

European Union - Dr. Helen Papaconstantinou, John Filias and Associates

In *Tilda Riceland Private Ltd v Office for Harmonisation in the Internal Market* (OHIM) (Case T-304/09, January 18 2012), the General Court has clarified how Article 8(4) of the Community Trademark Regulation (40/94), now the Community Trademark Regulation (207/2009), is to be interpreted and applied.

In November 2003 Siam Grains Co Ltd, established in Thailand, filed a Community trademark application for the following figurative sign covering "long rice" in Class 30 of the Nice Classification:



In December 2004 United Riceland Private Ltd, now Tilda Riceland Private Ltd (established in India), opposed the registration of the mark on the basis of its prior unregistered trademark BASMATI, used in the course of trade for rice. Tilda asserted that it was entitled, under the applicable UK law, to prevent use of the opposed trademark by means of an action for passing off.

The Opposition Division of OHIM rejected the opposition on the grounds that Tilda had not proved that it had acquired the goodwill necessary to succeed under the UK law of passing off.

Tilda appealed, but the First Board of Appeal of OHIM dismissed the appeal, holding that:

- Tilda had not shown that it was the proprietor of the right relied on; the term 'Basmati' was only the common designation of a variety of rice;
- the term 'Basmati' was generic; and
- the property protected by an action for passing off does not relate to the sign at issue, but to the 'goodwill'.

Tilda appealed to the General Court, claiming that the Board of Appeal had infringed Article 8(4) of the regulation. Tilda alleged that the board had erred in:

- attempting to impose a “Community concept of 'proprietaryship'” of the earlier mark relied on, based on a literal reading of Article 8(4);
- making a distinction between the “extended” form of passing off in the United Kingdom and Article 8(4) which, according to the board, must refer to a single right held by a single trader;
- requiring that Tilda prove that it was the owner of the earlier sign in addition to showing ownership of an intangible right; and
- finding that the term 'Basmati' was generic.

With regard to the first and fourth grounds, OHIM alleged that the signs covered by Article 8(4) of the regulation should satisfy “uniform European criteria”. It pointed out that the BASMATI mark was not capable of identifying the origin of the goods that it covered and, therefore, could not constitute a right within the meaning of Article 8(4). Regarding the second and third grounds, OHIM alleged that the board had been correct in rejecting the appeal on the grounds that the term 'Basmati' did not constitute a right within the meaning of Article 8(4) without it being necessary to examine the requirements of national law.

The General Court held that the Board of Appeal had rejected the opposition on the sole ground that Tilda had failed to prove that it was the owner of the sign BASMATI, and not on the ground that the sign in itself could not form the basis of an opposition within the meaning of Article 8(4).

The General Court first stressed that the board had taken the position that Tilda had to prove that it “formally” owned the sign Basmati. However, although the requirement that an opponent be the owner of the sign relied on involves proving the acquisition of rights over that sign, Article 8(4) does not specify the form which the acquisition should take. The General Court thus held that the restrictive approach of the board was in contradiction with the fact – also mentioned by OHIM in its pleadings – that the signs within the meaning of Article 8(4) are most often based on use rather than registration.

Further, the General Court pointed out that the national law invoked in the opposition should necessarily be taken into account upon assessing whether an opponent has acquired rights over a unregistered trademark or sign used in the

course of trade and, accordingly, whether it is the proprietor of the mark or sign within the meaning of Article 8(4). The relevant national law will define the procedures for acquiring rights over the sign relied upon in an opposition. This position was also supported by the fact that an annex to the OHIM Guidelines relating opposition proceedings before OHIM specified the nature of the “national rights” concerned, as well as the procedures for their acquisition. In the case of the United Kingdom, it covers unregistered trademarks and signs used in the course of trade “protected by any rule of law, including that of passing off”.

With regard to OHIM's claim that “not all the earlier rights can be invoked within the context of Article 8(4)”, the General Court held that this did not necessarily mean that Basmati was excluded *a priori* from the signs falling within the scope of that provision, or that the national law was irrelevant in this case for determining the procedures for acquiring rights over the sign relied on.

The General Court then held that, according to the relevant national law of the United Kingdom within the context of an action for passing off, the status of proprietor of an earlier right could not be defined independently, as the Board of Appeal did in the contested decision, without taking into account the opponent's ability to prevent the use of a trademark. This conclusion was not altered by the fact that the property protected by an action for passing off does not relate to a word or a name which third parties are prevented from using, but to the customer base which is undermined by the use in question. The fact that the opponent is formally the owner only of the customer base that is undermined does not necessarily mean that it has not acquired rights over the sign relied on - rights that enable it to prevent the use of a subsequent trademark. The General Court stressed that, within the context of an action for passing off:

- it is the sign used to designate goods or services which acquires a reputation on the market; and
- it is the use of the sign concerned which enables a natural or legal person to be the “proprietor of an earlier right” within the meaning of the law applicable in the United Kingdom.

Finally, the General Court held that the fact relied on by the Board of Appeal - namely, that the sign BASMATI was not a trademark - did not mean that Tilda had not acquired rights over that sign for the purposes of Article 8(4) read in the light of the applicable UK law. Regarding the board's conclusion that the term 'basmati'

was generic, the General Court commented that, pursuant to national case law, a sign used to designate goods or services may have acquired a reputation on the market for the purposes of the law applicable to an action for passing off, even though it originally had a descriptive character or is devoid of distinctive character. Moreover, a sign used to designate goods or services may have acquired a reputation on the market for the purposes of the law applicable to an action for passing off, even though it is used by several traders in the course of business. The court pointed out that this “extended” form of the action for passing off recognised by national case law enables several traders to have rights over a sign which has acquired a reputation on the market. The court thus stressed that the fact relied on by the board was not capable of putting into question that the opponent may have acquired rights over the sign in question.

Consequently, the General Court found that the Board of Appeal had erred in rejecting the opposition on the grounds that Tilda had not proved that it was proprietor of the sign, without analysing specifically whether it had acquired rights over that sign in accordance with the law of the United Kingdom. It thus annulled the board's decision.

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