

JUDGMENT OF THE COURT OF FIRST INSTANCE (Fifth Chamber)

16 November 2006*

In Case T-32/04,

Lichtwer Pharma AG, established in Berlin (Germany), represented by H. Kunz-Hallstein and R. Kunz-Hallstein, lawyers,

applicant,

v

Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), represented by J. Weberndörfer, acting as Agent,

defendant,

the other party to the proceedings before the Board of Appeal of OHIM being

Laboratoire L. Lafon SA, established in Maisons-Alfort (France),

* Language of the case: German.

ACTION seeking the annulment of the decision of the Fourth Board of Appeal of OHIM of 13 November 2003 (Case R 1007/2002-4) insofar as that decision rules on the apportionment of the costs incurred in the opposition and appeal proceedings,

THE COURT OF FIRST INSTANCE
OF THE EUROPEAN COMMUNITIES (Fifth Chamber),

composed of M. Vilaras, President, F. Dehousse and D. Šváby, Judges,

Registrar: C. Kristensen, Administrator,

having regard to the application lodged at the Registry of the Court on 29 January 2004,

having regard to the response of OHIM lodged at the Registry of the Court on 8 June 2004,

further to the hearing on 2 February 2006,

gives the following

Judgment

Background to the dispute

- 1 On 23 June 1999, the applicant submitted an application for a Community trade mark to the Office for Harmonization in the Internal Market (Trade Marks and

Designs) (OHIM), pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended ('Regulation No 40/94'). The trade mark for which registration was sought is the word mark Lyco-A for goods falling within Classes 5, 29 and 30 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

- 2 Queisser Pharma GmbH & Co. filed an opposition under Article 42(1) of Regulation No 40/94 against registration of the trade mark sought, based on the earlier national trade mark LYCO PROTECT. By Decision No 3111/2001 of 30 October 2002, the Opposition Division rejected the opposition of Queisser Pharma GmbH & Co. on the ground that there was no likelihood of confusion. No appeal has been lodged against that decision.

- 3 Laboratoire L. Lafon SA filed an opposition under Article 42(1) of Regulation No 40/94 against registration of the trade mark sought, based on the earlier mark LYOC. By Decision No 3108/2002 of 30 October 2002, the Opposition Division rejected the opposition of Laboratoire L. Lafon on the ground that there was no likelihood of confusion.

- 4 Medicom Pharma AG filed an opposition under Article 42(1) of Regulation No 40/94 against registration of the trade mark sought, based on the earlier mark LYCO Q10. By Decision No 3110/2002 of 31 October 2002, the Opposition Division upheld the opposition of Medicom Pharma and refused registration of the trade mark sought. No appeal has been lodged against that decision.

- 5 On 16 December 2002, Laboratoire L. Lafon lodged a document before OHIM which states:

‘According to Articles 57, 58 and 59 of [Regulation No 40/94], we hereby inform you that Laboratoire L. Lafon intends to appeal [Decision No 3108/2002]. Therefore, please immediately debit the amount of EUR 800 from our account ... The statement of the grounds of appeal will be filed before 28 February 2003.’

- 6 On 3 February 2003 Laboratoire L. Lafon lodged a statement setting out the grounds of the appeal.

- 7 On 21 March 2003, OHIM informed the applicant and Laboratoire L. Lafon that Decision No 3110/2002 of 31 October 2002, upholding the opposition of Medicom Pharma, had become definitive.

- 8 On 10 April 2003, the applicant lodged a document in which it observed that the proceedings had become devoid of purpose and, on 11 April 2003, Laboratoire L. Lafon lodged a statement in which it noted that the proceedings had ended.

- 9 By decision of 13 November 2003 (Case R 1007/2002-4) (‘the contested decision’), the Fourth Board of Appeal held that the appeal proceedings had lost their purpose as a result of the final rejection of registration of the trade mark applied for by the applicant. By that decision, the Board of Appeal also ordered the applicant to pay the fees and costs of the opposition and appeal proceedings. In paragraph 9 of the

contested decision, the Board of Appeal gave the following reasons for the decision on costs:

‘Since the application Lyco-A has been rejected *ex tunc*, albeit in different proceedings, the respondent would have been the losing party in these proceedings as well. It shall, therefore, bear the costs and fees of this opposition and these appeal proceedings.’

Forms of order sought

10 The applicant claims that the Court should:

- annul paragraph 2 of the operative part of the contested decision;
- order the defendant to pay the costs.

11 OHIM contends that the Court should:

- dismiss the action;
- order the applicant to pay the costs.

Law

- 12 In support of its action, the applicant raises in essence three pleas in law seeking annulment. In its first plea, the applicant alleges infringement of the provisions of Rule 48(1)(c) and Rule 49(1) of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1), as amended ('Regulation No 2868/95'), and of the principle of equal treatment, taking the view that the Board of Appeal was bound to declare the action against the decision of the Opposition Division inadmissible. The second plea is based on infringement of Article 81(4) of Regulation No 40/94 and of the principle of equity, in that the Board of Appeal incorrectly exercised its discretion as regards apportionment of the costs of the proceedings. Finally, in its third plea, the applicant takes the view that, in accordance with Rules 21 and 51 of Regulation No 2868/95, OHIM ought to have reimbursed half of the opposition fees and all the appeal fees to the parties. The Court considers that it is appropriate to examine the second plea first.

Arguments of the parties

- 13 The applicant submits that the reasons given in the contested decision in support of the contention that the applicant would have been the losing party in the appeal proceedings and should therefore bear the costs thereof are incorrect.
- 14 Firstly, the applicant takes the view that the Board of Appeal misapplied Article 81(4) of Regulation No 40/94. In that regard, it argues that an interpretation of that provision in the light of German law, which, it claims, served as the example for the corresponding provisions of the regulation, shows that the Board of Appeal should have ascertained the probable outcome of the proceedings pending between the

applicant and Laboratoire L. Lafon. It submits, furthermore, that the fact that an opposition is upheld cannot entail the refusal of a trade mark *ex tunc* but merely the refusal *ex nunc*. In the contrary situation, where an opposition is upheld, OHIM should reimburse all opposition fees relating to other outstanding proceedings, since the application would be regarded as never having existed. In that regard, the applicant cites Rule 19(3) of Regulation No 2868/95. Finally, the applicant takes the view that Rule 21 of Regulation No 2868/95 shows that it was not the legislature's intention to have the losing party pay the costs of all pending opposition proceedings.

- 15 Secondly, the applicant takes the view that the reasons given by the Board of Appeal do not justify derogation from equity. In the applicant's opinion, the principle of equity requires that the costs be divided into two since, as in the present case, one of the oppositions brought against the same application for a Community trade mark led to the rejection of that application. It follows from the directives relating to proceedings before OHIM, in the applicant's view, that an order to pay the entire costs is the rule only where one of the parties discontinues the proceedings. It recalls that page 130 of the draft directives on opposition proceedings provides as follows:

'Given that no decision was taken on the merits, the costs are at the discretion of the Opposition Division (Article 81(4) [of Regulation No 40/94]). The Office is not able to determine who is the "winning or losing party", and therefore, applying a principle of equity, each party will bear their own costs.'

- 16 OHIM claims that the plea should be rejected.

Findings of the Court

- 17 Pursuant to Article 81(4) of Regulation No 40/94, 'where a case does not proceed to judgment the costs shall be at the discretion of the ... Board of Appeal'.
- 18 It is clear from the wording of that provision that the Board of Appeal has a wide discretion in the apportionment of procedural costs in the context of a case which does not proceed to judgment (see, to that effect, the order of 12 July 2005 in Case T-163/04 *Schäfer v OHIM — KoKa (Mike's MEALS ON WHEELS)*, not published in the ECR, paragraph 55). In such circumstances, the Community Court cannot substitute its assessment for that of the Board of Appeal. Nevertheless, it is for the Community Court to check whether or not, having regard to the considerations which may have led to its assessment, the Board of Appeal exceeded the limits of its discretion and used that discretion in a manifestly wrongful manner.
- 19 It must be recalled that in the contested decision the Board of Appeal first held that the appeal proceedings had lost their purpose because of the definitive refusal of registration of the trade mark applied for by the applicant and then ordered the applicant, on the basis of Article 81(4) of Regulation No 40/94, to pay the fees and costs incurred in the opposition and appeal proceedings.
- 20 In that regard, the Board of Appeal gave reasons for its decision, affirming that 'since the application ... has been rejected *ex tunc*, albeit in different proceedings, the [applicant] would have been the losing party in these proceedings as well'.

- 21 Firstly, it is common ground that the opposition proceedings which led to the rejection of the trade mark applied for by the applicant and the proceedings between it and Laboratoire L. Lafon, brought before the Board of Appeal in the present case, rest on different facts. It follows that assessment of the likelihood of confusion between the conflicting trade marks in each of those sets of proceedings involves taking into consideration all of the facts and law relied on in each case by the parties.
- 22 In those circumstances, the fact that an opposition is upheld, although it deprives the parallel proceedings of their purpose, does not in any way make it possible to determine which of the parties to those parallel proceedings would have been unsuccessful. Identification of the unsuccessful party in given proceedings may be based only on the purpose and factual and legal framework of those proceedings, as defined by the parties' claims.
- 23 Furthermore, without its being necessary to rule on the effects of a decision rejecting an application for a trade mark, an order requiring the applicant for a trade mark for which registration has been refused to pay the costs in all potential parallel proceedings cannot automatically follow, as the contested decision presupposes, from the decision upholding one of the oppositions filed against that application.
- 24 In the light of those considerations, the Court considers that the applicant is correct in law in its submission that the reasoning of the Board of Appeal is vitiated by a manifest error in that it took the view that, because the trade mark application had been rejected in separate opposition proceedings, the applicant would have been the unsuccessful party in the proceedings between it and Laboratoire L. Lafon and should for that reason pay the fees and costs of the opposition and appeal proceedings. By making such an assessment, the Board of Appeal exceeded the limits of its discretion under Article 81(4) of Regulation No 40/94.

25 Paragraph 2 of the operative part of the contested decision must therefore be annulled, without its being necessary to examine the other pleas in law raised by the applicant.

Costs

26 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, it must be ordered to pay the costs, in accordance with the form of order sought by the applicant.

On those grounds,

THE COURT OF FIRST INSTANCE (Fifth Chamber)

hereby:

- 1. Annuls paragraph 2 of the operative part of the decision of 13 November 2003 of the Fourth Board of Appeal of the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) (Case R 1007/2002-4);**

2. Orders OHIM to pay the costs.

Vilaras

Dehousse

Šváby

Delivered in open court in Luxembourg on 16 November 2006.

E. Coulon

Registrar

M. Vilaras

President

