

JUDGMENT OF THE GENERAL COURT (Fifth Chamber)

12 May 2010\*

In Case T-148/08,

**Beifa Group Co. Ltd**, established in Ningbo, Zhejiang (China), represented by R. Davis, Barrister, and N. Cordell, Solicitor,

applicant,

v

**Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)**, represented by A. Folliard-Monguiral, acting as Agent,

defendant,

\* Language of the case: English.

the other party to the proceedings before the Board of Appeal of OHIM, intervener before the Court, being

**Schwan-Stabilo Schwanhäüßer GmbH & Co. KG**, established in Heroldsberg (Germany), represented by U. Blumenröder and H. Gauß, lawyers,

ACTION brought against the decision of the Third Board of Appeal of OHIM of 31 January 2008 (Case R 1352/2006-3) relating to invalidity proceedings between Schwan-Stabilo Schwanhäüßer GmbH & Co. KG and Ningo Beifa Group Co., Ltd in respect of a Community design,

THE GENERAL COURT (Fifth Chamber),

composed of M. Vilaras (Rapporteur), President, M. Prek and V.M. Ciucă, Judges,

Registrar: N. Rosner, Administrator,

having regard to the application lodged at the Registry of the Court on 21 April 2008,

having regard to the response of OHIM lodged at the Registry of the Court on 17 September 2008,

having regard to the response of the intervener lodged at the Registry of the Court on 11 September 2008,

further to the hearing on 18 November 2009,

gives the following

## **Judgment**

### **Legal context**

*Regulation (EC) No 6/2002*

- <sup>1</sup> Article 1 of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (OJ 2002 L 3, p. 1), as amended, states:

‘1. A design which complies with the conditions contained in this Regulation is hereinafter referred to as a “Community design”.

2. A design shall be protected:

...

(b) by a “registered Community design”, if registered in the manner provided for in this Regulation;

...’

2 Article 3 of Regulation No 6/2002 provides:

‘For the purposes of this Regulation:

(a) “design” means the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation;

...’

3 Article 10(1) of Regulation No 6/2002 provides:

‘The scope of the protection conferred by a Community design shall include any design which does not produce on the informed user a different overall impression.’

4 Article 19(1) of Regulation No 6/2002 provides:

‘A registered Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes.’

5 Articles 24 and 25 of Regulation No 6/2002 provide:

*‘Article 24*

Declaration of invalidity

1. A registered Community design shall be declared invalid on application to [OHIM] in accordance with the procedure in Titles VI and VII ...

*Article 25*

Grounds for invalidity

1. A Community design may be declared invalid only in the following cases:

...

(e) if a distinctive sign is used in a subsequent design, and Community law or the law of the Member State governing that sign confers on the right holder of the sign the right to prohibit such use;

...

3. The grounds provided for in paragraph (1)(d), (e) and (f) may be invoked solely by the applicant for or holder of the earlier right.

...'

<sup>6</sup> In Title IV of Regulation No 6/2002 (Articles 35 to 44), which is entitled 'Application for a registered Community design', Article 36(2) provides, inter alia, that the application for registration of a Community design 'shall further contain an indication of the products in which the design is intended to be incorporated or to which it is intended

to be applied'. Moreover, under Articles 41 to 44 of Regulation No 6/2002, an applicant for registration of a Community design is to enjoy, subject to certain conditions, a right of priority, the effect of which consists, under Article 43 of the regulation, in the date of priority being treated as the date on which the application for registration of a Community design was filed.

- 7 In Title VI of Regulation No 6/2002, entitled 'Surrender and invalidity of the registered Community design', Article 52(1) provides that, '[s]ubject to Article 25(2), (3), (4) and (5), any natural or legal person, as well as a public authority empowered to do so, may submit to [OHIM] an application for a declaration of invalidity of a registered Community design.'
  
- 8 In Title VII of Regulation No 6/2002, entitled 'Appeals', Articles 55 to 60 establish the appeals procedure before the Board of Appeal. The wording of those provisions is identical or analogous to that of Articles 57 to 62 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended (replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1), Articles 58 to 64 of which correspond to Articles 57 to 62 of Regulation No 40/94).
  
- 9 Moreover, in Title VII of Regulation No 6/2002, Article 61 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.

4. The action shall be open to any party to proceedings before the Board of Appeal adversely affected by its decision.

5. The action shall be brought before the Court of Justice within two months of the date of notification of the decision of the Board of Appeal.

6. [OHIM] shall be required to take the necessary measures to comply with the judgment of the Court of Justice.'

*First Directive 89/104/EEC*

<sup>10</sup> Article 4(4) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) (repealed by Directive 2008/95/EC of the European Parliament and of the Council



of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25)), provides:

‘Any Member State may ... provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

...

(c) the use of the trade mark may be prohibited by virtue of an earlier right other than the rights referred to in paragraph 2 and point (b) of this paragraph and in particular:

...

(iv) an industrial property right ...’

<sup>11</sup> Paragraphs 1 and 2 of Article 5 of First Directive 89/104 provide:

‘1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

- (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’

<sup>12</sup> Articles 10 to 12 of First Directive 89/104 provide:

*‘Article 10*

Use of trade marks

1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.

2. The following shall also constitute use within the meaning of paragraph 1:

- (a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;
  
- (b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.

3. Use of the trade mark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

...

### *Article 11*

Sanctions for non-use of a trade mark in legal or administrative proceedings

...

3. Without prejudice to the application of Article 12, where a counter-claim for revocation is made, any Member State may provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked pursuant to Article 12(1).

4. If the earlier trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for purposes of applying paragraphs 1, 2 and 3, be deemed to be registered in respect only of that part of the goods or services.

### *Article 12*

#### Grounds for revocation

1. A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use ...'

### *The Markengesetz*

<sup>13</sup> Paragraph 13(2)(6) of the Gesetz über den Schutz von Marken und sonstigen Kennzeichen (German law on the protection of trade marks and other distinctive signs) of 25 October 1994 (BGBl. I, 1994, p. 3082; 'the Markengesetz'), as amended, provides that a registered trade mark may be declared invalid where its use may be prohibited, inter alia, by virtue of an earlier industrial property right. Under Paragraph 51(1) of

the Markengesetz, the invalidity is declared upon application by the proprietor of the earlier right.

<sup>14</sup> Paragraph 14(2) of the Markengesetz provides:

‘In the course of trade, it shall be prohibited for third parties to engage in the following without the consent of the proprietor of the trade mark:

1. to use a sign which is identical to the trade mark in relation to goods or services which are identical to those for which the trade mark is registered,
2. to use a sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark, or
3. to use a sign which is identical or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’

<sup>15</sup> Paragraph 25(1) of the Markengesetz provides:

‘The proprietor of a registered trade mark may not exercise its rights as against third parties for the purposes of Paragraphs 14, 18 [and] 19 if, during the five years preceding the assertion of those rights, the trade mark has not been used in accordance with Paragraph 26 for the goods or services on which the exercise of its rights is based, provided that, on that date, at least five years have passed since the trade mark was registered.’

- 16 Under Paragraph 25(2) of the Markengesetz, where the rights of a trade mark proprietor under, inter alia, Paragraph 14 of the Markengesetz are being asserted in an action, the applicant must, if the defendant so requests, provide proof of genuine use of its mark.
- 17 Paragraph 26 of the Markengesetz, which concerns use of the mark, transposes Articles 10 to 12 of First Directive 89/104 into German law.

*Regulation No 40/94*

- 18 Article 9(1) of Regulation No 40/94 (now Article 9(1) of Regulation No 207/2009) provides:

*‘Article 9*

Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;
- (b) any sign where, because of its identity with, or similarity to, the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part

of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;

...'

- <sup>19</sup> Article 43 of Regulation No 40/94 (now Article 42 of Regulation No 207/2009) provides:

*'Article 43*

Examination of opposition

...

2. If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services.

...'

20 Article 52(2) of Regulation No 40/94 (now Article 53(2) of Regulation No 207/2009) provides:

*‘Article 52*

Relative grounds for invalidity

...

2. A Community trade mark shall also be declared invalid on application to [OHIM] or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right, and in particular:

...

(d) an industrial property right;

under the ... national law governing the protection.’



<sup>21</sup> Article 56 of Regulation No 40/94 (now Article 57 of Regulation No 207/2009) provides:

*‘Article 56*

Examination of the application

...

2. If the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his application, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. If, at the date on which the Community trade mark application was published, the earlier Community trade mark had been registered for not less than five years, the proprietor of the earlier Community trade mark shall furnish proof that, in addition, the conditions contained in Article 43(2) were satisfied at that date. In the absence of proof to this effect the application for a declaration of invalidity shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect only of that part of the goods or services.

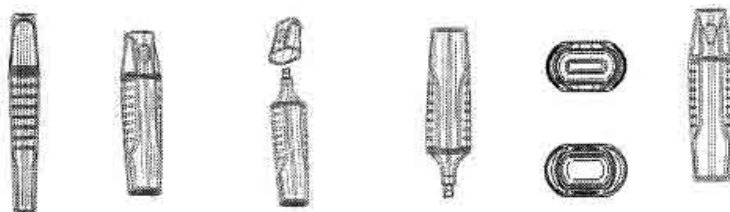
...’

22 Article 92 of Regulation No 40/94 (now Article 96 of Regulation No 207/2009) provides that the Community trade mark courts, designated by the Member States pursuant to Article 91(1) of that regulation (now Article 95(1) of Regulation No 207/2009), ‘shall have exclusive jurisdiction: ... (d) for counterclaims for revocation or for a declaration of invalidity of the Community trade mark pursuant to Article 96 [Article 100 of Regulation No 207/2009]’. Under Article 96(1) of Regulation No 40/94 (now Article 100(1) of Regulation No 207/2009), ‘[a] counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.’

### Background to the dispute

23 On 27 May 2005, the applicant — Beifa Group Co. Ltd (formerly Ningo Beifa Group Co., Ltd) (‘Beifa Group’) — filed an application for registration of various Community designs with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), pursuant to Regulation No 6/2002.

24 That application covered inter alia the design below (‘the design in dispute’):

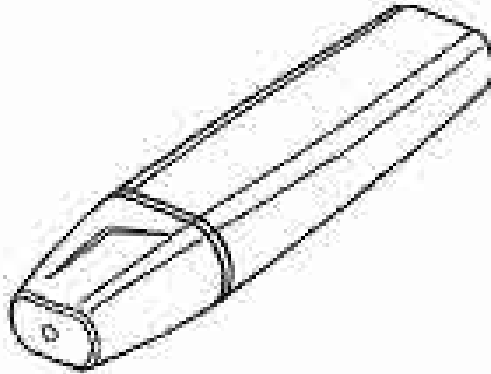


25 In its application for registration, Beifa Group claimed in respect of the design in dispute a right of priority, in accordance with Articles 41 to 43 of Regulation No 6/2002,

on the basis of an earlier application for registration of the same design which had been lodged with the competent Chinese authority on 5 February 2005.

- <sup>26</sup> In accordance with Article 36(2) of Regulation No 6/2002, the application indicated ‘instruments for writing’ as goods in which the design in dispute was intended to be incorporated or to which it was intended to be applied.
- <sup>27</sup> The design in dispute was registered as Community design No 352315-0007 and published in *Community Designs Bulletin* No 68/2005 of 26 July 2005.
- <sup>28</sup> On 23 March 2006, the intervener — Schwan-Stabilo Schwanhäüßer GmbH & Co. KG (‘Stabilo’) — submitted to OHIM an application under Article 52 of Regulation No 6/2002 for a declaration of invalidity of the design in dispute, in which it claimed that the ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002 precluded maintenance of that design.
- <sup>29</sup> The application for a declaration of invalidity was based, inter alia, on a Stabilo trade mark, reproduced below, which was registered in Germany on 14 December 2000 under No 300454708 for, inter alia, ‘instruments for writing’ in Class 16 of the Nice Agreement of 15 June 1957 concerning the International Classification of Goods and

Services for the Purposes of the Registration of Marks, as revised and amended, ('the earlier mark'):



<sup>30</sup> By decision of 24 August 2006, the Cancellation Division of OHIM upheld Stabilo's application for a declaration of invalidity and, accordingly, declared the design in dispute to be invalid on the ground specified in Article 25(1)(e) of Regulation No 6/2002.

<sup>31</sup> In substance, the Cancellation Division found that the earlier mark is used in the design in dispute, in that a sign with all the characteristic features of the three-dimensional shape of the earlier mark, and in consequence similar to that mark, is incorporated in the design in dispute. Since the goods covered by the design in dispute are identical to those covered by the earlier mark, there is — in the view of the Cancellation Division — a likelihood of confusion on the part of the relevant public, which gives Stabilo the right, under Paragraph 14(2)(2) of the Markengesetz, to prohibit the use of the sign used in the design in dispute.

<sup>32</sup> On 19 October 2006, Beifa Group appealed under Articles 55 to 60 of Regulation No 6/2002 against the decision of the Cancellation Division.

- 33 By decision of 31 January 2008 ('the contested decision'), notified to Beifa Group on 21 February 2008, the Third Board of Appeal dismissed Beifa Group's appeal. First, the Board of Appeal found that, since the earlier mark had not been declared invalid by the competent German authorities under the relevant provisions of the Markengesetz, it had to be regarded as a distinctive sign within the meaning of Article 25(1)(e) of Regulation No 6/2002 (paragraph 15 of the contested decision).
- 34 Secondly, the Board of Appeal found that, for the purposes of applying Article 25(1)(e) of Regulation No 6/2002, the earlier sign relied on does not need to be reproduced identically in the subsequent Community design: it is sufficient that it be incorporated, as such, in that design (paragraph 16 of the contested decision).
- 35 Thirdly, the Board of Appeal found that, although there were some differences between the design in dispute and the earlier mark, it was possible to discern the characteristic features of that mark in the design, which meant that use of the design in dispute would be in breach of the exclusive rights conferred on Stabilo, the proprietor of the earlier mark, under Paragraph 14 of the Markengesetz and that Article 25(1)(e) of Regulation No 6/2002 applied (paragraphs 17 and 18 of the contested decision).
- 36 Lastly, in view of that last finding, the Board of Appeal held that there was no need for it to rule on the relevance of other evidence relied on by Stabilo in support of its application for a declaration of invalidity, including a judgment of 18 January 2007 of the Oberlandesgericht Frankfurt am Main (Higher Regional Court, Frankfurt am Main (Germany)) (paragraph 19 of the contested decision).

## Forms of order sought

37 Beifa Group claims that the Court should:

- annul the contested decision;
  
- refer the case back to the Cancellation Division for consideration of the other grounds for invalidity relied on by Stabilo which the Cancellation Division had not considered;
  
- order OHIM to pay the costs.

38 OHIM and Stabilo contend that the Court should:

- dismiss the action;
  
- order Beifa Group to pay the costs.

## Law

### *Admissibility of Beifa Group's second head of claim*

- 39 OHIM contends that Beifa Group's second head of claim is inadmissible because the Court is thereby being requested, in essence, to issue an order to OHIM, which it has no jurisdiction to do.
- 40 It should be borne in mind that, under Article 61(3) of Regulation No 6/2002, the Court has jurisdiction to annul or to alter a contested decision. Under Article 61(6) of that regulation, OHIM is required to take the necessary measures to comply with the judgment of the Court, which means that it is not for the Court to issue directions to OHIM: rather, it is for OHIM to draw the appropriate inferences from the operative part of the Court's judgment and from the grounds stated (see, by analogy, Case T-35/04 *Athinaiki Oikogeniaki Artopoiia v OHIM — Ferrero (FERRÓ)* [2006] ECR II-785, paragraph 15 and the case-law cited).
- 41 It should also be borne in mind that, under Article 60(1) of Regulation No 6/2002, where the Board of Appeal hears an appeal against a decision taken at a lower level within OHIM, it may, following the examination as to the merits, refer the case back, to be dealt with at that level.
- 42 It is apparent from those provisions and considerations that, in an appeal against a decision of a Board of Appeal of OHIM, a head of claim by which the Court is asked to refer the case back to the lower adjudicating body whose decision was challenged

before the Board of Appeal is not inadmissible (see, to that effect and by analogy, Case T-106/00 *Streamserve v OHIM (STREAMSERVE)* [2002] ECR II-723, paragraphs 17 to 20).

- 43 If the Court were to uphold such a head of claim, it would not be imposing on OHIM any obligation to take action or to refrain from doing so and thus the Court would not be issuing directions to OHIM. The upholding of such a head of claim is akin, rather, to the Court itself taking a decision which the Board of Appeal ought to have taken or could have taken and, accordingly, to the exercise by the Court of its jurisdiction to alter the decision of the Board of Appeal which is being challenged before it (see, to that effect and by analogy, Case T-413/07 *Bayern Innovativ v OHIM — Life Sciences Partners Perstock (LifeScience)*, not published in the ECR, paragraph 15, and Case T-152/07 *Lange Uhren v OHIM (Geometric fields on watchface)*, not published in the ECR, paragraph 39).
- 44 It follows that, contrary to the assertions made by OHIM, Beifa Group's second head of claim is admissible.

### *Substance*

- 45 Beifa Group puts forward three pleas in law in support of its action: (i) incorrect interpretation of Article 25(1)(e) of Regulation No 6/2002; (ii) error of law vitiating the rejection of the request, put forward by Beifa Group before OHIM, for proof of genuine use of the earlier mark; and (iii) incorrect application of Article 25(1)(e) of Regulation No 6/2002.



The first plea: incorrect interpretation of Article 25(1)(e) of Regulation No 6/2002

— Arguments of the parties

- <sup>46</sup> Beifa Group argues that it is clear from the very wording of Article 25(1)(e) of Regulation No 6/2002 that, contrary to the findings of the Board of Appeal, that provision cannot be relied upon by the holder of a distinctive sign where the sign used in a subsequent design is not the sign in question, but only a similar sign. That interpretation of the provision is confirmed not only by the fact that a Community design concerns merely the appearance of an object and is not specific to any particular goods, but also by OHIM's earlier decision-making practice.
- <sup>47</sup> OHIM and Stabilo contend that the notion of 'use' for the purposes of Article 25(1)(e) of Regulation No 6/2002 can cover situations in which the earlier sign relied upon in support of an application for a declaration that a registered Community design is invalid is only imitated in the design in dispute, without being reproduced in full, down to the last detail.
- <sup>48</sup> The framework for comparing the design in dispute with the earlier sign is restricted to those features of that design which infringe the rights conferred by the earlier sign on its holder, irrespective of the additional features of the design in dispute. However, the extent to which the earlier sign is protected depends on the law governing that sign.
- <sup>49</sup> The ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002 is applicable, therefore, to designs which are new and individual in character, a fact which distinguishes it from the ground for invalidity specified in Article 25(1)(b) of that

regulation. Contrary to Beifa Group's assertions, OHIM's earlier decision-making practice confirms that interpretation.

— Findings of the Court

<sup>50</sup> In the first place, it should be noted that, as has been rightly contended by OHIM and Stabilo, the ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002 does not necessarily presuppose a full and detailed reproduction of an earlier distinctive sign in a subsequent Community design. Even though the Community design may lack certain features of the earlier distinctive sign or may have different, additional features, this may constitute 'use' of that sign, particularly where the omitted or added features are of secondary importance.

<sup>51</sup> That is especially true given the fact, consistently pointed out by the Court, that the public retains only an imperfect memory of the marks registered in the Member States or of Community marks (see, to that effect, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 26, and Case T-162/01 *Laboratorios RTB v OHIM — Giorgio Beverly Hills (GIORGIO BEVERLY HILLS)* [2003] ECR II-2821, paragraph 33). That is the case with every type of distinctive sign. As a consequence, if a distinctive sign as used in a subsequent Community design lacks certain features or has additional features, the relevant public will not necessarily notice those changes vis-à-vis the earlier distinctive sign. On the contrary, the relevant public may believe that the sign it remembers is being used in the subsequent Community design.

- 52 It follows that, contrary to the assertions made by Beifa Group, a literal interpretation of Article 25(1)(e) of Regulation No 6/2002 does not necessarily preclude the application of that provision where use is made, in a subsequent Community design, not of a sign which is identical to that relied upon in support of the application for a declaration of invalidity, but of a sign which is similar.
- 53 In the second place, it should be noted that the way in which Article 25(1)(e) of Regulation No 6/2002 is construed in the contested decision is the only interpretation capable of ensuring, first, effective protection of the rights of the proprietor of an earlier mark — whether a Community mark or a mark registered in a Member State — against any encroachment on that mark through its use in a subsequent Community design and, secondly, consistency between the relevant provisions of Regulation No 6/2002, on the one hand, and those of First Directive 89/104 or Regulations No 40/94 and No 207/2009, on the other.
- 54 It should be borne in mind that the proprietor of an earlier mark — whether a Community mark or a mark registered in a Member State — has the right to prevent the use of a subsequent Community design both where use is made in that design of a sign which is identical to the earlier mark and the goods or services covered by the design are identical to those covered by the earlier mark, and where use is made in the Community design of a sign bearing such similarity to the earlier mark that, in view also of the fact that the goods or services covered by the mark are identical or similar to those covered by the design, there is a likelihood of confusion on the part of the public (see Article 5(1)(a) and (b) of First Directive 89/104; Paragraph 14(2)(1) and (2) of the Markengesetz; and Article 9(1)(a) and (b) of Regulation No 40/94 (now Article 9(1)(a) and (b) of Regulation No 207/2009)).

- 55 Given that the proprietor of an earlier mark — whether a Community mark or a mark registered in a Member State — has the right to prevent the use of a subsequent Community design in which use is made of a sign which is either identical to the earlier mark or similar to it, it is inconceivable that, in adopting Article 25(1)(e) of Regulation No 6/2002, the Community legislature intended to allow such a proprietor to submit an application for a declaration of invalidity of the design only where use was made in that design of a sign identical to the earlier mark, and not to allow such an application to be submitted where use was made in the design of a sign so similar that there would be a likelihood of confusion on the part of the relevant public.
- 56 Moreover, the proprietor of a mark — whether a Community mark or a mark registered in a Member State — cannot rely on the provisions referred to in paragraph 54 above to prevent the use of a Community design which has been registered earlier and in which use is made of a sign identical or similar to the mark, since the proprietor of the Community design is able to defend itself against such a prohibition by applying for a declaration of invalidity in respect of the subsequent mark in question, where necessary, by way of counterclaim (see Article 4(4)(c)(iv) of First Directive 89/104; Paragraphs 13(2)(6) and 51(1) of the Markengesetz; and Articles 52(2)(d), 92(d) and 96(1) of Regulation No 40/94 (now Articles 53(2)(d), 96(d) and 100(1) of Regulation No 207/2009)).
- 57 If the proprietor of an earlier mark — whether a Community mark or a mark registered in a Member State — had the right to submit an application for a declaration of invalidity in respect of a subsequent Community design only where use was made in that design of a sign identical to its mark, and not where use was made of a sign similar to its mark, that proprietor would not be able to defend itself if the proprietor of the subsequent design in which use was made of a sign similar to the mark were ever

to attempt to prevent use of the earlier mark on the basis of Articles 10(1) and 19(1) of Regulation No 6/2002.

<sup>58</sup> It can be inferred, however, from recital 31 in the preamble to Regulation No 6/2002, which states that that regulation ‘does not preclude the application to designs protected by Community designs of the ... laws ... relating to ... trade marks,’ that the rights conferred on a proprietor by a Community design do not in any way affect the rights which a proprietor of an earlier mark may have acquired by virtue of that mark.

<sup>59</sup> It follows from all the above considerations that the Board of Appeal did not err in law by interpreting Article 25(1)(e) of Regulation No 6/2002 as meaning that the proprietor of a distinctive sign may rely on that provision for the purposes of applying for a declaration of invalidity in respect of a subsequent Community design, where use is made in that design of a sign similar to its own. It follows that the first plea must be rejected as unfounded.

The second plea: error of law vitiating the rejection of the request, put forward by Beifa Group before OHIM, for proof of genuine use of the earlier mark

— Arguments of the parties

<sup>60</sup> Beifa Group submits that, under Article 25(1)(e) of Regulation No 6/2002, read in conjunction with Paragraph 25 of the Markengesetz, where the proprietor of a German mark applies for a declaration of invalidity in respect of a Community design on the ground that use is made of the mark in the design, that proprietor must, if challenged on the point, demonstrate that it has made genuine use of the mark. Consequently, the Board of Appeal ought to have considered Beifa Group's request for proof of use of the earlier mark, since the earlier mark had been registered more than five years before the application for a declaration of invalidity was submitted. Although, during the five-year period before the submission of that application, Stabilo sold vast numbers of instruments for writing in Class 16, those sales in no way prove use of the earlier mark, since the goods in question were sold in a different form, bearing Stabilo's name and logo. Moreover, the earlier mark is not a three-dimensional mark but a figurative mark.

<sup>61</sup> OHIM and Stabilo contend that — in contrast, inter alia, with Articles 43(2) and 56(2) of Regulation No 40/94 (now Article 42(2) and Article 57(2) of Regulation No 207/2009) — Regulation No 6/2002 does not permit the holder of a Community design in respect of which an application for a declaration of invalidity has been made to request proof of use of the earlier sign relied upon in support of that application. Accordingly, the Board of Appeal was not entitled to consider Beifa Group's request for proof of

genuine use of the earlier mark. However, Beifa Group's position was not adversely affected in any way since, if it thought that the earlier mark had not been put to genuine use, it could have applied to the competent German authorities for a declaration that the mark was invalid. In any event, the mere addition of Stabilo's name and logo to the instruments for writing sold by Stabilo has no bearing on the assessment of the genuine use of the earlier mark or of the existence of a likelihood of confusion in the present case.

- <sup>62</sup> Stabilo adds that, even if it is supposed, for the sake of argument, that Beifa Group was entitled to submit before OHIM a request for proof of genuine use of the earlier mark, it should have submitted that request earlier, before the Cancellation Division. As a consequence, the request for proof of genuine use of the earlier mark, which was first submitted by Beifa Group before the Board of Appeal, is inadmissible. Stabilo contends that, in any event, it has demonstrated genuine use of its earlier mark.

#### — Findings of the Court

- <sup>63</sup> It should be borne in mind that one of the requirements under Article 25(1)(e) of Regulation No 6/2002 is that Community law, or the national legislation governing the earlier sign relied on in support of an application for a declaration of invalidity on the basis of that provision, must confer 'on the right holder of the sign the right to prohibit' the use of its sign in a subsequent design.
- <sup>64</sup> In the present case, the earlier sign is a German mark, governed by the Markengesetz. As has been pointed out above, Paragraph 14(2)(2) of the Markengesetz confers on the proprietor of such a mark the right to prohibit the use of any sign in respect of

which — because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign — there exists a likelihood of confusion on the part of the public.

<sup>65</sup> However, under Paragraph 25(1) of the Markengesetz, the proprietor of an earlier mark may not exercise its rights under Paragraph 14, in particular, against third parties if, during the five years preceding the assertion of those rights, the trade mark has not been used in accordance with Paragraph 26 for the goods or services on which the proprietor relies for the purposes of exercising its rights, where, by that date, at least five years have passed since the trade mark was registered. In including that provision in the Markengesetz, the German legislature used a power conferred on it under Article 11(2) of First Directive 89/104. Paragraph 25(2) of the Markengesetz expressly leaves it to the party against whom the rights of the proprietor of an earlier mark are being invoked to require that the proprietor provide proof of genuine use of its mark. In the absence of such a request, that proof need not be adduced.

<sup>66</sup> It is apparent from those provisions that, contrary to the assertions made by OHIM and Stabilo, where, as in the present case, an earlier German mark, relied upon in support of the ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002, has been registered for at least five years before the submission of the application for a declaration of invalidity of a Community design, the proprietor of that mark must, at the request of the proprietor of the Community design, adduce proof that it has made genuine use of its mark during the five years preceding submission of that application. Failing the production of such proof, the proprietor of the earlier German mark has no right, under the German legislation governing its sign, to prohibit its



use in the Community design, which means that the ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002 cannot apply.

- <sup>67</sup> Since no specific provision is made in Regulation No 6/2002 concerning the procedure for requesting proof of genuine use of the earlier sign, to be followed by the proprietor of the Community design in respect of which an application for a declaration of invalidity has been brought on the basis of the earlier sign, it may be inferred that that request must be submitted to OHIM expressly and in due time (see, by analogy, Joined Cases T-183/02 and T-184/02 *El Corte Inglés v OHIM — González Cabello and Iberia Líneas Aéreas de España (MUNDICOR)* [2004] ECR II-965, paragraph 38; Case T-112/03 *L'Oréal v OHIM — Revlon (FLEXI AIR)* [2005] ECR II-949, paragraph 24; and Case T-303/03 *Lidl Stiftung v OHIM — REWE-Zentral (Salvita)* [2005] ECR II-1917, paragraph 77). As a rule, the request must be submitted within the period of time granted by the Cancellation Division to the proprietor of the Community design at issue for submitting its observations in response to the application for a declaration that the design is invalid (see, to that effect and by analogy, *FLEXI AIR*, paragraphs 25 to 28).
- <sup>68</sup> On the other hand, a request for proof of genuine use of the earlier sign relied on in support of an application for a declaration that a Community design is invalid cannot be made for the first time before the Board of Appeal.
- <sup>69</sup> It is settled case-law that the request for proof of genuine use of the earlier mark relied on in support of an opposition to the registration of a Community mark, provided for under Article 43(2) and (3) of Regulation No 40/94 (now Article 42(2) and (3) of Regulation No 207/2009), cannot be made for the first time before the Board of Appeal (see, to that effect, Case T-364/05 *Saint-Gobain Pam v OHIM — Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 41, and Case T-425/03 *AMS v OHIM - American Medical Systems (AMS Advanced Medical Services)* [2007] ECR II-4265, paragraph 114).

- 70 According to that case-law, the request for proof of genuine use of the earlier mark introduces in the proceedings before the Opposition Division the specific preliminary issue of genuine use of the earlier mark and, in that way, changes the content of the opposition. It is for the Opposition Division to rule first on the opposition, as defined by the various procedural acts and requests of the parties, including, where appropriate, a request for proof of genuine use of the earlier mark. The Board of Appeal is competent solely to rule on appeals against decisions of the Opposition Divisions, not to give a ruling itself at first instance on a new opposition. Otherwise, the Board of Appeal would have to examine a very specific request, linked to new legal and factual considerations and arising outside the framework of the opposition proceedings, as submitted before and dealt with by the Opposition Division (*PAM PLUVIAL*, paragraph 69 above, paragraphs 37 to 39, and *AMS Advanced Medical Services*, paragraph 69 above, paragraphs 111 to 113).
- 71 Those considerations also hold true, by analogy, where — as in the present case — the proprietor of a Community design, in respect of which an application for a declaration of invalidity has been brought on the basis of the ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002, has the right to request that the proprietor of the earlier sign, relied on in support of the application, provide proof of genuine use of its sign. In this context, too, it is unacceptable that the Board of Appeal could be put in the position of having to rule on a dispute which is different from the dispute brought before the Cancellation Division, that is to say, a dispute the scope of which has been extended through the introduction of the preliminary issue of genuine use of the earlier sign, relied on in support of the application for a declaration of invalidity.
- 72 It is apparent from all the above considerations that, in the present case, Beifa Group had the right to submit a request before the Cancellation Division that Stabilo adduce proof of genuine use of the earlier mark.
- 73 It should be noted in that regard that the Board of Appeal merely observed, in paragraph 15 of the contested decision, that OHIM was not competent to question the validity of the earlier mark and that, if Beifa Group was of the view that the registration

of that mark had been carried out in breach of the Markengesetz or that it should be cancelled because of non-use, it should have lodged an application, under the Markengesetz, for a declaration that the mark was invalid.

- <sup>74</sup> Yet it is apparent from paragraphs 63 to 66 above that, although the finding made by the Board of Appeal on that point in the contested decision is correct in itself, it is not sufficient to justify rejection of a request for proof of genuine use of the earlier sign relied on in support of an application for a declaration of invalidity of a Community design, brought on the basis of Article 25(1)(e) of Regulation No 6/2002, where, as in the present case, the law governing the earlier sign provides that, if the sign has not been put to genuine use, its proprietor does not have the right to prohibit third parties — including, therefore, the proprietor of the subsequent Community design in respect of which the application for a declaration of invalidity has been made — from using that sign, or a similar sign.
- <sup>75</sup> Thus, Beifa Group, acting on the assumption that it had submitted a request to OHIM in the proper manner for proof of genuine use of the earlier mark, alleges that, in the contested decision, the Board of Appeal erred in law in that it failed to examine Beifa Group's request.
- <sup>76</sup> It is clear, however, that that assumption is incorrect. As has rightly been pointed out by Stabilo, Beifa Group's observations — submitted on 22 June 2006 before the Cancellation Division in response to the application for a declaration of invalidity and contained in the case-file for the proceedings before OHIM as forwarded by the latter to the Court in accordance with Article 133(3) of its Rules of Procedure — not only contain no express request that Stabilo provide proof of genuine use of the earlier mark, but also make no reference to the issue of genuine use of the earlier mark.
- <sup>77</sup> Not until the pleadings setting out the grounds for its appeal before the Board of Appeal did Beifa Group refer to that issue for the first time. Beifa Group confirmed at the hearing that this was so, as was noted in the minutes. Even assuming that the

pleadings setting out the grounds on which Beifa Group relied before the Board of Appeal could be construed as containing a request for proof of genuine use of the earlier mark, a request of that kind, made for the first time before the Board of Appeal, is inadmissible and cannot be taken into consideration and examined by the Board of Appeal.

<sup>78</sup> In those circumstances, this plea must also be rejected.

The third plea: incorrect application of Article 25(1)(e) of Regulation No 6/2002

— Arguments of the parties

<sup>79</sup> Beifa Group submits that, even if the way in which Article 25(1)(e) of Regulation No 6/2002 was construed by the various adjudicating bodies of OHIM were correct, the Board of Appeal applied that provision wrongly, as it did not undertake an assessment as to the existence of a likelihood of confusion between the design in dispute and the earlier mark, analogous to the assessment required under the case-law relating to the application of Article 8(1)(b) of Regulation No 40/94 (now Article 8(1)(b) of Regulation No 207/2009).

- 80 First, the Board of Appeal made no attempt in the contested decision to identify the relevant public in the present case.
- 81 Secondly, nor did the Board of Appeal take any account of the fact that marks consisting in a shape have only a very low degree of distinctiveness. Even if the earlier mark is valid, it has a very low degree of distinctiveness, a fact which should be taken into account for the purposes of determining whether there is any likelihood of confusion.
- 82 Thirdly, the Board of Appeal did not undertake an overall comparison between the earlier mark and the design in dispute. Instead of giving reasons why the decision of the Cancellation Division was correct and undertaking its own assessment of the earlier mark, the Board of Appeal relied on a mere description of that mark and simply transposed, from the decision of the Cancellation Division to paragraph 17 of the contested decision, a list of four features of the earlier mark which were said to be present also in the design in dispute. However, the presence of those four features in the design in dispute is in no way certain. Moreover, there are 10 other features of the earlier mark which are not present in the design in dispute, just as there are six features of the design which are not to be found in the earlier mark.
- 83 Fourthly, the Board of Appeal made no assessment as to whether there was a likelihood of confusion in the present case. If the Court were to decide to consider that issue itself, it would have to conclude that there is no such likelihood, given the low degree of distinctiveness of the earlier mark and the differences between the earlier mark and the design in dispute.

- 84 At the hearing, Beifa Group argued that Article 25(1)(e) of Regulation No 6/2002 could apply to the present case only if the relevant public perceived the design in dispute as a distinctive sign. Yet, in the contested decision, the Board of Appeal did not consider whether that was so in the case before it. Beifa Group added that, even though that complaint was not formally raised in the application, it could not be categorised as new, as it forms part of this plea.
- 85 OHIM contends, first, that the reasons stated in the contested decision are admittedly succinct, but they are sufficient. Moreover, the reasons stated in the decision of the Cancellation Division should also be taken into account.
- 86 Secondly, the four features of the earlier mark, identified in paragraph 17 of the contested decision, are in fact present in that mark and are its dominant elements, while those features are also present in the design in dispute. The differences between the earlier mark and the design in dispute, as identified by Beifa Group, do not call into question their similarity.
- 87 Thirdly, the Board of Appeal was correct in confirming the decision of the Cancellation Division with respect to the existence of a likelihood of confusion in the present case, given the identical nature of the goods concerned, the similarity between the earlier mark and the design in dispute and the low level of attentiveness of the relevant public — namely, the general public — in relation to the goods in question, these being everyday, low-priced consumer goods.
- 88 Fourthly, contrary to the assertions made by Beifa Group, the degree of distinctiveness of the earlier mark is not low but, at the very least, ‘average’. Although it is more

difficult in practice to have a three-dimensional mark registered, the distinctiveness of such a mark, once registered, cannot be questioned.

<sup>89</sup> Fifthly, two German court judgments in cases involving Beifa Group and Stabilo confirm that there is a likelihood of confusion in the circumstances of the present case.

<sup>90</sup> Stabilo contends that the four features of the earlier mark, identified in paragraph 17 of the contested decision, are in fact present in the design in dispute and are sufficient to support a finding that the design in dispute is similar to the earlier mark. That similarity is not called into question by the differences identified by Beifa Group, which have come about because of technical or functional requirements. Moreover, the distinctiveness of the earlier mark is not low, given the presence on the German market over an extended period of goods covered by that mark. In litigation involving the parties in Germany, Beifa Group itself relied on the findings of an opinion poll to the effect that Stabilo's various marks have a high degree of distinctiveness.

<sup>91</sup> Given the identical nature of the goods at issue, the low level of attentiveness of the relevant public (the goods being everyday consumer goods), the fact that the relevant public only rarely has the chance to make a direct comparison between the two signs covering the same goods, and the similarity between the earlier mark and the design in dispute, the correct conclusion is that there is a likelihood of confusion in the present case. It should also be borne in mind that Beifa Group has already, on a number of occasions, acted in breach of the rights which Stabilo enjoyed by virtue of its earlier marks which means, according to German case-law, that Beifa Group is now under an obligation to 'keep well clear of' those rights.

- <sup>92</sup> Stabilo also relies on an unregistered mark which it holds and which also covers its instruments for writing; on Paragraph 14(2)(3) of the Markengesetz; on the additional protection deriving from provisions of German law against unfair competition; and on the ground for invalidity specified in Article 25(1)(b) of Regulation No 6/2002.
- <sup>93</sup> Lastly, in response to Beifa Group's argument, put forward at the hearing and summarised in paragraph 84 above, OHIM and Stabilo argue that this is a new plea in law which is not based on matters of law or of fact which have come to light in the course of the proceedings and that, in consequence, it is inadmissible.

#### — Findings of the Court

- <sup>94</sup> Under Article 25(1)(e) of Regulation No 6/2002, a Community design may be declared invalid on application by the proprietor of an earlier distinctive sign, if that sign is used in a subsequent design and if, inter alia, Community law or the law of the Member State concerned governing that sign confers on the proprietor of the sign the right to prohibit such use.
- <sup>95</sup> As has already been pointed out above, where the sign relied upon in support of a ground for invalidity under Article 25(1)(e) of Regulation No 6/2002 is an earlier German mark, which, although not identical to the Community design in respect of which the application for a declaration of invalidity has been made, does bear a similarity to it, the legislation of the Member State concerned — namely, Paragraph 14(2)(2) of the Markengesetz — confers on the proprietor of the mark the right to prohibit the use of its sign in the subsequent design only where, because of the similarity



between the design and the mark in question and because of the identity or similarity of the goods or services covered by the trade mark and those covered by the subsequent design, there exists a likelihood of confusion on the part of the public.

- <sup>96</sup> It should also be noted that Paragraph 14(2)(2) of the Markengesetz represents the transposition into German law of Article 5(1)(b) of Directive 89/104 and, accordingly, must be interpreted in the light of the case-law relating to the latter provision.
- <sup>97</sup> The risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically linked undertakings constitutes a likelihood of confusion within the meaning of Article 5(1)(b) of Directive 89/104 (*Lloyd Schuhfabrik Meyer*, paragraph 51 above, paragraph 17, and Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 26).
- <sup>98</sup> The question whether there is a likelihood of confusion on the part of the public must be assessed globally, account being taken of all factors relevant to the circumstances of the case (Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 22; *Lloyd Schuhfabrik Meyer*, paragraph 51 above, paragraph 18; and *Medion*, paragraph 97 above, paragraph 27).
- <sup>99</sup> The global assessment of the likelihood of confusion, in terms of the visual, aural or conceptual similarity of the signs at issue, must be based on the overall impression given by those marks, account being taken, in particular, of their distinctive and dominant components. The perception of signs in the mind of the average consumer of the goods or services in question plays a decisive role in the global assessment of the likelihood of confusion. The average consumer normally perceives a mark or other

distinctive sign as a whole and does not proceed to analyse its various details (see, to that effect, *SABEL*, paragraph 98 above, paragraph 23; *Lloyd Schuhfabrik Meyer*, paragraph 51 above, paragraph 25; and *Medion*, paragraph 97 above, paragraph 28).

<sup>100</sup> It must therefore be determined whether, in the present case, the Board of Appeal applied that case-law correctly in finding, in the contested decision, that there was a likelihood of confusion between the earlier mark and the design in dispute and that, consequently, the design had to be declared invalid. In that regard, account should also be taken of the decision of the Cancellation Division, in which the same conclusion was reached and which was upheld by the Board of Appeal.

<sup>101</sup> Where the Board of Appeal confirms in its entirety a decision taken at a lower level within OHIM, that decision, together with the related statement of reasons, forms part of the context in which the decision of the Board of Appeal was adopted, which is known to the parties and enables the Court to carry out in full its review of legality as regards the soundness of the assessment made by the Board of Appeal (Case T-304/06 *Reber v OHIM — Chocladefabriken Lindt & Sprüngli (Mozart)* [2008] ECR II-1927, paragraph 47; see also, to that effect, the judgment of 21 November 2007 in Case T-111/06 *Wesergold Getränkeindustrie v OHIM — Lidl Stiftung (VITAL FIT)*, not published in the ECR, paragraph 64).

<sup>102</sup> First of all, as regards the complaint put forward by Beifa Group at the hearing (see paragraph 84 above), it should be borne in mind that, under the first subparagraph of Article 48(2) of the Rules of Procedure, no new plea in law may be introduced in the course of proceedings unless it is based on matters of law or of fact which come to light in the course of the procedure.

- 103 However, a plea which amplifies a plea put forward previously, whether directly or by implication, in the application initiating the proceedings, and which is closely connected therewith, must be declared admissible (see Case T-219/04 *Spain v Commission* [2007] ECR II-1323, paragraph 46 and case-law cited).
- 104 That is the position in the case of the above complaint put forward by Beifa Group, which amplifies the third plea in law and, as stated by Beifa Group, is closely connected with that plea. It is therefore admissible.
- 105 As regards the substance, it should be borne in mind that an application, based on the ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002, for a declaration that a Community design is invalid can succeed only if it is found that the relevant public will form the impression that use is made, in that Community design, of the distinctive sign relied on in support of the application for a declaration of invalidity.
- 106 If it is found that the relevant public will not form the impression that, in the Community design in respect of which the application for a declaration of invalidity has been submitted, use is made of the distinctive sign relied on in support of that application, any likelihood of confusion can clearly be ruled out.
- 107 However, contrary to what Beifa Group appears to be maintaining, it is not necessary to analyse separately the question whether the relevant public will perceive the Community design covered by the application for a declaration of invalidity as a distinctive sign (see, to that effect and by analogy, Case C-102/07 *adidas and adidas Benelux* [2008] ECR I-2439, paragraph 34).

108 Secondly, it should be noted that it is common ground that the goods covered by the earlier mark and those into which the design in dispute is intended to be incorporated, namely ‘instruments for writing’, are identical. Since those goods are everyday goods and, as a rule, low-priced, they are of interest to all consumers, a point not disputed by Beifa Group. Accordingly, the reference to the ‘public’ made in paragraph 15 of the decision of the Cancellation Division must be construed as meaning that the Cancellation Division considered — implicitly, but certainly — that, for the purposes of assessing the likelihood of confusion in the case before it, account had to be taken of the way in which the general public — that is to say, the average consumer — perceived the earlier mark and the design in dispute (see, to that effect, Case T-173/03 *Geddes v OHIM (NURSERYROOM)* [2004] ECR II-4165, paragraph 18). In the contested decision, the Board of Appeal did not question that approach on the part of the Cancellation Division. Moreover, as the earlier mark was registered in Germany, it is the perception of the average German consumer which must be taken into consideration.

109 Thirdly, as regards the comparison of the earlier mark with the design in dispute, the Cancellation Division undertook a visual comparison. Thus, in paragraph 12 of its decision, it identified four features of the shape of the earlier mark which were characteristic and, in paragraph 13 of its decision, found that the design in dispute incorporated a sign which had the same four features, which led it to conclude that that design was similar to the earlier mark. The Cancellation Division also found that the addition of other features to the design in dispute, such as ‘frets’ or ‘protrusions’, did not prevent those features of the earlier mark from being discernible in that design. Those findings of the Cancellation Division were reproduced and upheld by the Board of Appeal in paragraph 17 of the contested decision.

110 In that regard, it should be noted, first of all, that in the present case the adjudicating bodies within OHIM did not undertake a phonetic comparison or a conceptual

comparison between the earlier mark and the design in dispute. First, neither the earlier mark nor the design in dispute contains a word element; nor do they lend themselves to brief, simple descriptions in words, which could be compared phonetically. Secondly, neither the earlier mark nor the design in dispute evokes any particular concept, with the result that no conceptual comparison of the two can be made, either.

- 111 On the other hand, as regards a visual comparison of the earlier mark with the design in dispute, it should be noted at the outset that, although the Cancellation Division mentions, in paragraph 4 of its decision, that Stabilo relied on other signs in support of its application for a declaration of invalidity, it refers in that paragraph only to the earlier mark, without specifying whether it is a figurative mark or a three-dimensional mark; then, in paragraphs 12 and 13 of its decision, the Cancellation Division refers to the ‘three-dimensional shape’ of that mark.
- 112 The Board of Appeal, for its part, refers in paragraph 2 of the contested decision only to the earlier mark as being the sign relied on by Stabilo in support of its application for a declaration of invalidity.
- 113 Yet it is apparent from the registration certificate for the earlier mark, which was in the case-file in the proceedings before OHIM, that that mark is figurative, consisting in the image reproduced in paragraph 29 above. In the light of that aspect, all the parties agreed at the hearing that the only mark taken into consideration by the various adjudicating bodies within OHIM, when considering the application for a declaration of invalidity, was the earlier mark, which is a figurative mark, a fact which was recorded in the minutes.

- 114 In the absence of any other explanation in the decision of the Cancellation Division, the reference in that decision to the ‘three-dimensional shape’ of the earlier mark — a reference which is, at first sight, paradoxical in relation to a figurative mark — leads inescapably to the conclusion that, instead of basing its considerations on a comparison of the design in dispute with the earlier mark, the Cancellation Division compared that design with a three-dimensional mark which was not identified in its decision.
- 115 It should be noted in that regard that, as emerges from the case-file from the proceedings before OHIM, Stabilo had relied, in support of its application for a declaration of invalidity, not only on the earlier mark, but also, *inter alia*, on a three-dimensional mark registered in Germany under number 02911311 and corresponding to the image set out in paragraph 29 above.
- 116 That error on the part of the Cancellation Division was in no way rectified by the Board of Appeal. As was noted above, the Board of Appeal, in paragraph 17 of the contested decision, merely repeated the features attributed to the earlier mark by the Cancellation Division, without giving any indication that the Cancellation Division had referred, incorrectly, to a three-dimensional mark rather than to the earlier mark, or that those same features were also present in the earlier mark.
- 117 It follows that, since, in the contested decision, the Board of Appeal based its conclusion as to the likelihood of confusion between the design in dispute and the earlier mark on the comparison of that design with a sign other than the earlier mark, it erred in law and the contested decision must be annulled.
- 118 That conclusion is unaffected by the line of argument put forward at the hearing by OHIM. OHIM argued that, if the design in dispute were compared with the earlier

mark, the outcome would be no different from that obtained from the comparison of the design with a three-dimensional sign, the shape of which is represented by the image which constitutes the earlier mark.

- 119 Specifically, OHIM maintained, first, that the registration certificates for three-dimensional marks contain only a two-dimensional representation of those marks and, secondly, that the case-law relating to the presence or lack of distinctiveness of a three-dimensional mark consisting in the appearance of the good covered also applies where the mark applied for is a figurative mark consisting in the shape of that good (Case C-144/06 P *Henkel v OHIM* [2007] ECR I-8109, paragraph 38, and the judgment of 21 October 2008 in Case T-73/06 *Cassegrain v OHIM (Shape of a bag)*, not published in the ECR, paragraph 22).
- 120 It should be pointed out in that regard that the examination of the ground for invalidity specified in Article 25(1)(e) of Regulation No 6/2002 must be based on the perception by the relevant public of the distinctive sign relied on in support of that ground, as well as on the overall impression which the sign leaves in the mind of the public (see paragraph 99 above).
- 121 A three-dimensional mark, however, is not necessarily perceived by the relevant public in the same way as a figurative mark. In the case of a three-dimensional mark, the relevant public perceives a tangible object which it can examine from a number of angles, whereas in the case of a figurative mark, the public sees only an image.
- 122 The possibility cannot be ruled out, of course, that where two three-dimensional objects are similar, a comparison of one of those objects with an image of the other might also lead to a finding that they are similar. The fact nevertheless remains that the examination of the ground for invalidity specified in Article 25(1)(e) of Regulation

No 6/2002 involves a comparison between the Community design at issue and the distinctive sign relied on in support of that ground.

<sup>123</sup> On the other hand, a similarity between the design at issue and the sign relied on in support of the application for a declaration of invalidity cannot simply be presumed merely because that design is similar to another sign, even though that other sign is similar to the sign relied on in support of the application.

<sup>124</sup> Thus, by that line of argument, OHIM is in effect asking the Court itself to be the first to undertake a comparison of the design in dispute with the earlier mark, since no such comparison was made either by the Cancellation Division or by the Board of Appeal. However, it is not for this Court to rule on issues the merits of which were not examined by OHIM (see, to that effect, Case T-163/98 *Procter & Gamble v OHIM (BABY-DRY)* [1999] ECR II-2383, paragraph 51).

<sup>125</sup> The case-law relied on by OHIM cannot lead to a different conclusion. Although that case-law sets out the criteria which are to serve as the basis for assessing the intrinsic distinctive character, as contemplated in Article 7(1)(b) of Regulation No 40/94 (now Article 7(1)(b) of Regulation No 207/2009), of a figurative sign consisting in the appearance of the good covered, it in no way calls into question the principle that that character must be assessed in the light of the perception by the relevant public of the sign in question itself, not of another sign (see, to that effect, *Henkel v OHIM*, paragraph 119 above, paragraph 35, and *Cassegrain v OHIM (Shape of a bag)*, paragraph 119 above, paragraphs 19 and 35).



- 126 Nor is the finding that the contested decision is vitiated by error of law and must be annulled affected by the fact that Beifa Group did not rely expressly on that error in its third plea.
- 127 In the first place, in its arguments in support of the second plea, Beifa Group rightly observed that the earlier mark was in reality a figurative mark. At the hearing, moreover, Beifa Group stated that, when assessing the likelihood of confusion between the design in dispute and the earlier mark, the various adjudicating bodies of OHIM had referred, incorrectly, to a mark other than the earlier mark.
- 128 In the second place and above all, it should be noted that, since Beifa Group contests the finding made in the contested decision to the effect that the earlier mark and the design in dispute are so similar as to give rise to a likelihood of confusion, it is for the Court to analyse all the parameters of the comparison made between the mark and the design, as that comparison was the basis for that finding. In so doing, the Court must, first and foremost, ascertain whether the various adjudicating bodies within OHIM actually undertook a comparison of the design in dispute with the earlier mark.
- 129 Where it is called upon to assess the legality of a decision of the Board of Appeal of OHIM, the Court cannot be bound by an incorrect assessment of the facts by that Board, since that assessment is part of the findings the legality of which is being challenged before the Court (Case C-16/06 P *Éditions Albert René v OHIM* [2008] ECR I-10053, paragraph 48).
- 130 It should also be noted that, although the Court must rule only on the heads of claim put forward by the parties, whose role it is to define the framework of the dispute, the Court cannot confine itself to the arguments put forward by the parties in support of

their claims, or it might be forced to base its decision on erroneous legal considerations (orders of the Court of Justice of 27 September 2004 in Case C-470/02 P *UER v M6 and Others*, not published in the ECR, paragraph 69, and of 13 June 2006 in Case C-172/05 P *Mancini v Commission*, not published in the ECR, paragraph 41).

131 As regards the arguments put forward by Stabilo — the first relating to the fact that Stabilo is the proprietor of an unregistered three-dimensional mark bearing a similarity to the design in dispute; the second relating to Article 14(2)(3) of the Markengesetz; the third relating to the additional protection arising from the provisions of German law against unfair competition; and the fourth relating to the ground for invalidity specified in Article 25(1)(b) of Regulation No 6/2002 — suffice it to point out that, as is apparent from paragraph 19 of the contested decision, the Board of Appeal did not find it necessary to consider the merits of those issues, which, as was noted above, the Court cannot itself be the first to examine.

132 In the light of all the above, the third plea must be upheld and, accordingly, the contested decision must be annulled.

133 Lastly, the Court considers that Beifa Group's interests are sufficiently safeguarded by annulment of the contested decision, without there being any need to refer the case back to the Cancellation Division (see, to that effect and by analogy, *STREAMSERVE*, paragraph 42 above, paragraph 72). Accordingly, Beifa Group's second head of claim must not be upheld.

## Costs

- <sup>134</sup> Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since OHIM has been unsuccessful and Beifa Group has applied for costs, OHIM must be ordered to pay the costs.
- <sup>135</sup> Since Stabilo has been unsuccessful in its pleadings, it must be ordered to bear its own costs.

On those grounds,

THE GENERAL COURT (Fifth Chamber)

hereby:

- 1. Annuls the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 31 January 2008 (Case R 1352/2006-3);**
- 2. Dismisses the action as to the remainder;**

- 3. Orders OHIM to bear its own costs and to pay those incurred by Beifa Group Co. Ltd, and orders Schwan-Stabilo Schwanhäüßer GmbH & Co. KG to bear its own costs.**

Vilaras

Prek

Ciucă

Delivered in open court in Luxembourg on 12 May 2010.

[Signatures]