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Opponent not given opportunity to prove transfer of earlier right
European Union - Bureau DA Casalunga-Josse

Examination/opposition
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In *Nike International Ltd v Office for Harmonisation in the Internal Market (OHIM)* (Case T-137/09, November 24 2010), the General Court has annulled the decision of the Board of Appeal of OHIM, finding that the latter had erred in rejecting *Nike International Ltd's* appeal as inadmissible.

DL Sports & Marketing filed an opposition against an application for the registration of the word mark R10 as a Community trademark (CTM). The opposition was based on the non-registered mark or sign used in the course of trade R10 pursuant to Articles 8(2)(c) and 8(4) of the [Community Trademark Regulation](#) (40/94). DL Sports was granted an extension of four months to prove the existence of the earlier right, and the extension expired on August 9 2007. On October 24 2007 the Opposition Division of OHIM noted that no evidence had been submitted in support of the opposition.

By letter of October 31 2007, the lawyers acting for Nike informed the Opposition Division that DL Sports had assigned ownership of numerous trademarks and industrial property rights to Nike, and that they had been instructed by the new owner to pursue the opposition proceedings. Accordingly, they asked to be entered as representatives in those proceedings. The Opposition Division rejected the opposition in its entirety, as the opponent had not substantiated, within the prescribed deadline, the existence of its earlier right.

Nike filed an appeal to the Board of Appeal of OHIM, which was dismissed. In this respect, the board considered that Nike had not produced proof of its status as a party to the proceedings and, consequently, was not entitled to file an appeal against the Opposition Division's decision. Further, the board found that Nike had not proved that the earlier right relied on in support of the opposition was among the trademarks transferred to it. The board concluded that the transfer agreement merely showed that Nike had acquired certain CTMs, but not, specifically, the earlier right relied on.

On November 24 2010 the General Court annulled the board's decision. The court held that the board had erred in rejecting the appeal as inadmissible without giving Nike the opportunity to respond to the doubts as to the sufficiency of the evidence produced by it to show that it had acquired the earlier right on which the opposition was based.

In this respect, the court confirmed that Rule 31(6) of the [Community Trademark Implementation Regulation](#) - which establishes that, when the conditions applicable to the registration of a transfer are not met, OHIM is required to notify the parties of these deficiencies within a prescribed deadline - was applicable to the present case. Although this procedure specifically relates to registered trademarks, it must be applied by analogy to the transfer of non-registered marks.

Therefore, by considering that Nike was not in a position to prove that it was the owner of the earlier right and, consequently, had not produced proof of its status of a party to the opposition proceedings and was not entitled to appeal the Opposition Division's decision, the Board of Appeal had failed to give Nike the opportunity to produce additional evidence of the transfer of the earlier right on which it relied in order to show that it had *locus standi*.

Further, the court rejected OHIM's argument that, even if the appeal had been admitted, it would have been rejected on the grounds that the opponent had failed to produce evidence of the existence of the earlier right relied on in support of the opposition. In this respect, the court stated as follows:

"It must be noted that it is, admittedly, clear from the case law that a procedural irregularity can justify the annulment of a legislative act only if it is shown that, had it not been for that irregularity, the act might have been substantively different (see, to that effect, Case T-24/01 Staelen v Parliament [2003] ECR-SC I-A-79 and II-423, paragraph 53). In the present case, however, the contested decision dismissed the applicant's appeal as inadmissible, without ruling on the substance of the applicant's arguments concerning the Opposition Division's decision to reject the opposition. In those circumstances, the fact, invoked by OHIM, that that decision rejecting the opposition is, in its view, manifestly correct is irrelevant. It cannot be denied that a decision rejecting an appeal as inadmissible does not have the same substance as a decision on the merits. Furthermore, the court cannot directly examine the legality of the Opposition Division's decision, and thereby examine the arguments which the Board of Appeal did not address, in order to ascertain whether the infringement of the procedural rules by the Board of Appeal could have had any influence on the ultimate rejection of the opposition (see, to that effect, Case T-402/07 Kaul v OHIM - Bayer

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(ARCOL) [2009] ECR II-737, paragraphs 47 and 49)."

Therefore, the plea alleging infringement of the OHIM Guidelines was upheld. The court concluded that there was no need to consider whether Nike's rights of defence, considered independently of the provisions referred to above, were infringed.

The decision of the court is interesting in that:

- it shows that there is significant flexibility in respect of opponents' rights of defence; and
- the court interpreted the Community Trademark Implementation Regulation and corresponding guidelines in a broad manner.

The decision is also be surprising to the extent that the new representatives contacted OHIM after the initial deadline had expired.

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