

Case C-17/24

Request for a preliminary ruling

Date lodged

11 January 2024

Referring court:

Cour de cassation (France)

Date of the decision to refer:

10 January 2024

Appellant:

CeramTec GmbH

Respondent:

CoorStek Bioceramics LLC

...

COUR DE CASSATION

Public hearing of **10 January 2024**

Reference to the
Court of Justice
of the European Union ...

...

FRENCH REPUBLIC

...

JUDGMENT OF THE COUR DE CASSATION (COMMERCIAL, FINANCIAL
AND ECONOMIC CHAMBER)
OF 10 JANUARY 2024

CeramTec GmbH, a company governed by German law, whose registered office is in ... Plochingen (Germany), has brought an appeal ... against the judgment

delivered on 25 June 2021 by the Cour d’appel de Paris (Court of Appeal, Paris, France) ..., in the proceedings between it and CoorStek Bioceramics LLC, a company governed by United States law, whose registered office is in ... Colorado ... (United States), formerly C5 Medical Werks LLC, respondent in these proceedings.

In support of its appeal, the appellant puts forward two grounds of appeal on a point of law.

...

the Commercial, Financial and Economic Chamber of the Cour de Cassation (Court of Cassation, France) ... has delivered this judgment.

Facts and procedure

- 1 According to the judgment under appeal (Paris, 25 June 2021), the company CeramTec GmbH (‘Ceramtec’) specialises in the development, manufacture and distribution of technical ceramic components designed for use in hip and knee implants, which it sells to manufacturers of prostheses for the construction of complete hip prostheses that are then sold to end users, such as hospitals and orthopaedic surgeons.
- 2 It was the proprietor of a European patent, No EP 0 542 815, designating France and relating to a composite ceramic material, which expired on 5 August 2011.
- 3 On 23 August 2011, it applied for three European Union trade marks:
 - the mark No 10 214 195, consisting in the colour pink, Pantone 677C, 2010 version, registered on 26 March 2013, with a priority claim by virtue of a German trade mark of 21 July 2011,
 - the EU figurative mark No 10 214 112, registered on 12 April 2013, with a priority claim by virtue of a German trade mark of 25 July 2011, which is a graphic representation of a ball coloured pink, Pantone 677C,
 - the three-dimensional EU mark No 10 214 179, registered on 20 June 2013, with a priority claim by virtue of a German trade mark of 26 July 2011.
- 4 Those marks designate the following products in Class 10 of the Nice Agreement on International Classification: ‘Ceramic parts for implants for osteosynthesis, articular surface replacement, bone spacer blocks; Hip joint balls, hip joint sockets and parts for knee joints; All of the aforesaid goods for sale to manufacturers of implants’.
- 5 On 13 December 2013, Ceramtec brought proceedings against CoorStek Bioceramics LLC (‘Coorstek’) – which manufactures advanced technical ceramics for medical purposes, in particular, for artificial hip and back joints and for dental

prostheses – in which it made trade mark infringement and parasitic competition claims, arguing that Coorstek was selling a product that copied the characteristic pink colour of its own products. In response, Coorstek filed applications for declarations of invalidity regarding the marks at issue.

- 6 It is apparent from the judgment under appeal and from the documents produced to this Court that Ceramtec has brought actions for infringement of its trade marks and parasitic competition in Germany, the United States and Switzerland. The decisions of the German Patent and Trade Mark Office of 21 June and 11 July 2018 cancelling the trade marks at issue are now under appeal. In the United States, the decision of the District Court of Colorado of 5 January 2017 cancelling the American trade marks was overturned on appeal by decision of 11 September 2019. The Swiss office refused to register the marks, for want of distinctive character acquired through use in Switzerland, whereupon Ceramtec withdrew its marks. On 13 March 2023, the Stuttgart Court of Appeal, before which infringement proceedings had been brought, overturned the decision to stay the proceedings brought by Ceramtec before the Stuttgart District Court. It reached different conclusions from those of the first instance court regarding the likelihood that the application for the cancellation of the mark on grounds of bad faith would succeed.
- 7 By judgment of 25 June 2021, the Court of Appeal, Paris cancelled the three EU trade marks on the ground that the application had been filed in bad faith.
- 8 That court noted that, at the time when it applied for the three colour marks, on 23 August 2011, Ceramtec was convinced that chromium oxide had the technical effect of ensuring the hardness and strength of the ceramic balls used in the construction of medical prostheses, and that it had been seeking to protect the pink colour of its balls that was caused by the presence of chromium oxide in the ceramic. The court inferred from that that Ceramtec's intention had been to extend the monopoly it held in the technical solution that had formerly been protected by a patent, which had expired on 5 August 2011.
- 9 According to the Court of Appeal, the bad faith was characterised by the intention not to prevent competitors from using the pink colour, but to extend a monopoly and to prevent competitors from entering the market dominated by Ceramtec thanks to the material used in its products, namely chromium oxide, in such proportion as ensured the pink colour of its ceramics.
- 10 The Court of Appeal held that the applicant for the trade marks had thus had the intention of obtaining an exclusive right for purposes other than those commensurate with the function of trade marks, which is to indicate origin. That was because, at the time of making the applications, Ceramtec regarded the colour pink not as a sign to attract customers but as the effect of a material used in its products that it believed increased their strength.

- 11 Ceramtec, the appellant on a point of law, challenges the judgment’s cancellation of its three EU trade marks and its finding that it is not entitled to bring proceedings for trade mark infringement.

Ground of appeal

- 12 According to the ground of appeal which renders a reference to the Court of Justice of the European Union (CJEU) necessary, Article 7(1)(e)(ii) of Regulation No 207/2009 of 26 February 2009 prohibits the registration as a trade mark of signs which consist exclusively of the shape of goods which is necessary to obtain a technical result, and responds to the general interest objective of preventing the trade mark right from granting an undertaking a monopoly on technical solutions or functional features of goods. Given the existence of that special provision, an interpretation of Article 52(1)(b) of Regulation No 207/2009 of 26 February 2009 according to which a trade mark may be cancelled for the simple reason that the applicant for that mark merely had the intention of extending rights over a technical solution, without it being proven that the right in that mark would actually ensure or perpetuate the protection of that technical solution would, according to the appellant, amount to circumvention of the scope of Article 7(1)(e)(ii) of the regulation and disregard for the respective scopes of application of those two provisions.
- 13 The appeal therefore raises the question of the relationship between Article 7 and Article 52(1)(b) of Regulation No 207/2009, both of which set out absolute grounds for invalidity of a mark. This issue has never before arisen before the Court of Cassation, nor does it appear that the CJEU has yet given a ruling on the question referred in this case.

Applicable legislation

European Union law

- 14 Having regard to the date of the application for registration of the trade marks at issue, 23 August 2011, it is necessary to apply the provisions of Regulation No 207/2009 on the Community trade mark, in the version prior to Regulation 2015/2424 of 16 December 2015, which entered into force on 23 March 2016.
- 15 Article 7 of that regulation lays down absolute grounds for refusal of registration of a trade mark. In particular, Article 7(1)(e)(ii) of the regulation provides that signs which consist exclusively of the shape of goods which is necessary to obtain a technical result are to be refused registration.
- 16 That article is now Article 7 of Regulation No 2017/1001 of 14 June 2017 on the European Union trade mark (‘the EUTR’).

- 17 The CJEU has held that the purpose of that prohibition is to ‘prevent the trade mark right from granting an undertaking a monopoly on technical solutions or functional features of a product which a user is likely to seek in the products of competitors’ and so ‘prevent the protection afforded by trade mark law from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark’ (CJEU, judgments of 18 June 2002, *Philips*, C-299/99, paragraphs 78 and 79, and of 23 April 2020, *Gömböc Kutató*, C-237/19, paragraph 25).
- 18 Moreover, the CJEU has held that the absolute grounds for refusal of registration of a mark, set out in Article 7, operate independently of one another, as was apparent from their being set out as successive points, coupled with the use of the word ‘exclusively’. Consequently, any one of those grounds is sufficient to justify a refusal or cancellation of registration so long as it is fully applicable to the sign (CJEU, judgments of 18 September 2014, *Hauck*, C-205/13, on the application of Article 3(1)(e) of Directive 2008/95). It has also made clear that cancellation is possible only if one of those grounds is fully applicable and that to allow the application of that provision where each of the three grounds for refusal set out was only partially established would clearly run counter to the public interest objective underlying the application of the three grounds for [refusal of] registration (CJEU, 16 September 2015, *Société des Produits Nestlé v Cadbury*, C-215/14, paragraph 50, by analogy).
- 19 Article 52(1) of Regulation No 207/2009, entitled ‘absolute grounds for invalidity’, provides as follows:
- ‘1. 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 contrary to the provisions of Article 7;
- (b) where the applicant was acting in bad faith when he filed the application for the trade mark.’
- 20 These provisions replaced those of Article 51 of Regulation No 40/94 of 20 December 1993 and they have now been replaced by the provisions of Article 59(1) of the EUTR.
- 21 Bad faith is not defined in the legislation, but the CJEU has held that it is an autonomous concept of EU law which must be given a uniform interpretation throughout the European Union and that, in order to determine its existence, account must be taken of all the factors relevant to the particular case which pertained at the time of filing the application for registration (judgment of 27 June 2013, *Malaysia Dairy Industries*, C-320/12, by analogy, inasmuch as it concerned the interpretation of Article 4(4)(g) of Directive 2008/95/EC).

- 22 The CJEU has clarified that, where it is apparent from the circumstances that the proprietor of the contested mark filed the application for registration of that mark with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, the existence of that intention must result in the application of the absolute ground for invalidity referred to in Article 52(1)(b) of Regulation No 207/2009 (see, to that effect, the judgment of 12 September 2019, *Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO*, C-104/18 P, paragraphs 46, 54 and 56).

French law

- 23 In French law, at the time of the application at issue, bad faith was not mentioned in the legislation. Article L. 712-6 of the Code de la propriété intellectuelle (Intellectual Property Code) provided that, ‘where an application for registration is made in order to defeat the rights of third parties or in breach of a legal or contractual obligation, any person who considers he has a right concerning the trade mark may claim ownership of it in judicial proceedings.
- 24 According to the case-law of the French courts, an application may be made for the cancellation of a trade mark that has been applied for in order to defeat the rights of third parties, on the basis of the principle *fraus omnia corrumpit*, taken together, since the introduction of the implementing law of 4 January 1991, with Article L. 712-6 of the Intellectual Property Code. This case-law falls within the scope of the grounds for cancellation laid down in Article 4(4)(g) of Directive 2008/95 (Court of Cassation, Commercial Chamber, 17 March 2021, Appeal No 18-19.774).
- 25 The Court of Cassation has also held that ‘a trade mark application will be vitiated by fraud where it is made with the intention of depriving another person of a sign that is necessary to his business’ (Court of Cassation, Commercial Chamber, 25 April 2006, Appeal No 04-15.641, *Bulletin* No 100) or where it is proven that the applicant knowingly disregarded certain interests (Court of Cassation, Commercial Chamber, 12 December 2018, Appeal No 17-24.582) or where multiple applications for marks are made as part of a commercial strategy to deprive other actors of the use of a name that is necessary to their present or future activity (Court of Cassation, Commercial Chamber, 1 June 2022, appeal No 19-17.778).

Grounds for the reference for a preliminary ruling

- 26 Ceramtec submits that Article 7(1)(e)(ii) of Regulation No 207/2009 prohibits the registration as a trade mark of signs ‘which consist exclusively of the shape ... which is necessary to obtain a technical result’ in order to prevent the trade mark right from granting an undertaking a monopoly on technical solutions or

functional features of a product which a user is likely to seek in the products of competitors (CJEU, judgment of 23 April 2020, *Gômboc Kutato*, C-237/19, paragraph 25), such that it could perpetuate, indefinitely, exclusive rights relating to technical solutions (same judgment, paragraph 27) or other rights which the EU legislature has sought to make subject to limited periods (CJEU, judgment of 16 September 2015, *Société des produits Nestlé v Cadbury*, C-215/14, paragraph 45).

- 27 Relying on the case-law of the CJEU, and the judgments in *Hauck* and *Société des produits Nestlé v Cadbury* (cited above) in particular, Ceramtec takes the view that the absolute grounds for refusal listed in Article 7 of Regulation No 207/2009, which must be individually established and may not be established in combination one with another, operate independently and cannot, if they are not established, characterise bad faith as referred to in Article 52(1)(b) of that regulation, otherwise the concept of bad faith could be used to circumvent or disregard the conditions for applying the grounds for invalidity referred to in Article 7.
- 28 Ceramtec adds that such circumvention would run counter to the objective of the regulation, in accordance with which not only would it be necessary for there to be an intention to ensure the protection of a technical solution by means of trade mark law, but actual protection of that solution. However, in the present case, Ceramtec has submitted that, after its patent had expired and after it had applied for the EU trade marks at issue, it had discovered that chromium oxide, which causes the pink colour for which it had sought trade mark protection and which forms part of the figurative and three-dimensional marks, in fact produced no technical effect. It infers from that that, no technical effect being produced by that substance, the trade marks protecting the pink colour cannot run counter to the objective of trade mark law, such that no bad faith can be established, for want of any technical effect amenable to protection.
- 29 Ceramtec maintains that a mere intention on the part of the applicant cannot serve to establish bad faith for the purposes of Article 52(1)(b) of Regulation No 207/2009 when no technical effect can be protected by that means. It submits that, if the opposite view were adopted, that would enable third parties to oppose registration of a mark on the ground set out in Article 7(1)(e)(ii) of the regulation without the conditions for applying that provision being satisfied. That would be tantamount to making the concept of bad faith a sort of back door for applying that ground for invalidity, without requiring the conditions for its application to be met.
- 30 Coorstek, on the other hand, claims that the two provisions serve different purposes and that Article 7(1)(e)(ii) of Regulation No 207/2009 cannot be regarded as a special provision that takes precedence over Article 52(1)(b). In its view, these are two different cases of cancellation of a trade mark and they rest upon entirely different premisses. It is the applicant's conduct that is important when assessing bad faith, not the intrinsic qualities of the sign in question. Moreover, bad faith must be assessed as at the time when the application for

registration was made and so the fact that a monopoly over the sign does not actually enable the technical solution to be protected is irrelevant, provided that the applicant believed it would, since account must be taken solely of the applicant's intention. Thus, an application to register a sign that is made with a view to monopolising a technical solution would undermine fair competition, even if the patented technical effect, since fallen into the public domain, ultimately proved to be non-existent.

- 31 The Advocate General considers that the answers which the CJEU will give regarding the concept of bad faith will be sufficient for the Court to respond to the ground of appeal raised, without it being necessary to rely on any obscure interpretation of the regulation.
- 32 The Court of Appeal, Paris, held in its judgment of 25 June 2021 that a succession of intellectual property rights must not serve to protect the same characteristic of a product and that an intention to protect a technical solution beyond the period of patent protection demonstrates the bad faith of the applicant, who will have no grounds to complain that the court has confused bad faith with the ground for refusal of registration under Article 7(1)(e)(ii) of Regulation No 207/2009.
- 33 By contrast, the Court of Appeal, Stuttgart, held in a judgment of 13 March 2023 that the fact that the characteristic pink colour is necessary to obtain a technical effect in fact corresponds to the ground for refusal under Article 7(1)(e)(ii) of Regulation No 207/2009 of 26 February 2009, which should have been raised on the basis of Article 52(1)(a), not Article 52(1)(b).
- 34 The appellate courts of the Member States have, therefore, arrived at different interpretations of the relationship between the absolute grounds for invalidity set out in Article 7 of Regulation No 207/2009 and the bad faith which constitutes the ground for invalidity set out in Article 52(1)(b) of that regulation.

The questions referred for a preliminary ruling

- 35 Thus, the question arises of the relationship between the absolute grounds for invalidity set out in Article 7 of Regulation No 207/2009, to which Article 52(1)(a) of the regulation refers, and Article 52(1)(b), which addresses applications made in bad faith.
- 36 Given that 'bad faith' is an autonomous concept of EU law which must be given a uniform interpretation, it is necessary to put the following questions to the CJEU.
- 37 Are the grounds for invalidity arising, on the one hand, from registration of a trade mark contrary to the provisions of Article 7, provided for in Article 52(1)(a) of Regulation No 207/2009, and, on the other hand, from the bad faith of the applicant when filing an application, provided for in Article 52(1)(b) of that regulation, independent and is there no overlap between them?

- 38 If the first question is answered in the negative, may the bad faith of the applicant be assessed by reference solely to the absolute ground for refusal of registration set out in Article 7(1)(e)(ii) of Regulation No 207/2009 where no finding has been made that the sign for which registration as a trade mark was sought consists exclusively of the shape of the product which is necessary to obtain a technical result?
- 39 Is Article 52(1)(b) of Regulation No 207/2009 to be interpreted as meaning that bad faith is to be ruled out where the applicant has applied for registration of a trade mark with the intention of protecting a technical solution and, after the application was made, it is discovered that there was no connection between the technical solution in question and the signs which constitute the trade mark applied for?

ON THOSE GROUNDS, the Court,

having regard to Article 267 of the Treaty on the Functioning of the European Union,

REFERS to the Court of Justice of the European Union the following questions:

1. Is Article 52 of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark to be interpreted as meaning that the grounds for invalidity set out in Article 7, to which Article 52(1)(a) refers, are independent from and do not overlap with the ground of bad faith referred to in Article 52(1)(b)?
2. If the first question is answered in the negative, may the bad faith of the applicant be assessed by reference solely to the absolute ground for refusal of registration set out in Article 7(1)(e)(ii) of Regulation No 207/2009 where no finding has been made that the sign for which registration as a trade mark was sought consists exclusively of the shape of the product which is necessary to obtain a technical result?
3. Is Article 52(1)(b) of Regulation No 207/2009 to be interpreted as meaning that bad faith is to be ruled out where the applicant has applied for registration of a trade mark with the intention of protecting a technical solution and, after the application was made, it is discovered that there was no connection between the technical solution in question and the signs which constitute the trade mark applied for?

...