is restricted to questions of law.

37 Articles 61(2) and 76 of Regulation No 40/94 confirm that the Board of Appeal has exactly the same competences as the body which gave judgment at first instance, in particular, to invite the parties to file their observations or to order measures of enquiry. Read together with those provisions, Article 62(1) of that regulation indicates that the Board of Appeal is bound to make its decision in the light of all the facts in its possession, if it considers itself to be in a position to adopt a decision in which the operative part is the same as that of the decision which is referred to it.

38 The effect of Article 74(1) of Regulation No 40/94, Kaul submits, is that the submission of facts and evidence in inter partes proceedings is a matter for the parties alone. The parties must therefore retain the right to carry out a more thorough examination at the appeal stage, particularly, in the light of the decision given at first instance.

39 In addition, it is consistent with the principles of legal certainty and procedural economy and the aim of opposition proceedings, namely to enable conflicts between marks to be dealt with before registration of the mark in the interests of the functioning of the internal market, that OHIM be able to adopt its decisions on as broad a factual basis as possible.

Findings of the Court

40 Since both parts of the ground of appeal are closely related they will be examined together.

Article 74(2) of Regulation No 40/94

41 First, in order to give judgment on the ground of appeal in its entirety, it must be found that, as is apparent from the wording of Article 74(2) of Regulation No 40/94,

OHIM may disregard facts which were not submitted or evidence which was not produced in due time by the parties.

42 Contrary to OHIM's submission, it results from such wording that, as a general rule and unless otherwise specified, the submission of facts and evidence by the parties remains possible after the expiry of the time-limits to which such submission is subject under the provisions of Regulation No 40/94 and that OHIM is in no way prohibited from taking account of facts and evidence which are submitted or produced late.

43 However, it is equally apparent from that wording that a party has no unconditional right to have facts and evidence submitted out of time taken into consideration by OHIM. In stating that the latter 'may', in such a case, decide to disregard facts and evidence, Article 74(2) of Regulation No 40/94 grants OHIM a wide discretion to decide, while giving reasons for its decision in that regard, whether or not to take such information into account.

44 Where OHIM is called upon to give judgment in the context of opposition proceedings, taking such facts or evidence into account is particularly likely to be justified where OHIM considers, first, that the material which has been produced late is, on the face of it, likely to be relevant to the outcome of the opposition brought before it and, second, that the stage of the proceedings at which that late submission takes place and the circumstances surrounding it do not argue against such matters being taken into account.

45 As rightly submitted by OHIM, if it were compelled to take into consideration, in all circumstances, the facts and evidence produced by the parties to opposition proceedings outside of the time-limits set to that end under the provisions of Regulation No 40/94, those provisions would be rendered redundant.

46 However, the interpretation set out in paragraphs 42 to 44 of this judgment in respect of Article 74(2) of Regulation No 40/94 is capable of preserving the effectiveness of those provisions while making it possible to reconcile various imperatives.

47 It is consistent with the principle of sound administration and the need to ensure the proper conduct and effectiveness of proceedings that the parties have an incentive to respect the time-limits imposed on them by OHIM when hearing a case. The fact that the latter may, if necessary, decide to disregard facts and evidence produced by the parties outside the time-limits prescribed should, in itself, have such an incentive effect.

48 By preserving, nevertheless, the possibility for the department called upon to make a decision in a dispute of taking into account facts and evidence submitted late by the parties, that interpretation is, at least in respect of opposition proceedings, likely to contribute to ensuring that marks whose use could later successfully be challenged by means of annulment or infringement proceedings are not registered. As the Court has already held, reasons of legal certainty and sound administration speak in favour of that approach (see, in particular, Case C-104/01 *Libertel* [2003] ECR I-3793, paragraph 59).

The nature of the proceedings followed before the Board of Appeal of OHIM and Article 62(1) of Regulation No 40/94

49 Second, no reason of principle related to the nature of the proceedings under way before the Board of Appeal or to the jurisdiction of that department precludes it, for the purpose of giving judgment on the appeal before it, from taking into account facts and evidence produced for the first time at the appeal stage.

50 In that regard, disputes arising from an opposition to the registration of a trade mark are potentially subject to a four-tier review system.

51 A procedure is, initially, a matter for OHIM, its Opposition Divisions first of all and, then, on appeal, its Boards of Appeal which, in spite of the independence enjoyed by those departments and their members, remain nonetheless departments of OHIM. Subsequent to that procedure there exists the possibility of judicial review by the Court of First Instance and, if necessary, on appeal by the Court of Justice.

52 As stated in Article 63(2) of Regulation No 40/94, the Court of First Instance may annul or alter a decision of a Board of Appeal of OHIM only 'on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of [the] Regulation or of any rule of law relating to their application or misuse of power'.

53 It follows, in particular, from that provision that the Court of First Instance may annul or alter a decision against which an action has been brought only if, at the time the decision was adopted, it was vitiated by one of those grounds for annulment or alteration. The Court of First Instance may not annul or alter that decision on grounds which come into existence subsequent to its adoption (Case C-416/04 P *Sunrider* v *OHIM* [2006] ECR I-4237, paragraphs 54 and 55).

54 It is also apparent from that provision that, as found by the Court of First Instance in a correct and consistent manner, facts not submitted by the parties before the departments of OHIM cannot be submitted at the stage of the appeal brought before that Community court. The Court of First Instance is called upon to assess the legality of the decision of the Board of Appeal by reviewing the application of Community law made by that board, particularly in the light of facts which were submitted to the latter (see, to that effect, Case C-214/05 P *Rossi* v *OHIM* [2006] ECR I-7057, paragraph 50). By contrast, that Court cannot carry out such a review by taking into account matters of fact newly produced before it.

55 In accordance with the logic of the institutional architecture referred to in paragraphs 50 and 51 of this judgment, the judicial review thus exercised by the Court of First Instance cannot consist of a mere repetition of a review previously carried out by the Board of Appeal of OHIM.

56 It follows, in that regard, from Article 62(1) of Regulation No 40/94 that, following the examination as to the merits of the appeal, the Board of Appeal is to decide it and that, in doing so, it may 'exercise any power within the competence of the department which was responsible for the decision appealed', that is to say, in the present case, give judgment itself on the opposition by either rejecting it or declaring it to be founded, thereby either upholding or reversing the contested decision.

57 It thus follows from Article 62(1) of Regulation No 40/94 that, through the effect of the appeal brought before it, the Board of Appeal is called upon to carry out a new, full examination of the merits of the opposition, in terms of both law and fact.

58 As pointed out by Kaul, it also follows from Articles 61(2) and 76 of Regulation No 40/94 that, for the purposes of the examination as to the merits of the appeal brought before it, the Board of Appeal is to invite the parties, as often as necessary, to file observations on communications issued by itself and that it may also order preliminary measures, among which feature the submission of matters of fact or evidence. Article 62(2) of Regulation No 40/94 states that if the Board of Appeal remits the case for further prosecution to the department whose decision was appealed against, that department is to be bound by the ratio decidendi of the Board of Appeal, 'in so far as the facts are the same'. In turn, such provisions demonstrate the possibility of seeing the underlying facts of a dispute multiply at various stages of the proceedings before OHIM.

Articles 42(3) and 59 of Regulation No 40/94

59 Third, it is apparent from Article 42(3) of Regulation No 40/94 that a person who brings an opposition against the registration of a mark on the ground that that mark should be rejected on the basis of Article 8(1) of that regulation may submit facts, evidence and arguments in support of that opposition within the time-limit set to that end by OHIM.

60 Unlike Article 42(3), Article 59 of Regulation No 40/94, which lays down the conditions for bringing an appeal before the Board of Appeal, does not refer to the submission of facts or evidence, but only to the filing, within a time-limit of four months, of a written statement setting out the grounds of appeal.

61 It follows that, contrary to the finding of the Court of First Instance in paragraph 30 of the judgment under appeal, Article 59 of the regulation cannot be interpreted as starting a new time-limit for the person bringing such an appeal in which to submit facts and evidence in support of his opposition.

62 Consequently, the Court of First Instance erred in law in finding in that paragraph that the facts and evidence were submitted 'in due time' within the meaning of Article 74(2) and in inferring therefrom that the Board of Appeal was required to take that information into consideration in the decision which it was called upon to give on the appeal brought before it.

63 It follows from paragraphs 41 to 43 of this judgment that, where, as in the present case, such facts and evidence have not been submitted and produced by the party concerned within the time-limit set to that end under the provisions of Regulation No 40/94, and thus not 'in due time' within the meaning of Article 74(2) of that regulation, that party does not enjoy an unconditional right to have such information taken into account by the Board of Appeal. On the contrary, that board has a discretion as to whether or not to take such information into account when making the decision which it is called upon to give.

64 It follows from all the foregoing that, in finding in paragraphs 29 and 30 of the judgment under appeal that the Board of Appeal is required to take account of the facts and evidence submitted for the first time by the party opposing an application for registration of a mark in the written statement lodged in support of its appeal before that board against a decision given by an Opposition Division, and in annulling the contested decision merely because the Board of Appeal refused, in this instance, to take account of such information, the Court of First Instance infringed the combined provisions of Articles 42(3), 59 and 74(2) of Regulation No 40/94.

65 It follows that the contested judgment must be set aside.

The action at first instance

66 In accordance with the first paragraph of Article 61 of the Statute of the Court of Justice, if the Court quashes a decision of the Court of First Instance, it may itself give final judgment in the matter, where the state of the proceedings so permits, or refer the case back to the Court of First Instance for final judgment.

67 In the present case, the Court finds, as did the Court of First Instance in paragraph 27 of the judgment under appeal, that, in paragraphs 10 to 12 of the contested decision, the Board of Appeal refused to take into account the facts and evidence submitted by Kaul in support of its appeal by holding, essentially, that the taking into account of such information was automatically precluded since those facts and that evidence had not been submitted earlier before the Opposition Division within the time-limit set by that division.

68 That reasoning of the Board of Appeal, which was also adopted by OHIM both during the proceedings before the Court of First Instance and in the context of this appeal, infringes Article 74(2) of Regulation No 40/94. As is apparent from paragraphs 41 to 43 of this judgment, that provision grants the Board of Appeal, when presented with facts and evidence which are submitted late, a discretion as to

whether or not to take account of such information when making the decision which it is called upon to give.

69 Instead of exercising the discretion which it thus has, the Board of Appeal wrongly considered itself to be lacking any discretion, in the present case, as to whether to take account or not of the facts and evidence at issue.

70 It follows that the contested decision must be annulled.

Costs

71 Under the first paragraph of Article 122 of the Rules of Procedure, where the appeal is well founded and the Court of Justice itself gives final judgment in the case, it is to make a decision as to costs. Under Article 69(2) of the Rules of Procedure, which by virtue of Article 118 thereof, applies to appeal proceedings, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings.

72 In this case, it should be noted that, although the judgment under appeal has been set aside, the present judgment upholds Kaul's appeal and annuls the decision of the Board of Appeal of OHIM. It follows that OHIM must be ordered to pay the costs incurred by Kaul both at first instance and on appeal, as applied for by Kaul.

On those grounds, the Court (Grand Chamber) hereby:

1. **Sets aside the judgment of the Court of First Instance of the European Communities of 10 November 2004 in Case T-164/02 *Kaul* v *OHIM — Bayer (ARCOL)*;**

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

3. **Orders OHIM to pay the costs of the proceedings both at first instance and on appeal.**

[Signatures]