

Alicante, 18/12/2019
R1312/2019-5

DANUBIA SZABADALMI ÉS JOGI IRODA KFT.
P.O. Box 198
H-1368 Budapest
HUNGRÍA

Subject: Appeal No. R1312/2019-5
Scio / Scio

Your ref.:

Notification of a decision of the Boards of Appeal

Please find enclosed the decision of the Fifth Board of Appeal dated 02/12/2019 concerning the appeal R1312/2019-5.

Article 72 EUTMR provides that an action may be brought before the General Court against decisions of the Boards of Appeal. The action shall be brought within two months from the date of notification of the decision of the Board of Appeal.

Should you intend to challenge the legality of the Decision of the Board of Appeal, your attention is drawn to the Rules of Procedure of the General Court published on 25 September 2018 (OJ 2018 L 240, p. 68), and to the Decision of the General Court of 11 July 2018 on the lodging and service of procedural documents by means of e-Curia (<http://curia.europa.eu/jcms/jcms/Jo27040/>).

By virtue of those texts, with effect from 1 December 2018, the e-Curia application will become the sole means of correspondence between the parties' representatives and the General Court Registry. It follows that procedural documents must be lodged with the General Court Registry via the e-Curia application and that service will be made by the General Court Registry using that application.

In light of the above information, parties' representatives who do not yet have an account for access to the e-Curia application should ask to have such an account opened.

Information about the e-Curia application is to be found on the website of the Court of Justice of the European Union (https://curia.europa.eu/jcms/jcms/P_78957).

To the extent that you are adversely affected by the attached decision and you nonetheless decide not to challenge it, please inform us accordingly as soon as possible.

ANKE KROLZIK
Registry

Enc.: 1 (11 pages)

DECISION
of the Fifth Board of Appeal
of 2 December 2019

In case R 1312/2019-5

QX WORLD Kft

Tinódi utca 1-3. A. ép. IV. em. 93.
1095 Budapest
Hungary

Cancellation applicant / Appellant

represented by Oppenheim Ugyvedei Iroda, Karolyi u. 12, 1053 Budapest, Hungary

v

Mandelay Kft.

Gyártelep 12001/33 hrsz.
2310 Szigetszentmiklós
Hungary

EUTM proprietor / Defendant

represented by Danubia Szabadalmi És Jogi Iroda Kft., Bajcsy-Zsilinszky út 16, 1051 Budapest, Hungary

APPEAL relating to Cancellation Proceedings No 17 367 C (European Union trade mark registration No 11 191 194)

THE FIFTH BOARD OF APPEAL

composed of G. Humphreys (Chairperson), C. Govers (Rapporteur) and V. Melgar (Member)

Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 By an application filed on 17 September 2012, the predecessor in title to Mandelay Kft. ('the EUTM proprietor') sought to register the word mark

SCIO

for the following list of goods and services:

Class 9 – Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; Apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; Apparatus for recording, transmission or reproduction of sound or images; Magnetic data carriers, recording discs; Compact discs, DVDs and other digital recording media; Mechanisms for coin-operated apparatus; Cash registers, calculating machines; Computer software; Fire-extinguishing apparatus;

Class 44 – Hygienic and beauty care for human beings or animals; Agriculture, horticulture and forestry services.

- 2 The application was published on 19 November 2012 and the mark was registered on 18 February 2014.
- 3 On 6 November 2017, William Charles Nelson, currently QX WORLD Kft ('the cancellation applicant') filed a request for a declaration of invalidity of the registered mark for all the above goods and services.
- 4 The grounds of the request for a declaration of invalidity were those laid down in Article 60(1)(b) EUTMR in connection with Article 8(3) EUTMR.
- 5 The request for a declaration of invalidity was based on the non-registered trade mark 'SCIO' protected in Hungary, Germany, Bulgaria, Belgium, Austria, Cyprus, Denmark, Greece, Spain, Finland, France, United-Kingdom, Italy, Netherlands, Portugal, Romania and Sweden in relation to the following goods and services: scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment, computers; computer software; fire-extinguishing apparatus. medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

- 6 By decision of 16 April 2019 ('the contested decision'), the Cancellation Division rejected the request for a declaration of invalidity in its entirety. It gave, in particular, the following grounds for its decision:
- The cancellation applicant argued that it is using the name 'SCIO' in the course of trade since 2002 and that it is protected as a non-registered trade mark and well-known trade mark within the meaning of Article 6bis of the Paris Convention in various European countries, namely Hungary, Germany, Bulgaria, Belgium, Austria, Cyprus, Denmark, Greece, Spain, Finland, France, United-Kingdom, Italy, Netherlands, Portugal, Romania and Sweden. It further argued that the EUTM proprietor was one of its agents due to their commercial relationship and that the contested mark was filed by the proprietor without his consent.
 - The EUTM proprietor filed observations and replied to all the arguments submitted by the cancellation applicant.

Scope of application of Article 8(3): existence of an earlier trade mark

- The cancellation applicant did not submit any information on the legal protection granted to the non-registered mark invoked, or the conditions to be fulfilled for its acquisition under the laws of any of the Member States mentioned in the cancellation notice. Consequently, the cancellation applicant failed to establish the existence of an earlier trade mark within the meaning of Article 8(3) EUTMR, that is, the earlier non-registered trade mark 'SCIO'. The application is not well founded under Article 8(3) EUTMR.
- 7 On 14 June 2019, the cancellation applicant filed an appeal against the contested decision, requesting that the decision be entirely set aside. The statement of grounds of the appeal was received on 16 August 2019.
- 8 In its response received on 3 October 2019, the EUTM proprietor requested that the appeal be dismissed.

Submissions and arguments of the parties

- 9 The arguments raised in the statement of grounds by the cancellation applicant may be summarised as follows:
- While, after a very brief argumentation, the contested decision concludes that the applicant failed to establish the existence of the earlier non-registered trade mark, no conclusion is drawn regarding the substantiation of the well-known trade mark within the meaning of Article 6bis of the Paris Convention, and the contested decision does not contain any arguments in this respect. This means that the contested decision carries no information whether the applicant was successful in establishing the existence of the invoked well-known trade mark.

- The contested decision cannot be interpreted as containing an implicit ruling regarding the well-known trade mark basis. According to the rather laconic reasoning in respect of the non-registered trade mark, the cancellation applicant did not submit any information on the legal protection granted to the non-registered trade mark invoked, making reference to Article 7(2)(d) EUTMDR. Even if the contested decision had been true and correct in this respect (which is not the case), the invoked well-known trade mark should nevertheless have been examined separately. In case of well-known trade marks within meaning of Article 6bis of the Paris Convention, Article 7(2)(b) EUTMDR applies.
- The contested decision (i) does not provide a full and precise statement of reasons, (ii) does not include a decisive set of facts, or (iii) does not contain any reference to the evidence filed by the parties. Consequently, the contested decision lacks adequate reasoning. It is practically non-existent.
- The contested decision is also unintelligible and cannot therefore be effectively challenged. In order for a party to understand the basis and the reasons of a decision, the decision must set forth at least the facts, evidence and legal grounds on which it is based.
- The contested decision fails to mention the assignment of the earlier marks. As a result of this ‘silence’, it cannot be followed whether the Cancellation Division did not even realize that there had been an assignment although each submission on the applicant's side was filed in the name of the assignee (QX WORLD); OR the Cancellation Division realised the assignment but held it not to have been properly supported by evidence; OR the Cancellation Division accepted the supporting evidence but held the assignment to be invalid for any reason; OR the Cancellation Division accepted the assignment as valid but still disregarded it for any reason.
- The contested decision should contain a full, precise and clear statement in this respect otherwise its basis cannot be understood, and cannot be effectively challenged.
- The contested decision fails to mention the assignment of the earlier trade marks. As a result of this ‘silence’ it cannot be followed whether the Cancellation Division did not even realize that there had been an assignment, although each submission on the cancellation applicant's side was filed in the name of the assignee (QX WORLD); or b) the Cancellation Division realized the assignment but held it not to have been properly supported by evidence; or c) the Cancellation Division accepted the supporting evidence but held the assignment to be invalid for any reason; or d) the Cancellation Division accepted the assignment as valid but still disregarded it for any reason.
- The contested decision should contain a full, precise and clear statement in this respect, otherwise its basis cannot be understood and cannot be effectively challenged.

- The existence of the well-known trade mark invoked should have been given a separate and independent analysis since its existence is subject to different conditions and criterion, and, in this respect, the applicant is not required to prove the content of the laws of any Member State in this respect. On the other hand, the contested decision failed to carry out said analysis and did not state any reason for failing to do so.
 - The contested decision fails to provide full and precise statement of reasons, it lacks adequate reasoning, the basis of the contested decision cannot be understood, and it cannot be effectively challenged as to its merits.
 - Therefore, the contested decision is in infringement of an essential procedural requirement and must be annulled in its entirety.
- 10 The arguments raised in reply to the appeal by the EUTM proprietor may be summarised as follows:
- The contested decision has cited the correct rights and provided a clear basis for the rejection of the application.
 - The substantiation failed to comprise any evidence that would support the existence of a nonregistered earlier trade mark belonging to the original applicant. The essence of the rejection of the application was that the Cancellation Division could not see any such earlier non registered trade mark owned by the applicant, i.e. Mr Nelson.
 - The cancellation applicant has not relied on any reference in the over 500 pages long documentation of the present proceeding, which would have included any reference to the national rights in the countries where the alleged earlier use would have been qualified as a non-registered trade mark of the original applicant, or even that such mark could have been regarded as well-known in view of the Paris Convention.
 - Non-registered trade marks represent a specific legal category, namely the use in commerce of a designation by an entity with a substantial volume and through a longer period of time might create an association in the mind of the relevant segment of consumers between the company, the products and the designation. There is no pure definition for a non-registered trade mark, and the legal practice that is considered as a non-registered trade mark varies from country to country.
 - In a cancellation application the burden of proving the existence of the earlier rights belongs to the cancellation applicant and such was not provided in connection with any of the countries in which the application indicated the existence of such rights.
 - If the existence of non-registered marks is not proven, then it is a major question whether such (non-existing) rights can be assigned at all. Furthermore, as in case of non-registered trade marks, there is no competent office or place where such assignment of rights could be filed or registered,

the existence of such an assignment as a legal act is more than doubtful and raises several questions.

- The first and most important question to be decided lies in whether there were non-registered earlier rights at all. If such rights did not exist, then one cannot speak about the assignment of such non-existent rights and all procedural issues which were cited in the alleged substantiation.
- The EUTM proprietor is of the view that there was no earlier use at all by anyone other than the EUTM Proprietor, thus no non-registered trade mark existed, the assignment of such non existing non registered trade marks rights was invalid from the beginning, and the cancellation applicant has not submitted any evidence on the existence of such rights in support of the appeal.

Reasons

- 11 All references made in this decision should be seen as references to the EUTMR (EU) No 2017/1001 (OJ 2017 L 154, p. 1), codifying Regulation (EC) No 207/2009 as amended, unless specifically stated otherwise in this decision.
- 12 The appeal complies with Articles 66, 67 and Article 68(1) EUTMR. It is admissible.

Scope of the invalidity action

- 13 The Board of Appeal notes that the invalidity action should be understood as being based on solely the grounds of Article 60(1)(b) EUTMR in conjunction with Article 8(3) EUTMR, which is the ground being clearly and exclusively cited in the application for declaration of invalidity and in the introductory statement to that action, which was filed on 6 November 2017.
- 14 At a later stage, the cancellation applicant mentioned that its earlier non-registered trade mark is well-known. However, the cancellation applicant's action is not based on Article 60(1)(a) EUTMR in conjunction with Article 8(5) EUTMR, nor on Article 60(1)(a) EUTMR in conjunction with Article 6bis of the Paris Convention and Article 8(2)(c) EUTMR. The Board notes that new grounds cannot be added in the course of the opposition proceedings or subsequent appeal proceedings (08/06/2018, T-456/17, Djili soy original (fig.) / DJILI, EU:T:2018:342, § 43 ; 11/03/2008, R 920/2007-2, 'HATTERS HILL/HILL', § 17).
- 15 Therefore, the action based on those provisions is to be rejected.

Unauthorised filing by an agent or representative of the trade mark owner – Article 60(1)(b) EUTMR in connection with Article 8(3) EUTMR

- 16 According to Article 60(1)(b) EUTMR, an EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in

infringement proceedings, where there is a trade mark as referred to in Article 8(3) EUTMR and the conditions set out in that paragraph are fulfilled.

- 17 According to Article 8(3) EUTMR upon opposition by the proprietor of the trade mark, a trade mark shall not be registered where an agent or representative of the proprietor of the trade mark applies for registration thereof in his own name without the proprietor's consent, unless the agent or representative justifies his action.
- 18 It is apparent from the wording of Article 8(3) EUTMR that, for an opposition to succeed on that basis, the following conditions need to be met necessary (13/04/2011, T-262/09, First Defense Aerosol Pepper Projector, EU:T:2011:171, § 61):
 - (1) For the opposing party to be the proprietor of the earlier mark;
 - (2) For the applicant of the mark to be or to have been the agent or representative of the proprietor of the mark;
 - (3) For the application to have been filed in the name of the agent or representative without the proprietor's consent and without there being legitimate reasons to justify the agent's or representative's action; and
 - (4) For the application to relate in essence to identical or similar signs and goods
- 19 These conditions are cumulative. Therefore, where one of the conditions is not satisfied, the invalidity application based on Article 8(3) EUTMR cannot succeed. It therefore needs to be examined whether the conditions required by Article 60 EUTMR in conjunction with Article 8(3) EUTMR have been met in the present case.
- 20 Article 8(3) EUTMR has its origin in Article 6septies of the Paris Convention (PC), which was introduced into the convention by the Revision Conference of Lisbon in 1958. The protection it affords to earlier trade mark proprietors consists of the right to prevent, cancel, or claim as their own unauthorised registrations of their marks by their agents or representatives, and to prohibit use thereof, where the agent or representative cannot justify its acts.
- 21 Article 8(3) EUTMR implements this provision only to the extent it gives the rightful proprietor the right to oppose applications filed without its authorisation. The other elements of Article 6septies of the PC are implemented by Articles 13, 21 and Article 60(1)(b) EUTMR. Article 60(1)(b) EUTMR gives the proprietor the right to cancel unauthorised registrations, whereas Articles 13 and 21 EUTMR enable the proprietor to prohibit the use thereof and/or to request the transfer of the registration to its own name.
- 22 The unauthorised filing of the proprietor's trade mark by its agent or representative is contrary to the general obligation of trust underlying commercial cooperation agreements of this type. Such a misappropriation of the proprietor's mark is particularly harmful to its commercial interests, as the applicant may

exploit the knowledge and experience acquired during its business relationship with the proprietor and, thus, improperly benefit from the proprietor's effort and investment (06/09/2006, T-6/05, First Defense Aerosol Pepper Projector, EU:T:2006:241, § 38).

- 23 Therefore, the purpose of Article 8(3) EUTMR is to safeguard the legitimate interests of trade mark proprietors against the arbitrary appropriation of their trade marks by granting them the right to prohibit registrations by agents or representatives that are applied for without their consent.
- 24 To succeed under Article 8(3) EUTMR, the cancellation applicant has to establish that it is the proprietor of an earlier trade mark within the meaning of Article 8(3) EUTMR.
- 25 It is the cancellation applicant who has, in principle, to prove that the abovementioned requirements are met, except for the existence of consent, which has to be proven by the EUTM proprietor (see in that regard 09/07/2014, T-184/12, Heatstrip, EU:T:2014:621, § 57).
- 26 As regards the first condition, concerning the ownership of the earlier trade mark cited, it should be highlighted that even non-registered trade marks are covered by the concept of 'trade mark' as set out in Article 8(3) EUTMR, but only to the extent that the national laws of the country of origin acknowledge rights of that type (inter alia, 08/05/2015, R 676/2014-2, TORNADO (fig)/TORNADO (fig.), § 46-48).
- 27 Unregistered marks or well-known marks within the meaning of Article 6bis PC also fall within the term 'trade marks' within the sense of Article 8(3) EUTMR. Consequently, both registered and unregistered trade marks are covered by this provision, to the extent, of course, that the law of the country of origin recognises rights of the latter kind.
- 28 The cancellation applicant claims to be the owner of the sign 'SCIO' as a non-registered mark in Hungary, Germany, Bulgaria, Belgium, Austria, Cyprus, Denmark, Greece, Spain, Finland, France, United-Kingdom, Italy, Netherlands, Portugal, Romania and Sweden, on which it based its application for a declaration of invalidity.
- 29 Only the law of the Member State which governs the sign relied on can determine whether that sign predates the EU trade mark and whether it can justify a prohibition of the use of a subsequent trade mark (03/2009, T-318/06 to T-321/06, General Optica, EU:T:2009:77, § 34). In accordance with Article 95(1) EUTMR, the Office will examine the facts of its own motion in proceedings before it; however, in proceeding relating to relative grounds for refusal of registration, the Office will restrict this examination to the facts, evidence and arguments submitted by the parties and the relief sought. Thus, the burden of proving that that condition is met lies with the opponent before EUIPO (29/03/2011, C-96/09 P, Bud, EU:C:2011:189, § 189).

Substantiation of the earlier non-registered trade mark 'SCIO' in Hungary, Germany, Bulgaria, Belgium, Austria, Cyprus, Denmark, Greece, Spain, Finland, France, United-Kingdom, Italy, Netherlands, Portugal, Romania and Sweden.

- 30 Insofar as the cancellation applicant relies on the sign 'SCIO' as a non-registered mark in Hungary, Germany, Bulgaria, Belgium, Austria, Cyprus, Denmark, Greece, Spain, Finland, France, United Kingdom, Italy, Netherlands, Portugal, Romania and Sweden, it is the cancellation applicant's duty to adduce proof of the content of the legislation of those States.
- 31 In this respect, the Board agrees with the contested decision that the principles set out in settled case-law as regards Article 8(4) EUTMR should be applied, *mutatis mutandis*, even when a trade mark within the meaning of Article 8(3) EUTMR has been invoked. Indeed, in acknowledging that non-registered trade marks may also be cited by virtue of that provision, the reference to the law governing the trade mark relied on is entirely justified, given that the EUTMR makes it possible for trade marks which fall outside the EU trade mark system to be relied on against an EU trade mark. Therefore, only the law which governs the trade mark relied on can determine whether that trade mark can justify a prohibition of the use of a subsequent trade mark. In accordance with Article 95(1) EUTMR, the burden of proving that that condition is met lies with the cancellation applicant (15/12/2017, R 3111/2014-1, K (FIGURATIVE MARK)); and by way of analogy, 29/06/2016, T-727/14, *Animal*, EU:T:2016:372, § 24, and the case-law cited therein; 12/10/2017, T-317/16, *SDC-888TII RU / SDC-888TII RU*, EU:T:2017:718, § 40).
- 32 However, the cancellation applicant has not provided any proof whatsoever of the applicable national legislation and has not even made the slightest reference to the relevant national laws that purportedly gave it rights over the cited non-registered trade mark, nor has it provided any information about the prerequisites which govern the acquisition of and scope of protection of the cited earlier right at national level.
- 33 With regard to the application of Article 8(4)(b) EUTMR, regard must be had, in particular, to the national rules relied on and to the judicial decisions delivered in the Member State concerned. On that basis, the opponent must establish that the sign in question falls within the scope of the law of the Member State relied on and that it allows use of a subsequent mark to be prohibited (29/03/2011, C-96/09 P, *Bud*, EU:C:2011:189, § 190).
- 34 As already stated, only the law of the Member State which governs the sign relied on can determine whether that sign predates the EU trade mark and whether it can justify a prohibition of the use of a subsequent trade mark (03/2009, T-318/06 to T-321/06, *General Optica*, EU:T:2009:77, § 34). In accordance with Article 95(1) EUTMR, the Office will examine the facts of its own motion in proceedings before it; however, in proceeding relating to relative grounds for refusal of registration, the Office will restrict this examination to the facts, evidence and arguments submitted by the parties and the relief sought. Thus, the burden of proving that that condition is met lies with the opponent before EUIPO (29/03/2011, C-96/09 P, *Bud*, EU:C:2011:189, § 189; by way of analogy,

29/06/2016, T-727/14, Animal, EU:T:2016:372, § 24, and the case-law cited therein; 12/10/2017, T-317/16, SDC-888TII RU / SDC-888TII RU, EU:T:2017:718, § 40).

- 35 Further, as the General Court has held, it should be observed in this regard that the elements of national law which the applicant must produce must enable EUIPO to identify correctly and unequivocally the applicable law. That information about the applicable legislation must enable EUIPO to understand and apply the content of that legislation, the conditions for obtaining the protection and the scope thereof, and enable the applicant to exercise his rights of defence (29/06/2016, T-567/14, GROUP Company TOURISM & TRAVEL (fig.) / GROUP Company TOURISM & TRAVEL (fig.), EU:T:2016:371, § 70).
- 36 It follows that the applicant, by not making any reference whatsoever to the relevant national laws nor submitting any proof in relation to the applicable national legislation, has failed to meet the burden of proof placed on it, which required it to indicate and clarify the legal and case-law principles to be applied in order to establish whether or not the cited trade mark could, in such countries, be granted the level of protection conferred to unregistered trade marks.
- 37 Therefore, the contested decision correctly concluded that the cancellation applicant had not sufficiently substantiated its earlier non-registered trade marks and given that the conditions listed above are cumulative, the invalidity action based on the ground set out in Article 60(1)(b) EUTMR in conjunction with Article 8(3) EUTMR must therefore be rejected, as was correctly ruled in the contested decision.
- 38 In light of the above, the application for a declaration of invalidity is rejected.
- 39 The contested decision is confirmed.

Costs

- 40 Pursuant to Article 109(1) EUTMR and Article 18 EUTMIR, the cancellation applicant, as the losing party, must bear the EUTM proprietor's costs of the appeal proceedings.
- 41 These consist of the EUTM proprietor's costs of professional representation of EUR 550.
- 42 As to the cancellation proceedings, the Cancellation Division ordered the cancellation applicant to bear the EUTM proprietor's representation costs which were fixed at EUR 450. This decision remains unaffected. The total amount for both proceedings is, therefore, EUR 1 000.

Order

On those grounds,

THE BOARD

hereby:

- 1. Dismisses the appeal;**
- 2. Orders the cancellation applicant to pay EUR 550 for the EUTM proprietor's costs in the appeal proceedings. The total amount to be paid by the cancellation applicant in the appeal and cancellation proceedings is EUR 1 000.**

Signed

G. Humphreys

Signed

C. Govers

Signed

V. Melgar

Registrar:

Signed

p.o. P. Nafz

