Reports of Cases

JUDGMENT OF THE GENERAL COURT (Third Chamber)

19 September 2012*

(Community trade mark — Community figurative mark VR — Failure to apply for renewal of the mark — Cancellation of the mark upon expiry of the registration — Application for restitutio in integrum — Article 81 of Regulation (EC) No 207/2009)

In Case T-267/11,

Video Research USA, Inc., established in New York, New York (United States), represented by B. Brandreth, Barrister,

applicant,

v

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

defendant,

ACTION brought against the decision of the Second Board of Appeal of OHIM, of 8 March 2011 (Case R 1187/2010-2), relating to an application for restitutio in integrum,

THE GENERAL COURT (Third Chamber),

composed of O. Czúcz (Rapporteur), President, I. Labucka and D. Gratsias, Judges,

Registrar: S. Spyropoulos, Administrator,

having regard to the application lodged at the Registry of the General Court on 24 May 2011,

having regard to the response lodged at the Court Registry on 2 August 2011,

further to the hearing on 6 March 2012,

gives the following

* Language of the case: English.

Judgment

Legal context

1 Article 47 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1993 L 11, p. 1), as amended (now Article 47 of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1)), provides:

‘Renewal

1. Registration of the Community trade mark shall be renewed at the request of the proprietor of the trade mark or any person expressly authorised by him, provided that the fees have been paid.

2. [OHIM] shall inform the proprietor of the Community trade mark … of the expiry of the registration in good time before the said expiry. ...

3. The request for renewal shall be submitted within a period of six months ending on the last day of the month in which protection ends. The fees shall also be paid within this period. Failing this, the request may be submitted and the fees paid within a further period of six months following the day referred to in the first sentence, provided that an additional fee is paid within this further period.

...’

2 Rule 30(5) and (6) of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 on the Community trade mark (OJ 1995 L 303, p. 1), as amended, provides the following:

‘5. Where an application for renewal is not submitted or is submitted after expiry of the period provided for in the third sentence of Article 47 (3) of the Regulation, … [OHIM] shall determine that the registration has expired and shall so notify the proprietor of the Community trade mark. …

6. Where the determination made pursuant to paragraph 5 has become final, [OHIM] shall cancel the mark from the register. The cancellation shall take effect from the day following the day on which the existing registration expired.’

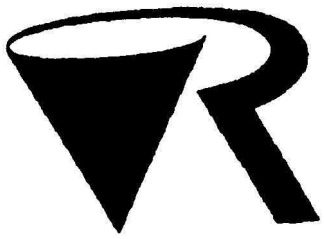
3 Article 81 of Regulation No 207/2009 provides as follows:

‘Restitutio in integrum

1. The applicant for or proprietor of a Community trade mark or any other party to proceedings before [OHIM] who, in spite of all due care required by the circumstances having been taken, was unable to comply with a time limit vis-à-vis [OHIM] shall, upon application, have his rights re-established if the obstacle to compliance has the direct consequence, by virtue of the provisions of this Regulation, of causing the loss of any right or means of redress.’

Background to the dispute

4 On 12 January 2000, following an application lodged on 26 August 1998 by the applicant, Video Research USA Inc., the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) registered the following figurative sign as a Community trade mark:



5 On 28 January 2008, in accordance with Article 47(2) of Council Regulation No 40/94 (now Article 47(2) of Regulation No 207/2009) and Rule 29 of Regulation No 2868/95, OHIM notified firm B., the applicant's representative before OHIM ('firm B.'), that the protection period of the trade mark would come to an end on 26 August 2008 and that the request for the renewal had to be made by 1 September 2008. OHIM further pointed out that, upon payment of the additional fee for late payment of the renewal tax, the deadline would be extended to 2 March 2009.

6 The applicant, however, failed to renew its registration.

7 Consequently, on 1 April 2009, OHIM notified the applicant's representative of the expiry of the Community trade mark's registration and its subsequent cancellation. The cancellation became effective as from 26 August 2008.

8 On 2 June 2009, the applicant filed a request for restitutio in integrum as provided for in Article 81 of Regulation No 207/2009, explaining the reasons why it had allegedly not been able to comply with the deadline for the renewal of its registration. In support of its request, the applicant produced a formal statement of Mr J.W., Partner at firm B., dated 2 June 2009.

9 According to that statement, firm B. used a computerised system to manage records and renewals, named 'Inprotech', which generated and sent renewal reminders to the applicant's American agent on 1 April, 1 June and 1 July 2008. Subsequently, on 18 August 2008, firm B. received instructions for the renewal of the registration. However, owing to an exceptional human error, the renewals manager did not send those instructions to a renewals clerk in order to carry out the instructions for renewal. In addition, because of the failure of the 'Inprotech' system, that system did not generate renewal reminders three, four and five months after the deadline for renewal. Accordingly, the registration referred to above was not renewed because of two distinct errors, one being an inexplicable human error and the other being a computer programming error.

10 By decision of 26 April 2010, the 'Trade Marks and Register' department of OHIM rejected the applicant's request for restitutio in integrum and confirmed the cancellation of the Community trade mark registration.

11 On 25 June 2010, the applicant filed a notice of appeal with OHIM, under Articles 58 and 64 of Regulation No 207/2009, against the decision of the 'Trade Marks and Register' department.

12 By decision of 8 March 2011 ('the contested decision'), the Second Board of Appeal of OHIM dismissed the appeal. In the first place, it considered, in essence, that the provisions of Article 81(1) of Regulation No 207/2009 had to be interpreted strictly since the observance of a time-limit was a matter of public policy. In the second place, it considered that, where a party chose to employ a

professional representative, the duty of due diligence required extended to that duly authorised professional representative. In the third place, the circumstances invoked by the applicant could not be considered to be abnormal and inevitable. Firstly, the renewals manager of firm B. forgot to give the necessary instructions to his clerical staff. Secondly, the applicant's American representative reacted only eight months later, on 13 April 2009, on discovering on OHIM's website that the registration had not been renewed. Thirdly, firm B. relied on a single system, in the present case, 'Inprotech'. Fourthly, firm B. did not take account of OHIM's letter of 28 January 2008, giving it two deadlines to submit the request and pay the fees. In the fourth place, the applicant did not show that it had taken 'all due care required by the circumstances'.

Procedure and forms of order sought by the parties

13 In its application, the applicant claims that the Court should:

— annul the contested decision;

— refer the case back to OHIM, recommending that it proceed to restitutio in integrum;

— order OHIM to pay the costs.

14 At the hearing, the applicant abandoned its second head of claim.

15 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

16 In support of its action, the applicant raises a single plea in law, alleging an infringement of Article 81 of Regulation No 207/2009 and an error in the assessment of the facts.

17 It claims that the Board of Appeal applied legal criteria that were erroneous and too strict when assessing the due care required by the proprietor of the trade mark or its representatives. Moreover, the applicant complains that the Board of Appeal made erroneous findings of fact.

18 It is apparent from Article 81 of Regulation No 207/2009 that restitutio in integrum is subject to two conditions, first, that the party acted with all due care required by the circumstances and, second, that the non-observance of the time-limit by that party has the direct consequence of causing the loss of any right or means of redress (order of 6 September 2006 in Case T-366/04 *Hensotherm* v *OHIM – Hensel (HENSOTHERM)*, not published in the ECR, paragraph 48 and judgment of 20 April 2010 in Case T-187/08 *Rodd & Gunn Australia* v *OHIM — (Representation of a dog)*, not published in the ECR, paragraph 28).

19 It is also apparent from that provision that the requirement to exercise due care lies in the first instance with the proprietor of the trade mark. Thus, if the proprietor delegates administrative tasks relating to the renewal of a mark, it must ensure that the person chosen offers the assurance necessary to enable it to be assumed that those tasks will be carried out properly. Moreover, since those tasks have been delegated, the person chosen is subject to the requirement to exercise due care just as much as the proprietor. Since that person acts on behalf of and in the name of the proprietor,

its actions must be regarded as being the proprietor's actions (judgments in Cases T-136/08 *Aurelia Finance* v *OHIM (AURELIA)* [2009] ECR II-1361, paragraphs 14 and 15 and *Representation of a dog*, paragraph 29).

20 Moreover, according to the case-law, the words 'all due care required by the circumstances', in Article 81(1) of Regulation No 207/2009, require a system of internal control and monitoring of time-limits to be put in place that generally excludes the involuntary non-observance of time-limits, as laid down in the OHIM guidelines. It follows that restitutio in integrum may be granted only in the case of exceptional events, which cannot therefore be predicted from experience (*AURELIA*, paragraph 26).

21 In the present case, the applicant, the proprietor of the trade mark, chose an American agent to represent it as regards managing the mark at issue, who, in its turn, delegated the administrative tasks concerning renewal of the mark to firm B. Accordingly, both the applicant and its American agent, as well as firm B. were subject to the requirement to exercise due care specified in the case-law referred to in paragraphs 18 to 20 above.

22 The Board of Appeal pointed out several factors which led to the non-renewal. Initially, it is necessary to examine whether the Board of Appeal correctly established that firm B. had failed to comply with its requirement to exercise due care.

23 First of all, it is appropriate to examine the human error committed by the renewals manager of firm B., consisting in omitting to give instructions to a renewals clerk following the request for renewal received from the American client.

24 In that regard, it must be noted that the General Court has already held that human errors committed at the time of the technical management of renewals cannot be regarded as exceptional or unforeseeable events which cannot be predicted from experience (see, to that effect, *AURELIA*, paragraph 28). Therefore, the Board of Appeal rightly found that the error committed by the renewals manager of firm B. constituted a failure to comply with his duty to exercise due care.

25 Secondly, it is necessary to examine the fact that the automatically generated emails were not sent to the renewals manager three, four and five months after the deadline, exposing a failure of the 'Inprotech' system.

26 In that regard, the General Court has already held that, where the renewal of marks was entrusted to a specialised company using a computerised renewal reminder system, the due care required by the circumstances in particular required that that system was capable of detecting and correcting any foreseeable error in the functioning of the computerised system (see, to that effect, *AURELIA*, paragraph 27). The 'corruption' or the loss of data to which the applicant refers is a foreseeable error, the risk of which is inherent in any computerised system. Accordingly, the failure to correct the error in the computerised system, for example, by a parallel reminder system or by frequent checks, also constitutes a breach of the duty to exercise due care incumbent on firm B.

27 The applicant's argument concerning the other cases of failures of software developed by the company C. is irrelevant. What matters is that the computerised system used by firm B. did not allow the detection and correction of any foreseeable error in its functioning, with the result that that firm did not fulfil its duty to exercise due care.

28 Thirdly, the applicant claims that the Board of Appeal committed an error in the assessment of the facts when it stated, at paragraph 26 of the contested decision, that its representative, firm B., '[had] ignored [OHIM's] letter sent on 28 January 2008 giving him two deadlines to submit the request and

pay the fees' and that, '[h]ad these important deadlines been entered into the representative's computer system … the omission of the renewals manager would have been noticed, even with the computer system for renewals corrupted'.

29 Even if that argument of the applicant is relevant from the point of view of the assessment of the responsibility of its representative, firm B., it is clear that, in reply to the General Court's written question, the applicant stated that the automatic renewal reminders of the 'Inprotech' system had been generated on the basis of data entered at the time of registering the mark at issue, on 29 February 2000. Moreover, the document 'Renewals department procedures' specifying the procedures within firm B. did not provide for any entry of data following receipt of OHIM's reminder sent under Article 47(2) of Regulation No 207/2009 and of Rule 29 of Regulation No 2868/95.

30 Therefore the applicant did not supply any evidence which would call into question the validity of the statement in paragraph 26 of the contested decision, with the result that that argument must be rejected.

31 Fourthly, at the hearing, the applicant claimed that it could not have reasonably foreseen that an error committed by an experienced employee and corruption of the computerised system would occur during the procedure for renewal of the same trade mark. Therefore, it was an unforeseeable combination of events.

32 In that regard, it must be noted that, in the present case, the reason why it was possible for human error to have played a role in non-renewal of the mark was that the failure of the 'Inprotech' system occurred after the generation of the reminders of 1 April, 1 June and 1 July 2008 to which the applicant's American agent reacted by giving the instruction to renew. That human error did not occur in the context of a control and verification mechanism of the applicant's computerised system, established with the objective of creating a level of duplication in order to detect computer failures or data losses and to remedy them. However, as was pointed out at paragraph 26 above, the absence of such a mechanism can in itself constitute a failure to comply with the duty to exercise due care incumbent on the proprietor of the trade mark or his representative when the consequence of that failure to comply is the definitive cancellation of the mark.

33 Accordingly, there is cause to uphold the Board of Appeal's statement that the applicant did not show that firm B. had taken 'all due care required by the circumstances' as was required by Article 81(1) of Regulation No 207/2009, in order for restitutio in integrum to be possible.

34 The applicant's other arguments are not such as to call that finding into question.

35 Firstly, as regards the use in the contested decision of the terms covered by the case-law of the Court of Justice concerning the establishment of cases of *force majeure*, it suffices to point out that, as is apparent from the explanations contained in paragraphs 23 to 26 above, the Board of Appeal established to the requisite legal standard firm B.'s failure to exercise the due care required. Therefore, the applicant's arguments directed against the abstract interpretative passages found in the Board of Appeal's reasoning are ineffective. In any event, the Board of Appeal correctly found that the conditions for the application of Article 81(1) of Regulation No 207/2009 had to be interpreted strictly. Observance of time-limits is a matter of public policy and restitutio in integrum of a registration after its cancellation is capable of undermining legal certainty.

36 Secondly, the applicant claims that the decision of OHIM's 'Trade Marks and Register' department unlawfully required a higher standard of due care of a professional agent than of a party in general.

37 In that regard, it must be borne in mind that, according to Article 65(1) of Regulation No 207/2009, the objective of an action before the General Court is that it rules on decisions of the Board of Appeal. However, it is not apparent from the contested decision that the Board of Appeal adopted the

approach followed in the decision of the 'Trade Marks and Register' department. At paragraph 15 of the contested decision, the Board of Appeal indicated that '[w]here a party … chooses to employ a professional representative, the duties of due diligence prescribed … extend to that duly authorised professional representative' and did not, therefore, distinguish between the level of diligence required of the proprietor of the mark and that required of its agent. In any event, since the Board of Appeal established to the requisite legal standard firm B.'s failure to comply with the due care required, that argument of the applicant must be rejected as being ineffective (see also paragraph 35 above).

38 Thirdly, the applicant criticises the statement at paragraph 24 of the contested decision that its American representative 'should have reacted earlier' than 13 April 2009 to the failure to renew. It claims that, by choosing a reputable and experienced law firm specialised in trade marks law and by communicating its request for renewal to the renewals manager of that firm, it displayed the diligence required.

39 In that regard, it suffices to point out that the grounds of the contested decision essentially lie in the failure to comply with the duty to exercise due care incumbent on firm B. as is apparent from paragraph 29 of the contested decision. It is true that a new request for renewal or a reminder from the applicant or its American representative, sent in good time to firm B., could have mitigated the errors committed by the latter and accordingly could have prevented the definitive cancellation of the mark.

40 However, it is to be borne in mind that, according to the case-law referred to in paragraph 19 above, since the representatives of the proprietor of the trade mark act on behalf of and in the name of the proprietor, their actions must be regarded as being the proprietor's actions. Likewise and by analogy, as the General Court has already held concerning the remission of customs duties, the negligence of the representative is to be taken into account in the same way as that of the interested party (judgment of the General Court of 30 November 2006 in Case T-382/04 *Heuschen & Schrouff Oriëntal Foods* v *Commission*, not published in the ECR, paragraph 94). It follows that the applicant, its American agent and firm B., representing it before OHIM, appear to constitute a single entity for the purposes of the proceedings before OHIM and the failure to comply with the requirement to exercise due care incumbent on the representatives must be considered to be the failure of the proprietor for the purposes of those proceedings. Consequently, the question whether the applicant or its American agent displayed a sufficient level of diligence is relevant only from the point of view of their contractual relations with firm B. and the establishment of liability for any damage suffered by the applicant, but cannot affect its legal position vis-à-vis OHIM.

41 Therefore, as the lack of due care of firm B. has been established as directly causing the failure to renew, the question whether the applicant or its American agent displayed all the diligence required in order to mitigate the errors of firm B. is not relevant from the point of view of the legality of the contested decision, so that the applicant's arguments put forward in that regard must be rejected as being ineffective.

42 Consequently, as the Board of Appeal correctly considered that it was not necessary to order restitutio in integrum, it is appropriate to reject the applicant's sole plea in law and, therefore, the action in its entirety.

Costs

43 Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been asked for in the successful party's pleadings. Since the applicant has been unsuccessful, it must, having regard to the form of order sought by OHIM, be ordered to pay the latter's costs.

On those grounds,

THE GENERAL COURT (Third Chamber)

hereby:

1. Dismisses the action;

2. Orders Video Research USA, Inc. to pay the costs.

Czúcz Labucka Gratsias

Delivered in open court in Luxembourg on 19 September 2012.

[Signatures]