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Board of Appeal rebuked for failing to take into account error made by OHIM

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In *Brainlab AG v Office for Harmonisation in the Internal Market* (OHIM) (Case T-326/11, April 25 2012), the General Court has annulled a decision of the Fourth Board of Appeal of OHIM confirming the refusal of an application for *restitutio in integrum* in a matter concerning the failure to renew a Community trademark (CTM) registration.

The applicant, Brainlab AG, was the proprietor of the CTM BRAINLAB and had appointed a law firm to be its representative before OHIM. There was a change in the applicant's address and its appointed representative requested OHIM to register such change in its database. By notification of February 18 2009, OHIM confirmed the registration of the change to the appointed representative.

Meanwhile, on February 2 2009 OHIM sent a notification directly to the applicant, rather than to its appointed representative. The notification, which informed the applicant of the imminent expiry of its registration, was sent by mistake to the applicant's former address. Despite that error, the notification was received by the applicant by virtue of the mail redirection postal service.

Since no application for renewal of the CTM was received by OHIM, the latter issued a notification declaring that the CTM had expired on March 2 2010. That notification was also sent directly to the applicant - to its new address - on March 23 2010.

In April 1 2010 the appointed representatives informed OHIM that they had learned that the reference to their appointment as the applicant's representative had been removed by error from OHIM's database. They submitted a new application to be appointed as the applicant's representative, which was confirmed by an OHIM notification of the same day.

In May 19 2010 the appointed representative submitted to OHIM, on behalf of the applicant, an application for renewal of the CTM and an application for *restitutio in integrum*, pursuant to Article 81 of the [Community Trademark Regulation](#) (207/2009), regarding the period for the filing of the application for renewal and the corresponding fee.

By decision of July 29 2010 the Administration of Trademarks and Designs and Legal Division of OHIM rejected the application for *restitutio in integrum* on the grounds that neither the applicant nor its appointed representatives had displayed the due care required under Article 81(1) of the regulation. On August 16 2010 the applicant filed an appeal. The grounds relied upon in support of the appeal were as follows:

- The appointed representatives have a system for monitoring the time-limits for renewal of CTMs for which they are responsible, composed of three levels, which are independent of one another;
 - the first pillar consists of a warning system by means of preset forms which are filed chronologically, announcing the expiry of the 10-year period for renewal of the registration of the trademarks three months in advance;
 - the second pillar consists of the existence of a register of time-limits for renewal of the registration of trademarks, maintained directly by the lawyer responsible for the monitoring of the trademark concerned at the premises of the appointed representatives; and
 - the third pillar consists of the processing of the reminder notifications sent by OHIM to the appointed representatives;
- the third pillar did not function because of an error which was attributable to OHIM, in that the latter addressed the reminder notification to the applicant at its former address and not to its appointed representatives; that error on the part of OHIM ought not to cause any disadvantage to the parties concerned.

By decision of April 15 2011, the Fourth Board of Appeal of OHIM rejected the application for *restitutio in integrum* and ruled that the CTM had expired. The board acknowledged that the system of monitoring the time-limits for renewal of the registration of trademarks established by the appointed representatives was correct and proper, and that no one could have foreseen the cumulative malfunctioning of all the precautionary measures put in place. However, the board took the view that the cause of that non-renewal was rather the absence of instructions given by the applicant relating to the renewal of the CTM, which would have been of a 'free and voluntary' nature following its receipt of the reminder notification.

The applicant appealed to the General Court.

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According to Article 81(1) of the regulation, *restitutio in integrum* is subject to two requirements:

- the party has exercised all due care required by the circumstances; and
- non-observance by the party has the direct consequence of causing the loss of any right or means of redress.

In the present case, the court found that the non-renewal of the registration of the CTM within the time limits prescribed was a result of a "sequence of a large number of unfortunate circumstances".

The court considered that, among the "unfortunate circumstances" in question, three must be considered as having contributed conclusively to that non-renewal, namely:

- the malfunctioning, which remains unexplained, of the first two internal 'monitoring pillars' of the system for monitoring the time-limits which was set up by the appointed representatives;
- the untimely and unsolicited removal of the reference to the appointed representatives from OHIM's database, which itself led to the inaccurate sending of the reminder notification to the applicant, moreover to its former address, rather than to its appointed representatives; and
- the confused and inappropriate reaction of the applicant's agent to that notification, which had the consequence that the appointed representatives did not receive any spontaneous instructions from the applicant to renew the registration.

The court found that the conditions of Article 81(1) were clearly satisfied in the present case. In this respect, the court found that the applicant had acted, in principle, with all the due care necessary in the light of the circumstances by appointing, to represent it in its dealings with OHIM, a firm of lawyers and patent agents such as that of its appointed representatives, equipped with a double internal system for monitoring time-limits which OHIM considered to be correct and proper both in the contested decision and in its response.

The same conclusion was reached in relation to the appointed representatives, the Board of Appeal having acknowledged that exceptional errors in their internal system for monitoring the time limits were excusable.

With regard to the two other "unfortunate circumstances", the court pointed out that the lack of due care which the applicant's agent may have displayed in not getting into contact with OHIM or with the appointed representatives immediately after having received the reminder notification could have had consequences for the non-renewal of the registration of the mark only because that lack of due care was itself made possible by the error previously made by OHIM in removing, unilaterally, the reference to the appointed representatives from its database and, for that reason, not sending the reminder notification to them.

In this respect, the court held that, where a party has conferred the monitoring of its CTM to a professional representative and has duly notified OHIM to that effect, OHIM is also required to respect that choice by sending its official service notifications to that appointed representative in order to put the latter in a position to defend the interests of its principal with the higher standard of due care which it is supposed to display as a qualified professional.

The court confirmed, however, that the error made by OHIM (ie, the removal of the reference to the appointed representatives from its database and the resulting failure to send the notification to them) did not give rise to liability on the part of OHIM and had no effect on the expiry of the registration of the trademark in question.

The degree of due care which parties must demonstrate in order to have their rights re-established must be determined in light of all the relevant circumstances, which, in the present case, necessarily included that error and its repercussions.

In light of all the foregoing considerations, the court found that the board had wrongly failed to take into account the error made by OHIM, that being one of the three relevant circumstances for the purposes of applying Article 81(1). The board's decision was thus annulled.

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