

First ECJ ruling on CTM cancellation

In case C-192/03 P Alcon Inc v OHIM, the European Court of Justice (ECJ) had the opportunity to rule on the cancellation of a CTM registration for the first time since CTM filings began in 1996. Its ruling, therefore, casts some light on the pertinent provisions of CTM Regulation 40/94 (EC).

Absolute grounds for invalidity

According to Article 51 (1) (a) of the Regulation: "A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings, (a) where the Community trade mark has been registered in breach of the provisions of Article 5 or of Article 7" Article 7, inter alia, states: "1. The following shall not be registered: ... (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade."

Facts of the dispute

On April 1 1996 (the earliest application date possible for a CTM) Alcon applied to OHIM to register the term BSS as a CTM in respect of the goods in international class 5, namely for "ophthalmic pharmaceutical preparations; sterile solutions for ophthalmic surgery". The mark was then registered on August 7 1998. Invoking the abovesited cancellation ground, on December 7 1998 the German company Dr Robert Winzer Pharma GmbH filed an application for invalidity of the CTM registration. In support of its cancellation request the applicant produced evidence that the term BSS was merely an abbreviation for "balanced salt solution" or "buffered saline solution".

By a decision of December 15 1999, the cancellation division of the OHIM found the application request to be justified, holding that BSS consisted of a sign which had become customary in the current language in the sense of Article 7 (1) d). Furthermore, and in view of arguments submitted by Alcon to this effect, the cancellation division also held that it was not shown that the mark has become distinctive in relation to the goods claimed in consequence of its use in trade, according to Article 7 (3).

On July 13 2001, the First Board of Appeal dismissed the appeal (decision R 237/2000-1), equally finding that the mark BSS is "used both in German and in English to designate in the current language an ophthalmic pharmaceutical preparation."

Alcon filed an action with the Court of Justice (of First Instance) seeking an invalidation of the contested decision, and rejection of the applicant's request. On March 5 2003, the Court of First Instance dismissed Alcon's appeal (case T-237/01), following which Alcon filed an action with the ECJ, which, under Article 119 of its rules of procedure, that is where the ECJ considers the appeal to be "clearly unfounded", may at any time dismiss the appeal by a reasoned order

As to whether the Court of First Instance decision had held correctly that BSS is considered a trade mark which exclusively consists of a sign or indication which has become customary in the current language (the alternative "in the bona fide and established practices" had not been examined) the ECJ correctly reiterated the Court of First Instance finding following which under Articles 7 (1) d) it is not to be examined whether the mark at issue is of a descriptive nature. The latter was emphasized by the Court in view of Alcon's (rejected) contention that the use of the term BSS in combination with another mark may not affect the distinctiveness of BSS alone (as to the question of distinctiveness concerning combination marks see ECJ's landmark decision Sabèl/Puma C-251/95).

Instead, when applying Article (7) (1) d) it is merely to verify the "current usage in the sectors covering trade in those goods" (C-192/03 P paragraph 28). Nevertheless, it may be safe to assume that in all cases falling under Article 7 (1) d) such marks will equally be subject to cancellation based on Article 7 (1) (b) preventing registrations of such trade marks which are devoid of any distinctive character.

In examining Article 7 (1) d) in detail the ECJ also confirmed the Court of First Instance view holding that whether a mark is customary can only be assessed, firstly, by reference to the goods or services in respect of which registration is sought. Here, it must be noted that the pertinent provision itself does not explicitly hold a reference to the claimed goods and services. However, this implicit prerequisite accords with the identical parameters applicable in Article 7 (1) as a whole. Furthermore, when applying Article 7 (1) d) the target public of the sign is to be considered (here ophthalmologists and pharmacists) and not the public at large. In view of this “scientific community” the ECJ supported the Court of First Instance consideration of documents showing the generic use of the term BSS that were published outside the European Union, since, for example, an ophthalmologist located in Portugal will read US printed media disseminated throughout the world.

With its order the ECJ also had the opportunity to reaffirm its previous decisions following which contested findings of facts of the Court of First Instance are within the latter’s sole discretion and may not be challenged on appeal unless the Court of First Instance has “distorted the clear sense of the evidence put before it” (case C- 237/98-P). Thus, challenging the Court of First Instance means of assessment of evidence does not itself constitute a point of law that may be examined by the ECJ. Therefore, one may be better off trying to argue that given the assessment of the evidence by the Court of First Instance, a material prerequisite of the applied provision has been violated (point of law).

Another core issue argued among the parties was the “material date” for examining as to whether BSS was customary in the meaning of Article 7 (1) d). Both the Court of First Instance and the ECJ held that it is the date of filing the application that is the material date for the examination:

Interestingly, this material date is not specified in the EC regulation. In particular, Article 38 which deals with the examination as to absolute grounds for refusal, in conjunction with Article 7, simply states that “where under Article 7 a trade mark is illegible for registration in respect of some or all of the goods of services confirmed by the Community trade mark application, the application shall be refused as regards those goods or services”. Moreover, Article 41 allows so-called third party observations which may be filed within four months following the publication of the application; thus any natural or legal person may submit to the Office a written observation, explaining on which grounds under Article 7, in particular, the trade mark shall not be registered ex officio. Finally, and located under title IX of the EC regulation containing general provisions on procedures, Article 74 rules that “in proceedings before it the Office shall examine the facts of its own motion”.

In consideration of these provisions it may be questioned why the OHIM should not be entitled to consider such facts established after the date of filing, namely up to the date of registration? As to the time after registration, Article 50 (1) (b) kicks in allowing a revocation of a trade mark “if, in consequence of acts or inactivity of the proprietor, the trade mark has become the common name in the trade for a product or service in respect of which it is registered”.

Finally, the ECJ held that the Court of First Instance was right in taking into account such “material” which, although subsequent to the date of filing the application, enabled the drawing of conclusions on the situation as it was on that (application) date, C-129 P paragraph 41. This finding may leave enough room for arguments, particularly in cases where the documents produced in relying on Article 7 (1) d) all refer to the time after the registration date. One of the interesting questions for the OHIM will then be how to evaluate such documents given that the ECJ has not drawn a clear boundary between Article 51 (1) a) and Article 7 (1) d) on the one hand, and Article 50 (1) b) on the other hand.