JUDGMENT OF THE COURT OF FIRST INSTANCE
(Second Chamber, Extended Composition)

25 October 2005 *

In Case T-379/03,

Peek & Cloppenburg KG, established at Düsseldorf (Germany), represented originally by U. Hildebrandt and subsequently by P. Lange, P. Wilbert and A. Auler, and subsequently by P. Lange, P. Wilbert, A. Auler and J. Steinberg, lawyers,

applicant,

v

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

defendant,

APPEAL against the decision of the Fourth Board of Appeal of the OHIM of 27 August 2003 (R 105/2002-4), concerning the application for registration of the word sign Cloppenburg as a Community trade mark,

* Language of the case: German.

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

composed of J. Pirrung, President, A.W.H. Meij, N.J. Forwood, I. Pelikánová and S. Papasavvas, Judges,

Registrar: J. Palacio González, Principal Administrator,

having regard to the written procedure and further to the hearing on 20 April 2005,

gives the following

Judgment

Background to the dispute

1 On 24 October 200 the applicant filed an application with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), ('the Office') for a Community trade mark pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

2 The mark for which registration is sought is the word sign Cloppenburg.

3 Registration was sought for 'retail trade services' that fall within Class 35 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.

4 By decision of 20 December 2001 the Office's examiner rejected the application for registration pursuant to Article 7(1)(c) of Regulation No 40/94.

5 On 25 January 2002 the applicant lodged an appeal against the examiner's decision in accordance with Articles 57 to 59 of Regulation No 40/94.

6 By decision of 27 August 2003 ('the contested decision') the Office's Fourth Board of Appeal rejected the applicant's appeal. In essence, it took the view that the word 'Cloppenburg' designated a German town in Lower Saxony and that the Landkreis Cloppenburg, a territorial district to which that town had given its name, numbered more than 152 000 inhabitants in 2002. The Board of Appeal noted that in German the ending 'burg' (castle) was seen as indicating a place, that towns and districts of the size of Cloppenburg were regularly referred to in the meteorological reports and forecasts broadcast throughout German territory and that similar information appeared on signs which could be read by persons driving on motorways or heard by them in traffic information bulletins. The Board of Appeal added that the name 'Cloppenburg' designated the place where the provider of services was based and, therefore, the place where the retail trade services had been planned and from where they were supplied. It deduced therefrom that German end users would perceive the word 'Cloppenburg' as an indication of geographical origin.

Procedure and forms of order sought

7 By application lodged at the Registry of the Court of First Instance on 17 November 2003 the applicant brought the present action.

8 The applicant claims that the Court should:

— annul the contested decision;

— order the Office to pay the costs.

9 On 20 February 2004 the Office filed a pleading entitled 'Response'. In that document under the heading 'Form of order sought' the Office stated:

'[The Office] intends to support the applicant's claim for annulment of the contested decision. Nevertheless, that approach would be tantamount ... to accepting the applicant's request and would relieve [the Court of First Instance] of the need to give a ruling. In that situation, the defendant asks [the Court] to rule on the action, having regard to the arguments of fact and law put forward by the parties.

At present, the defendant forgoes the formulation of any particular form of order.'

10 Upon hearing the report of the Judge-Rapporteur, the Court decided to open the oral procedure.

11 After hearing the parties, the Court referred the case to the Second Chamber (Extended Composition).

12 At the hearing the Office confirmed that it did not formally seek the annulment of the contested decision but left the matter to the Court's discretion.

Law

Arguments of the parties

13 In support of its action the applicant puts forward, primarily, a plea in law alleging infringement of Article 7(1)(c) of Regulation No 40/94.

14 It argues, first, that the word 'Cloppenburg' is a common surname in Germany, more than 16 000 subscribers being listed under that name in the telephone directory. Now, according to the applicant, surnames are in themselves distinctive. In this context it observes that Case C-191/01 P *OHIM* v *Wrigley* [2003] ECR I-12447 is irrelevant to the case. It maintains that, in accordance with that judgment, a word sign may be refused registration under that provision if at least one of its possible meanings designates a characteristic of the goods or services concerned. If, in trade, the chief meaning is something other than an indication of a geographical location, registration is, according to the applicant, granted as of right.

15 Second, the applicant mentions that in German geographical indications usually have further words or endings added to them, such as '*aus* Cloppenburg' or 'Cloppenburger' (in English, 'Cloppenburg' used adjectivally).

16 Third, the applicant considers that the Office has not established that at the time the public associated the name 'Cloppenburg' with retail trade services or that such a connection was reasonably foreseeable in the future.

17 At the hearing the applicant added that the reasons for the contested decision had not been properly stated, in that the Board of Appeal did no more than deny the arguments put forward by the applicant, without substituting for them any arguments of its own.

18 The Office considers the action well founded for the following reasons. First, the Board of Appeal did not demonstrate that the target public knew of the town of Cloppenburg. Second, nothing indicated that Cloppenburg — either the town or the Landkreis — was known as a place where any goods whatsoever were produced. Third, the Board of Appeal did not establish any knowledge, outside the region, of Cloppenburg as a place where services were provided. In consequence, the mark Cloppenburg was not perceived, in the mind of the targeted consumer, namely, the average German consumer, as consisting exclusively of signs or indications which may serve, in trade, to designate the geographical origin of the rendering of the service designated or of the goods sold in retail trade services.

19 It adds that, according to Case T-107/02 *GE Betz* v *OHIM — Atofina Chemicals (BIOMATE)* [2004] ECR II-1845, the Office is not bound to contend that the action

should be dismissed, but may leave it to the Court's discretion, putting forward any arguments it deems appropriate. However, in accordance with Case C-106/03 P *Vedial* v *OHIM* [2004] ECR I-9573, upholding on appeal the judgment of the Court of First Instance in Case T-110/01 *Vedial* v *OHIM — France Distribution (HUBERT)* [2002] ECR II-5275, the Office does not in any circumstances have power to alter the terms of the dispute. The same principles apply, in the Office's view, to proceedings concerning absolute grounds for refusal of registration.

20 In addition, the Office explains that, in accordance with Article 60 of Regulation No 40/94, a case referred to a Board of Appeal lies outside the competence of the examiner who is bound by the instructions of the President of the Office. By virtue of Article 131(2) of that regulation, in the version applicable to this case, the Boards of Appeal enjoy independence that prevents the Office from withdrawing the contested decision or substituting for it a decision favourable to the applicant.

21 At the hearing the applicant adopted the Office's point of view on the admissibility of its claims, stating that it would have preferred the Office to contend that the contested decision should be annulled.

On the admissibility of the Office's claims

22 So far as the Office's views on procedure are concerned, the Court has held, in proceedings relating to the decision of a Board of Appeal ruling on opposition proceedings, that while the Office does not have the requisite capacity to bring an action against a decision of a Board of Appeal, conversely it cannot be required to defend systematically every contested decision of a Board of Appeal or automatically to claim that every action challenging such a decision should be dismissed (*BIOMATE*, paragraph 34). Nothing prevents the Office from endorsing a head of claim of the applicant's or from simply leaving the decision to the discretion of the

Court, while putting forward all the arguments that it considers appropriate for giving guidance to the Court (*BIOMATE*, paragraph 36). On the other hand, it may not seek an order annulling or altering the decision of the Board of Appeal on a point not raised in the application or put forward pleas in law not raised in the application (Case C-106/03 P *Vedial* v *OHIM*, paragraph 34).

23 In addition, while the Office is admittedly designated in Article 133(2) of the Rules of Procedure as the defendant before the Court of First Instance, that designation cannot alter the consequences flowing from the broad logic of Regulation No 40/94 as regards Boards of Appeal. At the very most it enables the matter of costs to be settled, should the contested decision be annulled or altered, irrespective of the position adopted by the Office before the Court (*BIOMATE*, paragraph 35).

24 The fourth title of the Rules of Procedure defines the Office's role as defendant in uniform fashion without distinguishing proceedings involving, before Boards of Appeal, parties other than the applicant before the Court of First Instance ('inter partes proceedings') from those in which the only parties are the applicant and the Office ('ex parte proceedings'). Furthermore, the wording of Article 63 of Regulation No 40/94 makes no distinction according to whether the proceedings that led to the contested decision were inter partes or ex parte. It follows that the case-law cited, relating to inter partes proceedings, is transposable to ex parte proceedings.

25 In the instant case, although the Office has expressly refused to seek annulment of the contested decision and although it has left the matter to the Court's discretion,

the fact remains that the only arguments it has put forward are in support of the applicant's plea in law alleging infringement of Article 7(1)(c) of Regulation No 40/94. Consequently, the Office has clearly expressed its intention to support the claims and pleas in law put forward by the applicant.

26 In the circumstances, it is appropriate to reformulate the form of order sought by Office and deem the latter to have pleaded in essence that the applicant's claim should be allowed.

27 It follows from paragraphs 22 to 24 above that the heads of claim by which the Office endorses the applicant's claim for annulment must be declared admissible in so far as they, and the arguments set out in their support, do not go beyond the bounds of the claims and pleas in law put forward by the applicant.

28 With regard to the question whether the correspondence of the claims and arguments of the parties can in the circumstances of this case relieve the Court of First Instance of the need to give a decision on the substance of the action, as the Office has suggested, it is to be noted that, despite the correspondence of the arguments of the parties on the substance of the case, the action has not become devoid of purpose. Notwithstanding the agreement between the parties, the contested decision has been neither amended nor withdrawn, the Office not possessing the power to do so or to give instructions to that effect to the Boards of Appeal, whose independence is enshrined in Article 131(2) of Regulation No 40/94 in the version applicable until 9 March 2004, now, in the current version, Article 131 (4). It follows that the applicant still has an interest in obtaining annulment of that decision.

29 It follows from the foregoing that the correspondence of the parties' claims and arguments does not relieve the Court of the need to examine the lawfulness of the contested decision in the light of the pleas in law put forward in the application initiating the proceedings.

On the substance

30 Under Article 7(1)(c) of Regulation No 40/94 registration is to be refused for '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'.

31 Moreover, Article 7(2) of that regulation provides that '[p]aragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community'.

32 Article 7(1)(c) of the regulation pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all. The provision therefore prevents such signs or indications from being reserved to one undertaking alone because they have been registered as trade marks (see, by analogy, Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 25).

33 As regards, more particularly, signs or indications which may serve to designate the geographical origin of the categories of goods in relation to which registration of the mark is applied for, especially geographical names, it is in the public interest that they remain available, not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response (see, by analogy, *Windsurfing Chiemsee*, paragraph 26).

34 Furthermore, it may be observed, first, that the registration of geographical names as trade marks solely where they designate specified geographical locations which are already famous, or are known for the category of goods concerned, and which are therefore associated with those goods in the mind of the relevant class of persons, is excluded as, secondly, is the registration of geographical names which are liable to be used by undertakings and must remain available to such undertakings as indications of the geographical origin of the category of goods concerned (see, by analogy, *Windsurfing Chiemsee*, paragraphs 29 and 30).

35 In that connection, it must be observed that the Community legislature, in derogation from Article 7(1)(c) of the regulation, has preserved the possibility of registering signs which may serve to designate geographical origin as Community collective marks pursuant to Article 64(2) of the Regulation and, for certain goods, where they meet the necessary conditions, as geographical indications or designations of origin which are protected under the provisions of Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (OJ 1992 L 208, p. 1).

36 However, Article 7(1)(c) of the regulation does not in principle preclude the registration of geographical names which are unknown to the relevant class of persons — or at least unknown as the designation of a geographical location — or of names in respect of which, because of the type of place they designate, such persons are unlikely to believe that the category of goods concerned originates there or was conceived of there (see, by analogy, *Windsurfing Chiemsee*, paragraph 33).

37 In the light of all the foregoing, a sign's descriptiveness cannot be assessed other than by reference to the goods or services concerned, on the one hand, and by reference to the understanding which the relevant persons have of it, on the other (Case T-295/01 *Nordmilch* v *OHIM (OLDENBURGER)* [2003] ECR II-4365, paragraphs 27 to 34).

38 In making that assessment the Office is bound to establish that the geographical name is known to the relevant class of persons as the designation of a place. What is more, the name in question must suggest a current association, in the mind of the relevant class of persons, with the category of goods or services in question, or else it must be reasonable to assume that such a name may, in the view of those persons, designate the geographical origin of that category of goods or services. In making that assessment, particular consideration should be given to the relevant class of persons' degree of familiarity with the geographical name in question, with the characteristics of the place designated by that name, and with the category of goods or services concerned (see, by analogy, *Windsurfing Chiemsee*, paragraph 37 and paragraph 1 of the operative part).

39 In this case, the Court's examination must be confined to the question whether, for the relevant public in Germany, the sign for which registration is sought consists exclusively of an indication that may serve, in trade, to designate the geographical origin of the services designated. In this regard, it is common ground that 'Cloppenburg' is the name of a town in Lower Saxony numbering about 30 000 inhabitants.

40 Furthermore, the applicant has not denied that the relevant public, namely, the average consumer of 'retail trade services', is composed of average German consumers.

41 With regard to the evaluation of the descriptiveness of the sign Cloppenburg, first, the grounds set out in the contested decision which are intended to show that average consumers in Germany know that sign as a geographical location are not persuasive.

42 In the first place, while a word ending in 'burg' often corresponds to a geographical location, that ending cannot of itself suffice to demonstrate that consumers recognise in the word 'Cloppenburg' the name of a particular town. In point of fact, that ending is used also for surnames and invented words.

43 In the second place, the Board of Appeal's argument that towns and regions of a size comparable to that of Cloppenburg are regularly mentioned in weather reports and forecasts throughout German territory is unconvincing. In fact, weather forecasts broadcast in the whole of Germany generally take as reference points the great cities such as Hamburg, Hanover, Düsseldorf, Cologne, Berlin, Frankfurt-am-Main, Stuttgart or Munich, and mountains or large rivers. It is rare for a town the size of Cloppenburg to be mentioned.

44 In the third place, while the town of Cloppenburg may appear on motorway and federal road signs and while it may be mentioned in traffic news, the fact remains that such information is intended for a local public. First, directions given on motorway signs for the whole of federal territory are limited to large towns with well-known locations, such as those referred to in the previous paragraph. The town of Cloppenburg will be mentioned only in the surrounding area, thus being addressed to persons wishing to go to that town or region. Second, the same

consideration applies to traffic news which is followed with attention only by those for whom the traffic situation in that region is of present interest.

45 Finally, the Board of Appeal has not referred to any attraction or any economic activity for which the town of Cloppenburg would be familiar to consumers throughout Germany.

46 The Court can leave open the question whether the relevant class of person knows of the town of Cloppenburg as a geographical location. In any event, given the small size of that town, it must be considered that, even if German consumers do know of it, that knowledge must be regarded as slight or, at the most, as moderate

47 Second, the Board of Appeal has not demonstrated to the required legal standard that there existed, in the eyes of the public concerned, any link between the town or region of Cloppenburg and the category of services concerned, or that the word 'Cloppenburg' might reasonably be supposed, in the eyes of that public, to designate the geographical origin of the category of services at issue.

48 The contested decision merely states that, for Article 7(1)(c) of Regulation No 40/94 to apply, it is enough if consumers might believe that the word 'Cloppenburg' designates the place where the retail trade services were planned and from where they were supplied, but it does not however indicate to what degree that condition is fulfilled in the circumstances of the case. In essence, the Board of Appeal has done no more than take the view that, for the German public, the word 'Cloppenburg' corresponds to the name of a town in Lower Saxony.

49 Now, even if the relevant public does know of the town of Cloppenburg, it does not automatically follow that the sign may serve, in trade, to designate geographical origin. In order to examine whether the conditions for application of the ground for refusal to register at issue have been satisfied, account must be taken of all the relevant circumstances, such as the nature of the goods or services designated, the greater or lesser reputation, especially within the economic sector involved, of the geographical location in question and the relevant public's greater or lesser familiarity with it, the customs obtaining in the area of activity concerned and the question to what extent the geographical origin of the goods or services at issue may be relevant, in the view of the persons concerned, to the assessment of the quality or other characteristics of the goods or services concerned.

50 In the circumstances, the relevant public is only slightly, or at the very most, moderately, familiar with the town of Cloppenburg. First, it is a small town. Second, the Board of Appeal has not mentioned any class of goods or services for which that town enjoys a reputation as the place where the goods are produced or the services rendered. Moreover, the Board of Appeal has not established that it is current practice in trade to indicate the geographical origin of retail trade services. In addition, the geographical origin of such services is not usually regarded as relevant when assessing their quality or characteristics.

51 In those circumstances, the town of Cloppenburg does not present, in the view of the public concerned, any link with the category of services concerned, and it is not reasonable either to imagine that the indication at issue might in the future designate the geographical origin of those services.

52 It follows that the Board of Appeal erred in law in applying Article 7(1)(c) of Regulation No 40/94. Consequently, the plea alleging infringement of that provision

must be upheld, and it is not necessary for the Court of First Instance to rule on the other arguments put forward by the applicant or on any failure to state reasons.

Costs

53 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. The Office having been unsuccessful, in that the contested decision is annulled, it must be ordered to pay the costs, in accordance with the form of order sought by the applicant, notwithstanding the reformulation, in paragraph 26 above, of the form of order sought by the Office.

On those grounds,

THE COURT OF FIRST INSTANCE
(Second Chamber, Extended Composition)

hereby:

1. Annuls the decision of the Fourth Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 27 August 2003 (R 105/2002-4);

2. **Orders the Office for Harmonisation in the Internal Market (Trade Marks and Designs) to pay the costs.**

Pirrung Meij Forwood

Pelikánová Papasavvas

Delivered in open court in Luxembourg on 25 October 2005.

E. Coulon J. Pirrung

Registrar President