

Court of Justice EU, 23 April 2020, Gugler France v Gugler



TRADE MARK LAW

The General Court did not err in law in finding that on the date on which the application for registration of the contested Gugler Community trade mark was filed, an economic link existed between Gugler France and Gugler GmbH (which precluded the finding of a likelihood of confusion):

- [in CJEU Schwepges \(IPPT20171220\), it has not been held that the existence of an economic link presupposes a particular order between the undertakings concerned](#)

It suffices to note, in that regard, that the Court held, in paragraph 46 of the judgment of 20 December 2017, *Schwepges* (C-291/16, EU:C:2017:990), that the concept of ‘*economic links*’, for the purposes of Directive 2008/95, refers to a substantive, rather than formal, criterion, which is in no way confined to situations in which the goods in question have been put into circulation by a licensee, by a parent company, by a subsidiary of the same group, or by an exclusive distributor and which, in particular, is also fulfilled where, following the division of nationally limited trade marks resulting from a territorially limited assignment, the proprietors of those marks coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of those marks, so that it is possible for them to determine, directly or indirectly, the goods to which those marks are affixed and to control the quality of those goods.

36. It has not therefore been held that the existence of an economic link presupposes a particular order between the undertakings concerned. On the contrary, as EUIPO submits, it may be sufficient in that regard that there is a single point of control within a group of operators in respect of the goods manufactured by one of them and distributed by another, thus ruling out any likelihood of confusion as to the commercial origin of those goods.

37. Furthermore, the methodological approach adopted by the General Court complies with the requirement that the examination of whether an economic link exists must be conducted globally, taking into account all the relevant circumstances, as observed, moreover, in paragraph 51 of the judgment of 20 December 2017, *Schwepges* (Case C-291/16, EU:C:2017:990), without there being any need to give priority in that connection to methodological principles such as those advocated by the appellant.

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Court of Justice EU, 31 March 2010
(I. Jarukaitis, E. Juhász (Rapporteur) and M. Ilešič)

JUDGMENT OF THE COURT (Tenth Chamber)
23 April 2020 (*)

(Appeal — EU trade mark — Figurative mark containing the word element GUGLER — Application for a declaration of invalidity brought by Gugler France SA — Economic link between the party seeking a declaration of invalidity and the proprietor of the contested mark — No likelihood of confusion)

In Case C-736/18 P,

APPEAL under Article 56 of the Statute of the Court of Justice of the European Union, brought on 26 November 2018,

Gugler France SA, established in Les Auxons (France), represented by S. Guerlain, avocat, appellant,

the other parties to the proceedings being:

Alexander Gugler, residing in Maxdorf (Germany), represented by M.-C. Simon, Rechtsanwältin, applicant at first instance,

European Union Intellectual Property Office (EUIPO), represented by A. Folliard-Monguiral, acting as Agent, defendant at first instance,

THE COURT (Tenth Chamber),

composed of I. Jarukaitis, President of the Chamber, E. Juhász (Rapporteur) and M. Ilešič, Judges,

Advocate General: G. Hogan,

Registrar: A. Calot Escobar,

having regard to the written procedure,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

Judgment

1. By its appeal, Gugler France SA seeks to have set aside the judgment of the General Court of the European Union of 25 September 2018, *Gugler v EUIPO — Gugler France (GUGLER)* (T-238/17, EU:T:2018:598, ‘*the judgment under appeal*’), by which the General Court annulled the decision of the First Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 31 January 2017 (Case R 1008/2016-1), relating to invalidity proceedings between Gugler France and Mr Alexander Gugler (‘*the decision at issue*’).

Legal context

EU law

2. Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) was repealed and replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on [the European Union trade mark] (OJ 2009 L 78, p. 1), which entered into force on 13 April 2009. That regulation, as amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 (OJ 2015 L 341, p. 21), was also repealed and replaced, with effect from 1 October 2017, by Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ 2017 L 154, p. 1).

3. Since the application for registration of the mark in question was made on 25 August 2003, the present dispute must be examined in the light of Regulation No

40/94. In the case of applications for a declaration that trade marks are invalid, the date on which the application for registration of such marks was made is determinative for the purposes of identifying the applicable substantive law (judgment of 29 January 2020, *Sky and Others*, C-371/18, EU:C:2020:45, paragraph 49 and the case-law cited).

4. Article 8 of that regulation, entitled ‘*Relative grounds for refusal*’, was worded as follows:

‘1. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:

(a) if it is identical with the earlier trade mark and the goods or services for which registration is applied for are identical with the goods or services for which the earlier trade mark is protected;

(b) if because of its identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.

...

4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the law of the Member State governing that sign:

(a) rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark;

(b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

...

5. Article 9 of the regulation, headed ‘*Rights conferred by a Community trade mark*’, provided, in paragraph 1 thereof:

‘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;

...

6. Article 51 of that regulation, entitled ‘*Absolute grounds for invalidity*’, provided, in paragraph 1 thereof:

‘A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

...

(b) where the applicant was acting in bad faith when he filed the application for the trade mark.’

7. Article 52 of Regulation No 40/94, entitled ‘*Relative grounds for invalidity*’, provided, in paragraph 1 thereof: ‘A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

...

(c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.’

8. The provisions cited in paragraphs 4 to 7 of this judgment correspond to those in Articles 8, 9, 52 and 53 of Regulation No 207/2009. Consequently, the fact that the General Court referred, in the judgment under appeal, to that latter regulation and not to Regulation No 40/94, remains irrelevant for the purposes of dealing with the present appeal.

French law

9. Under Article L. 711-4 of the Intellectual Property Code, ‘signs may not be adopted as trade marks where they infringe earlier rights, in particular ... a company name or corporate name, if there is a likelihood of confusion on the part of the public’.

Background to the dispute and the decision at issue

10. On 25 August 2003, Gugler GmbH, Mr Gugler’s predecessor in title, filed an application for registration of a Community trade mark with EUIPO under Regulation No 40/94. Registration as a mark was sought for the following figurative mark:



11. The goods and services in respect of which registration was sought are in Classes 6, 17, 19, 22, 37, 39 and 42 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. That mark was registered as a Community trade mark on 31 August 2005 under No 3324902 (‘*the contested mark*’).

12. On 17 November 2010, Gugler France lodged an application for a declaration that the contested mark was invalid in respect of all the goods and services covered by that mark, on the basis of, first, bad faith on the part of the proprietor of that mark when filing the application for registration of the mark, within the meaning of Article 52(1)(b) of Regulation No 207/2009, and, second, its company name, which entitles it, under French law, to prohibit the use of that mark, for the purposes of Article 8(4) and Article 53(1)(c) of that regulation.

13. By decision of 21 December 2011, the Cancellation Division of EUIPO upheld that application for a declaration of invalidity. By decision of 16 October 2013, the Fourth Board of Appeal of EUIPO, upon appeal by Mr Gugler, annulled that decision of the

Cancellation Division and dismissed the application for a declaration of invalidity.

14. Following an action brought by Gugler France before the General Court, the latter, by judgment of 28 January 2016, *Gugler France v OHIM — Gugler (GUGLER)* (T-674/13, not published, EU:T:2016:44), annulled the decision of the Fourth Board of Appeal of EUIPO.

15. By the decision at issue, the First Board of Appeal of EUIPO dismissed the appeal against the decision of the Cancellation Division and found that the application for a declaration that the contested mark was invalid should be upheld on the basis of Article 53(1)(c) of Regulation No 207/2009, read in conjunction with Article 8(4) of that regulation.

The proceedings before the General Court and the judgment under appeal

16. By application lodged at the Registry of the General Court on 25 April 2017, Mr Gugler sought annulment of the decision at issue. In support of his action, he raised three pleas in law, alleging, respectively, infringement of the principle of sound administration, infringement of Article 8(4) of Regulation No 207/2009 and infringement of Article 54(2) of that regulation.

17. In the judgment under appeal, the General Court, in the interests of procedural economy and having regard to the specific circumstances of the case, examined first the second part of the second plea, alleging incorrect assessment of the likelihood of confusion. It held that the First Board of Appeal of EUIPO erred in finding that there was a likelihood of confusion, since, in essence, the economic link between Gugler France and Gugler GmbH on the date on which the application for registration of the contested mark was filed precluded any finding that there was such a likelihood. Consequently, the General Court annulled the decision at issue, without examining the other pleas.

Forms of order sought by the parties

18. Gugler France claims that the Court should:

- set aside the judgment under appeal; and
- order Mr Gugler to pay the costs.

19. Mr Gugler claims that the Court should:

- dismiss the appeal; and
- order the other parties to the proceedings to pay the costs.

20. EUIPO contends that the Court should:

- dismiss the appeal; and
- order Gugler France to pay the costs.

The appeal

21. Gugler France raises a single ground of appeal, alleging infringement of Article 8(1)(b) and (4) of Regulation No 207/2009 and of Article L. 711-4 of the French Intellectual Property Code.

Arguments of the parties

22. According to Gugler France, the General Court erred in its assessment of the economic link between itself and Gugler GmbH and, therefore, erred in finding that there was no likelihood of confusion. Its single ground of appeal is divided into two parts.

23. By the first part of the single ground of appeal, Gugler France claims that the General Court was wrong

to find that the existence of an economic link between itself and Gugler GmbH was established.

24. The General Court found the existence of such a link to be established on the basis that the goods manufactured by Gugler GmbH had been distributed by Gugler France and that, since July 2002, Gugler GmbH has held 498 shares in Gugler France. However, Gugler France submits that the assessment of the economic link must be made on the basis of the link of the undertaking having priority rights, namely itself, to the proprietor of the contested mark, namely Gugler GmbH. In that regard, it states, with reference to the judgment of 20 December 2017, *Schweppes* (C-291/16, EU:C:2017:990), that it had no control over Gugler GmbH or over the goods manufactured under the contested mark and that it did not hold any of its share capital. Consequently, according to Gugler France, there is no guarantee that the goods in question are manufactured under the control of a single undertaking which is accountable for their quality.

25. By the second part of the single ground of appeal, Gugler France claims that the General Court distorted the relationship it had with Gugler GmbH.

26. According to Gugler France, on the date on which the application for registration of the contested mark was filed, it was not a distributor of Gugler GmbH's goods bearing that mark but sold those goods under its own name, in exactly the same way in which it sold goods from other manufacturers. Therefore, according to Gugler France, the existence of an economic link which precludes a finding that there is a likelihood of confusion between the signs at issue could not be established.

27. Mr Gugler claims that the appeal should be dismissed. EUIPO shares that view, contending, inter alia, that Gugler France and Gugler GmbH established a common, collective commercial origin consisting in the manufacturer of the goods in question and a distributor with which it was economically linked. According to EUIPO, there was a single point of control within that group of operators in respect of the goods in question, manufactured by Gugler GmbH and distributed by Gugler France, with the result that the General Court was correct in holding that the likelihood of confusion as regards the commercial origin of those goods was necessarily ruled out.

Findings of the Court

28. In the first part of its single ground of appeal, Gugler France alleges a methodological error on the part of the General Court in its assessment of the existence of an economic link between itself and Gugler GmbH.

29. In paragraph 36 of the judgment under appeal, the General Court found that, at the date on which the application for registration of the contested mark was filed, that is, on 25 August 2003, business relations existed between Gugler France and Gugler GmbH, at that time the proprietor of the contested mark. According to the General Court, Gugler France was the distributor of Gugler GmbH's goods in France. The General Court added, in the same paragraph, that the business relationship between those two undertakings dated back to 2000, when Gugler France was called PK Fermetures

SA, and that, since July 2002, Gugler GmbH has held 498 shares in Gugler France.

30. In paragraph 37 of the judgment under appeal, the General Court observed that, in 2003, Gugler GmbH formed, with French partners, some of which were founders of Gugler France, Gugler Europe SA, which has been the proprietor of the French figurative mark GUGLER since 28 August 2003, and that Gugler Europe granted a licence for that mark to Gugler France.

31. In paragraph 43 of the judgment under appeal, the General Court found that, in the present case, the goods covered by the contested mark are manufactured by Gugler GmbH and that Gugler France is the distributor of those goods, with the result that this is a case in which the fact that the consumer might believe that the goods and services in question come from economically linked undertakings does not constitute an error as to their origin.

32. That argument is not vitiated by an error of law.

33. It must be noted, in that regard, that the General Court did not in any way presuppose the existence of a legal rule whereby the assessment of an economic link between two undertakings, such as Gugler GmbH and Gugler France, must use as its point of departure just one of them, in the present case Gugler GmbH, proprietor of the contested mark, without any assessment using as its point of departure the other undertaking. The General Court simply found, in paragraph 49 of the judgment under appeal, on the basis of its findings as to the facts, that the economic link that existed between Gugler France and Gugler GmbH, on the date on which the application for registration of the contested mark was filed precluded any finding of a likelihood of confusion.

34. Moreover, the case-law to which the appellant refers does not cast any doubt on that approach. It is not apparent from the judgment of 20 December 2017, *Schweppes* (C-291/16, EU:C:2017:990), which relates to the concept of ‘*economic links*’ in the context of exhaustion of the rights conferred by a trade mark in accordance with Article 7 of 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), that, in order to establish the existence of a likelihood of confusion, within the meaning of Article 8(4) of Regulation No 207/2009 and, consequently, of Article L. 711-4 of the French Intellectual Property Code, the economic link should be assessed on the basis of the link of the proprietor of the earlier rights to the applicant for the trade mark in question.

35. It suffices to note, in that regard, that the Court held, in paragraph 46 of the judgment of 20 December 2017, *Schweppes* (C-291/16, EU:C:2017:990), that the concept of ‘*economic links*’, for the purposes of Directive 2008/95, refers to a substantive, rather than formal, criterion, which is in no way confined to situations in which the goods in question have been put into circulation by a licensee, by a parent company, by a subsidiary of the same group, or by an exclusive distributor and which, in particular, is also fulfilled where, following the division of national parallel trade

marks resulting from a territorially limited assignment, the proprietors of those marks coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of those marks, so that it is possible for them to determine, directly or indirectly, the goods to which those marks are affixed and to control the quality of those goods.

36. It has not therefore been held that the existence of an economic link presupposes a particular order between the undertakings concerned. On the contrary, as EUIPO submits, it may be sufficient in that regard that there is a single point of control within a group of operators in respect of the goods manufactured by one of them and distributed by another, thus ruling out any likelihood of confusion as to the commercial origin of those goods.

37. Furthermore, the methodological approach adopted by the General Court complies with the requirement that the examination of whether an economic link exists must be conducted globally, taking into account all the relevant circumstances, as observed, moreover, in paragraph 51 of the judgment of 20 December 2017, *Schweppes* (Case C-291/16, EU:C:2017:990), without there being any need to give priority in that connection to methodological principles such as those advocated by the appellant.

38. The first part of the single ground of appeal must therefore be rejected as unfounded.

39. As regards the second part of the single ground of appeal, by which Gugler France claims that the General Court distorted the relations it has with Gugler GmbH, that argument is based on a misreading of the judgment under appeal. The mere fact that the appellant sold goods other than Gugler GmbH’s cannot call into question the General Court’s findings, since the latter did not at any point state that the appellant distributed goods only from that undertaking.

40. The second part of the single ground of appeal must therefore be rejected as unfounded. In those circumstances, the appeal must be dismissed in its entirety as being unfounded.

Costs

41. Under Article 137 of the Rules of Procedure of the Court of Justice, applicable to the procedure on appeal pursuant to Article 184(1) of those rules, a decision as to costs is to be given in the judgment or order which closes the proceedings. Under Article 138(1) of the Rules of Procedure, which is also applicable to appeal proceedings by virtue of Article 184(1) of those rules, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party’s pleadings.

42. Since Mr Gugler and EUIPO have applied for Gugler France to pay the costs and the latter has been unsuccessful, it must be ordered to bear its own costs and to pay those incurred by Mr Gugler and EUIPO in relation to the appeal proceedings.

On those grounds, the Court (Tenth Chamber) hereby:

1. Dismisses the appeal;
2. Orders Gugler France SA to bear its own costs and to pay those incurred by Mr Alexander Gugler and by

the European Union Intellectual Property Office (EUIPO) in relation to the appeal proceedings.
