



## Reports of Cases

JUDGMENT OF THE GENERAL COURT (Eighth Chamber)

1 February 2012 \*

(Community trade mark — Invalidity proceedings — Figurative Community mark Pollo Tropical CHICKEN ON THE GRILL — Absolute grounds for refusal — No bad faith — Article 52(1)(b) of Regulation (EC) No 207/2009)

In Case T-291/09,

**Carrols Corp.**, established in Dover, Delaware (United States), represented by I. Temiño Cenicerros, lawyer,

applicant,

v

**Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)**, represented by J. Crespo Carrillo, acting as Agent,

defendant,

the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being

**Giulio Gambettola**, residing in Los Realejos (Spain), represented by F. Brandolini Kujman, lawyer,

ACTION brought against the decision of the First Board of Appeal of OHIM of 7 May 2009 (Case R 632/2008-1), relating to invalidity proceedings between Carrols Corp. and Mr Giulio Gambettola,

THE GENERAL COURT (Eighth Chamber),

composed of L. Truchot, President, M.E. Martins Ribeiro (Rapporteur) and H. Kanninen, Judges,

Registrar: C. Kristensen, Administrator,

having regard to the application lodged at the Registry of the General Court on 27 July 2009,

having regard to the response of OHIM lodged at the Registry on 26 November 2009,

having regard to the response of the intervener lodged at the Registry on 17 November 2009,

further to the hearing on 22 June 2011,

gives the following

\* Language of the case: Spanish.

## Judgment

### Background to the dispute

- 1 On 20 June 1994, the intervener, Mr Giulio Gambettola, filed an application for registration of the following Spanish figurative mark with the Oficina Española de Patentes y Marcas (Spanish Patent and Trade Mark Office) ('the OEPM'):



- 2 That mark was registered on 20 December 1995 under No 1909496.
- 3 On 21 October 1994 Pollo Tropical, Inc., the predecessor in title of the applicant, Carrols Corp., filed two applications for registration with the OEPM, the first relating to word mark No 1927280 POLLO TROPICAL and the second concerning figurative mark No 1927282 Pollo Tropical CHICKEN ON THE GRILL, relying on the following American mark, for which registration had been applied on 25 April 1994 and effected in the United States under reference US 74516740 on 19 August 1997:



- 4 Those applications were refused on 22 January 1996 by the OEPM due to the opposition lodged by the intervener on the basis of the abovementioned Spanish mark No 1909496.
- 5 On 9 June 2000 the applicant obtained registration, under No 2201552, of United Kingdom figurative mark Pollo Tropical CHICKEN ON THE GRILL, which had been applied for on 30 June 1999 for services for providing food and drink under Class 42 and presented as follows:



- 6 The applicant also obtained, on 19 June 2000, registration under No 2201543 of United Kingdom word mark POLLO TROPICAL, which had been applied for on 30 June 1999 for services for providing food and drink under Class 42.
- 7 On 22 November 2002, the intervener filed an application for registration of a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended (replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1)).

8 The trade mark in respect of which registration was sought is the figurative sign reproduced below:



9 The goods and services in respect of which registration was sought are in Classes 25, 41 and 43 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, and correspond, for each of those classes, to the following description:

- Class 25: ‘Clothing, footwear, headgear’;
- Class 41: ‘Discotheques’;
- Class 43: ‘Services for providing food and drink’.

10 The Community trade mark application was published in *Community Trade Marks Bulletin* No 75/2003 of 29 September 2003. The mark was registered on 21 April 2004.

11 On 22 January 2007, the applicant lodged an application with OHIM for a declaration of invalidity of the Community mark, relying, first, on the existence of a likelihood of confusion in the United Kingdom, where it holds the registration for two marks having priority, under Article 52(1)(a) of Regulation No 40/94 (now Article 53(1)(a) of Regulation No 207/2009) and, second, the fact that the application for registration had been made in bad faith by the intervener, under Article 51(1)(b) of Regulation No 40/94 (now Article 52(1)(b) of Regulation No 207/2009).

12 The application for a declaration of invalidity was based, as regards the ground set out in Article 52(1)(a) of Regulation No 40/94, on the two United Kingdom marks referred to in paragraphs 5 and 6 above.

13 Regarding the ground of invalidity referred to in Article 51(1)(b) of Regulation No 40/94, the application for a declaration of invalidity was based inter alia on the American figurative mark registered under reference US 74516740 as referred to in paragraph 3 above.

14 The application for a declaration of invalidity was directed against all the goods and services covered by the mark at issue.

15 By decision of 17 March 2008, the Cancellation Division rejected the application for a declaration of invalidity. As the application was based on Article 52(1)(a) of Regulation No 40/94, the Cancellation Division rejected it on the ground that the applicant had not adduced proof of use of the mark in relation to the earlier marks registered in the United Kingdom, following a request of proof of genuine use made by the intervener. As the application was based on Article 51(1)(b) of that same regulation, the Cancellation Division held that the applicant had not made out proof of bad faith on the part of the intervener. The Cancellation Division held that the two-month difference between the date of filing the application for registration of the American mark (25 April 1994) and that of the application for registration of Spanish mark No 1909496 (20 June 1994) ruled out the possibility of bad faith. The Cancellation Division further held that there was a continuity or ‘commercial trajectory’ uniting the intervener’s Spanish and Community marks, which was why the date of filing the registration application for the Spanish mark had been taken into consideration. In the view of the Cancellation Division, the fact that the applicant’s American mark was well known on the American market in the United States between 1991 and 1994 and between 1994 and 2002, and that that fact

was brought to the intervener's attention, had not been proven. The email correspondence between the two parties in 2006, in which the intervener fixed the sale price of the Community mark, was not conclusive proof of its bad faith. Lastly, the Cancellation Division considered that the fact that the marks were identical and related to the same scope of application did not establish bad faith.

- 16 On 17 April 2008 the applicant filed a notice of appeal at OHIM, pursuant to Articles 57 to 62 of Regulation No 40/94 (now Articles 58 to 64 of Regulation No 207/2009), against the decision of the Cancellation Division.
- 17 By decision of 7 May 2009 ('the contested decision'), the First Board of Appeal of OHIM dismissed the action. The Board of Appeal first upheld the Cancellation Division's findings to the effect that the applicant had not made out proof of use of the earlier marks registered in the United Kingdom. Second, it held that the intervener's alleged bad faith under Article 52(1)(b) of Regulation No 207/2009 had not been established by the applicant. The Board of Appeal added that the existence of bad faith on the part of the holder had to be established at the time of filing of the application for a Community mark, on 22 November 2002, with the result that any bad faith on the part of the holder at the time of the application for registration in Spain could not be taken into consideration. The Board of Appeal found, in essence, that none of the factors relied on by the applicant established bad faith on the part of the intervener.
- 18 Thus, the Board of Appeal held, first, that no evidence had been adduced showing that the intervener had been aware of the applicant's commercial activities in the United States. The Board of Appeal further found that the filing of the application for a Community trade mark by the intervener was merely a normal and foreseeable step in his restaurant-sector activities, as he had started a commercial activity in that sector in the early 1990s, had commenced a series of procedures in 1994 indicating his intention to launch commercial activities in a Member State and, eight years later, had sought protection at European Union level. The Board of Appeal accordingly concluded that it could not find bad faith on the part of the intervener at the time of filing of the application for a Community trade mark, that is, that the intervener was aware that its actions were prejudicial to the applicant.
- 19 Second, the Board of Appeal found that that conclusion was not affected by the alleged well-known character of the applicant's mark Pollo Tropical CHICKEN ON THE GRILL, as that well-known character had not been established.
- 20 The Board of Appeal observed that the application for a Community trade mark had been published on 29 September 2003 and that registration had been established on 28 June 2004. Yet the applicant had lodged the application for a declaration of invalidity on 22 January 2007, that is, two and a half years after the publication of registration, without indicating in its grounds of action the reasons why it had waited so long to lodge the application for a declaration of invalidity.
- 21 Third, the Board of Appeal held, in respect of the intervener's repeated requests for financial compensation of up to USD 5 million, that the applicant had not proven that the intervener had acted in a fraudulent and speculative manner at the time of the application for a Community trade mark.
- 22 The Board of Appeal observed in that regard, first, that the application for a Community trade mark filed in 2002 had merely been the logical consequence at international level of the use of the mark in Spain and, second, that there was no direct or indirect relationship between the parties to the dispute which might have given rise to the fraudulent appropriation of the applicant's mark nor any evidence establishing that the intervener had decided to make use of the alleged well-known character of the applicant's mark in November 2002, and accordingly held that, in the absence of evidence to the contrary, the financial compensation for the transfer of the Community mark fell within the scope of market freedom.

- 23 Fourth, regarding the identical nature of the signs and services at issue, coming under Class 42, the Board of Appeal held that the intervener's bad faith could not be presumed.
- 24 Fifth, regarding the applicant's allegation that the intervener had unlawfully appropriated its distinctive sign, the Board of Appeal held that it was probable that the applicant was asserting ownership of the Community trade mark rather than invalidity, but that such an action could be brought only before the national courts, unless one of the scenarios referred to in Article 18 of Regulation No 207/2009 was involved.

### **Procedure and forms of order sought**

- 25 The applicant claims that the Court should:
- declare the present action and its annexes admissible;
  - annul the decision of the Board of Appeal in so far as it did not declare the mark at issue invalid under Article 52(1)(b) of Regulation No 207/2009;
  - order OHIM to pay the costs.
- 26 OHIM contends that the Court should:
- dismiss the action;
  - order the applicant to pay the costs.
- 27 The intervener contends that the Court should:
- take formal note of its response with all annexes and corresponding copies;
  - allow the evidence submitted;
  - dismiss the action brought against the contested decision and uphold that decision;
  - order the applicant to pay the costs.

### **Law**

#### *Admissibility of the annexes adduced before the Court by the applicant and by the intervener*

- 28 The applicant asks the Court to declare the present action and its annexes admissible. The intervener, in asking the Court to take formal note of all the annexes to its response, also asks, in essence, that they be declared admissible.
- 29 At the hearing, however, in response to a question from the Court, both OHIM and the intervener raised the issue of inadmissibility of Annex 5 to the application, which comprises, first, a copy of the new pages of the intervener's website and, second, a declaration of a 'notario' concerning the intervener's use of the Spanish mark registered under No 1909496, on the ground that that annex had not been tendered in evidence during the administrative procedure before OHIM.

- 30 In that regard, it should be borne in mind that the purpose of an action before the Court is to review the legality of decisions of the Boards of Appeal of OHIM within the meaning of Article 65 of Regulation No 207/2009. It is therefore not the Court's function to re-evaluate the factual circumstances in the light of evidence which has been adduced for the first time before it (Case T-128/01 *DaimlerChrysler v OHIM (Grille)* [2003] ECR II-701, paragraph 18; Case T-407/08 *MIP Metro v OHIM - CBT Comunicación Multimedia (Metromeet)* [2010] ECR I-2781, paragraph 16; see also, to that effect, Case C-16/06 P *Les Éditions Albert René v OHIM* [2008] ECR I-10053, paragraph 144).
- 31 It follows from the case-law referred to in paragraph 30 above that only evidence which was adduced in the administrative procedure before OHIM is admissible.
- 32 As the applicant acknowledged at the hearing, Annex 5 to the application was not submitted in the course of the administrative procedure before OHIM and must accordingly be declared inadmissible.
- 33 It should further be noted that, in Annex 15 to his response, the intervener included a judgment of the Audiencia Provincial de Las Palmas de Gran Canaria (Provincial Court, Las Palmas de Gran Canaria, Spain) of 18 September 2009 (and therefore subsequent to the contested decision), upholding the judgment of the Juzgado de lo Mercantil n° 1 de Las Palmas de Gran Canaria (Commercial Court No 1, Las Palmas de Gran Canaria) of 24 April 2008 dismissing the application for a declaration of invalidity brought by the applicant against the intervener's Spanish mark registered under No 1909496.
- 34 In the case-law national legal decisions, even when they have not been relied on in the procedure before OHIM, have been declared admissible (see Case T-346/04 *Sadas v OHIM - LTJ Diffusion (ARTHUR ET FELICIE)* [2005] ECR II-4891, paragraph 20; Case T-29/04 *Castellblanch v OHIM - Champagne Roederer (CRISTAL CASTELLBLANCH)* [2005] ECR II-5309, paragraph 16; and Case T-277/04 *Vitakraft-Werke Wührmann v OHIM - Johnson's Veterinary Products (VITACOAT)* [2006] ECR II-2211, paragraphs 69 to 71).
- 35 As held in paragraph 71 of *VITACOAT*, paragraph 34 above, neither the parties nor the Court itself can be precluded from drawing on European Union, national or international case-law for the purposes of interpreting European Union law. It follows that the parties must have the possibility of referring to national judgments for the first time before the Court where the plea is not that the Board of Appeal failed to take the factual aspects of a specific national judgment into account but that it infringed a provision of Regulation No 207/2009, with case-law cited in support of that plea.
- 36 In the light of those considerations, Annex 15 to the intervener's response is admissible.
- 37 In respect of the other annexes referred to in paragraph 28 above, it must be observed that, in the absence of reasons relied on by the applicant and the intervener in support of their production at the stage of the action before the General Court and taking account of the case-law referred to in paragraph 30 above, they must be held to be inadmissible because they were not lodged with the case-file before OHIM (see, to that effect, judgment of 25 March 2009 in Case T-21/07 *L'Oréal v OHIM — Spa Monopole (SPALINE)*, not published in the ECR, paragraph 14).

### *Substance*

- 38 The applicant relies on a single plea in law, alleging infringement of Article 52(1)(b) of Regulation No 207/2009, on the ground that the intervener was acting in bad faith when the application for a Community trade mark was filed.

- 39 In support of its application for annulment of the contested decision, the applicant submits, first, that the Board of Appeal incorrectly made assumptions to find that the Community trade mark was justified as it was the ‘normal development’ of the expansion of the intervener’s activities, thereby supposing that there was an intention to use the mark, which contradicts the following evidence: the intervener’s attempt on several occasions since 2005 to sell his rights to the applicant for exorbitant amounts, the possession of a single pizzeria in a village on the Canary Islands (Spain), which has been in the same condition since 1990 and operating under the sign Pizzeria Giulio; the lack of a legally appropriate structure to extend or make a business international; the total failure to open a satellite establishment in 20 years; and the creation of a fictitious use of the mark Pollo Tropical CHICKEN ON THE GRILL under the domain name ‘www.pollotropicaleuropa.com’.
- 40 Second, the applicant observes that the finding of an alleged lack of evidence as to the previous awareness of the American mark registered under reference US 74516740 prevents its expanded use in the European Union, in that, whilst it owns over 100 establishments in over 10 countries, that expansion is prevented by the exclusive right granted to the intervener.
- 41 Third, it would be inaccurate to assert, as does the Board of Appeal in paragraph 33 of the contested decision, that there was no competitive relationship between the two parties to the administrative procedure before OHIM, whereas such a relationship did exist in 1994, when the applicant’s applications for Spanish trade marks Nos 1927280 and 1927282 were rejected due to the registration of the intervener’s trade mark No 1909496, filed two months previously.
- 42 Fourth, the applicant argues that it is necessary, for the purposes of determining whether or not the intervener is in bad faith, to consider the following factors: the absolute identical nature of the multicoloured signs; the time that lapsed between the applicant’s application in the United States (American figurative mark registered under reference US 74516740, application filed on 25 April 1994 and first use dating back to 13 September 1991) and the application for the Spanish figurative mark registered under No 1909496, filed by the intervener on 20 June 1994; the well-known character of the American mark in the restaurant sector; the existence of the earlier relationship between the applicant and the intervener; and the intervener’s claim for exorbitant financial compensation.
- 43 It should be observed, as a preliminary point, that Article 52(1)(b) of Regulation No 207/2009 provides that a Community trade mark is to be declared invalid on application to OHIM or on the basis of a counterclaim in infringement proceedings, where the applicant was acting in bad faith when he filed the application for the trade mark.
- 44 As observed by Advocate General Sharpston in her Opinion in Case C-529/07 *Chocoladefabriken Lindt & Sprüngli* [2009] ECR I-4893, the concept of ‘bad faith’ referred to in Article 52(1)(b) of Regulation No 207/2009 is not defined, delimited or even described in any way in the legislation.
- 45 The Court of Justice, when asked in a reference for preliminary ruling about the interpretation of that same provision in *Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, provided clarification as to the concept of ‘bad faith’.
- 46 That case concerned infringement proceedings brought by Chocoladefabriken Lindt & Sprüngli AG (‘Lindt’), established in Switzerland, which, in 2000, had become proprietor of a three-dimensional mark representing a gold-coloured chocolate bunny which it had marketed since the 1950s and in Austria since 1994, against one of its competitors, established in Austria, which had marketed a similar sign, also representing a chocolate bunny, since 1962. The latter, by way of counterclaim, sought invalidity of the mark registered by Lindt on the ground that Lindt was acting in bad faith when it filed the application for a Community trade mark. The Court took the view that the situation before it was the situation in which, at the time when the application for registration was filed, several

producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration was sought (*Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, paragraph 36).

- 47 The Court held, first, in paragraph 35 of *Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, that it was apparent from Article 52(1)(b) of Regulation No 207/2009 that the relevant time for determining whether there was bad faith on the part of the applicant is the time of filing the application for registration.
- 48 The Court stated, in paragraph 37 of its judgment, that the issue whether the applicant is acting in bad faith, within the meaning of Article 52(1)(b) of Regulation No 207/2009, must be the subject of an overall assessment, taking into account all the factors relevant to the particular case.
- 49 Next, referring to the factors mentioned in the questions contained in the order for reference, the Court stated, first, in paragraph 39 of *Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, that a presumption of knowledge, by the applicant, of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought could arise inter alia from general knowledge in the economic sector concerned of such use, and that knowledge could be inferred, inter alia, from the duration of such use. The more that use is long-standing, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it.
- 50 Second, it added, in paragraph 40 of *Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, that it nevertheless had to be borne in mind that the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith. As observed in paragraphs 41 and 42 of that judgment, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.
- 51 Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant (*Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, paragraph 43).
- 52 That is in particular the case when the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market (*Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, paragraph 44).
- 53 Third, the Court held that the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith (*Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, paragraph 46). Even in such a case, however, registration of a Community trade mark might not be interpreted as having been made in bad faith, inter alia, where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation (*Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, paragraphs 48 and 49).
- 54 Fourth, the Court held, in paragraph 51 of *Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, that in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the well-known character enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed. According to the Court, the extent of that well-known character might justify the applicant's interest in ensuring a wider legal protection for his sign.

- 55 It is, inter alia, in the light of the foregoing considerations and in so far as they apply to the present case that the lawfulness of the contested decision falls to be assessed, in terms of the Board of Appeal's finding that the intervener was not acting in bad faith at the time the application for a Community trade mark was filed.
- 56 It should be borne in mind, first, that, as is apparent from paragraph 35 of the judgment in *Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, and as correctly observed by the Board of Appeal in paragraph 26 of the contested decision, the time for establishing bad faith on the part of the intervener is the time of filing the application for registration of the Community trade mark, that is, 22 November 2002.
- 57 However, the facts of the present case led the Board of Appeal to examine circumstances prior to that date, since the application for a Community trade mark filed by the intervener followed on the registration of an identical earlier national mark.
- 58 As correctly observed by the Cancellation Division, there is a continuity or 'commercial trajectory' uniting the intervener's marks, which is why the date of filing of the registration application for the Spanish mark must also be taken into consideration.
- 59 Admittedly, the Board of Appeal did not take into consideration the date of filing of the registration application for the earlier national mark, in paragraph 26 of the contested decision, holding that 'the Board of Appeal will not assess whether [the intervener] was acting in bad faith or good faith when filing the applications for trade mark registration in Spain, since not only were they filed eight years ago, but also that is a question for the national courts to assess, in particular the Spanish courts'.
- 60 However, in finding, in paragraph 27 of the contested decision, 'that [the intervener's] filing of the application for a Community trade mark in 2002 was merely a normal and foreseeable step in its restaurant-sector activities', the Board of Appeal necessarily conducted an assessment of the circumstances preceding that trade mark application.
- 61 Yet there is nothing in the case-file to indicate that the intervener's awareness of the American mark could be presumed, since, first, that mark was registered, not in a Member State but in a non-EU country and, second, only two months lapsed between the time when the application for the American mark was filed on 25 April 1994 and when the application for the Spanish mark was filed on 20 June 1994. Even if the date of first use of the American mark, namely 13 September 1991, were to be taken into consideration, that would give a period of three and a half years but that would, in any event, be insufficient by itself, given the mark's geographical location, to allow for a presumption that the intervener was aware of it when he filed the Spanish trade mark application. Thus, the opening of one or even several restaurants in Florida (United States) or in other countries in South America could not be regarded as being liable to establish awareness on the part of the intervener of earlier use of the American mark.
- 62 Accordingly, the applicant has not provided the slightest evidence establishing a presumption that the intervener could not be unaware of the existence of the American mark.
- 63 The conclusion must accordingly be that, on 22 November 2002, if the intervener was aware of another right, it must have been his own, that is, the Spanish mark registered under No 1909496.
- 64 Second, the applicant challenges the finding in paragraph 27 of the contested decision to the effect that 'it follows from the facts set out in the present case that [the intervener's] filing of the application for a Community trade mark in 2002 was merely a normal and foreseeable step in its restaurant-sector activities' and that 'specifically, it is common ground that [the intervener] started a commercial activity in the restaurant sector in the early 1990s, commenced a series of procedures in 1994

indicating its intention to launch commercial activities in the restaurant sector in a Member State and, eight years later, is seeking protection at Community level, accordingly establishing a commercial trajectory in the restaurant sector’.

- 65 Although it is common ground that, in 1994, proceedings were brought before the OEPM against the applicant’s application for registration of the Spanish marks referred to in paragraph 3 above, at the hearing OHIM failed to enumerate the different sets of proceedings brought by the intervener in 1994 indicating his intention to start up his commercial activity in a Member State, to which the contested decision makes reference.
- 66 It should be observed in that regard that, although the intervener took no steps to expand his business following the registration of the Spanish mark on 20 June 1994, the case-file indicates that, on 9 June 2006, that is, before the filing of the application for a declaration of invalidity of the Community trade mark on 22 January 2007, the intervener signed a licensing agreement for the mark Pollo Tropical CHICKEN ON THE GRILL (see, *a contrario*, *Chocoladefabriken Lindt & Sprüngli*, paragraph 44 above, paragraph 44).
- 67 Even if that agreement has not been put into practice, as explained by the intervener at the hearing, it may be regarded as expressing the intervener’s intention to develop his commercial activities.
- 68 Third, regarding the well-known character of the earlier American mark, the Board of Appeal examined this issue in paragraph 28 of the contested decision, in the light of the criteria set out in the European Union case-law on reputation, which is a closely-related concept to that of well-known character (Case C-328/06 *Nieto Nuño* [2007] ECR I-10093, paragraph 17), which is found in the Paris Convention for the Protection of Industrial Property, of 20 March 1883, as revised and amended.
- 69 According to the case-law, the concept of ‘reputation’ assumes a certain degree of knowledge amongst the relevant public. In respect of a Community trade mark, the Court has held that the relevant public is that concerned by the trade mark at issue, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector. It cannot be required that that trade mark be known by a given percentage of the public so defined. The degree of knowledge required must be considered to be reached when the trade mark at issue is known by a significant part of the public concerned by the products or services covered by that trade mark. In examining this condition, it is necessary to take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it (see, to that effect, Case C-301/07 *PAGO International* [2009] ECR I-9429, paragraphs 21 to 27 and the case-law cited).
- 70 In the present case, the Board of Appeal made the following findings in paragraph 28 of the contested decision:

‘The earlier conclusion is not affected by the presumed well-known character of the mark “Pollo Tropical CHICKEN ON THE GRILL” because it has not been proven. The fact that there are a number of establishments displaying the mark, that documents relating to minimal advertising activity and turnover were produced and that the references of the mark at issue may be found through a Google search does not mean that the mark is well known in the countries mentioned. For example, no document was produced showing the market share held by the mark in countries in respect of which the well-known character was claimed or the magnitude of investments made by Carrols Corporation to promote it. Similarly, no third-party declaration was produced affirming the well-known character of the mark, etc. Lastly, no document was produced proving that Mr Gambettola was aware of the applicant’s restaurant services or the well-known character thereof.’

- 71 The applicant provided figures expressed in USD on paper bearing no letterhead, in the form of a list referring to the date of opening of numerous restaurants, copies of advertising inserts for the mark Pollo Tropical CHICKEN ON THE GRILL in a number of newspapers, including two from February 1997 (in *Horizonte*) and May 1997 (in *El Nuovo Impacto*), the others being from 2006. The applicant also produced copies of menus, photographs of restaurants and promotional material.
- 72 It also submitted documents drawing comparisons between restaurants bearing the mark Pollo Tropical CHICKEN ON THE GRILL and other types of restaurants in simple, graphic form on ordinary paper which do not originate from an accounting or audit firm.
- 73 It must be borne in mind that, as regards the probative value of documents submitted which originate from the undertaking itself, the Court held in paragraph 42 of Case T-303/03 *Lidl Stiftung v OHIM - REWE-Zentral (Salvita)* [2005] ECR II-1917, that, in order to assess the evidential value of a document, regard should be had first and foremost to the credibility of the account it contains. It added that it is then necessary to take account, in particular, of the person from whom the document originates, the circumstances in which it came into being, the person to whom it was addressed and whether, on its face, the document appears sound and reliable. It added that at no stage of the proceedings before OHIM did the applicant provide further evidence to support, in particular, the figures included in its affirmation and in its list of the products marketed.
- 74 It should be noted in that regard that, even taking into consideration the documents which are not written in the language of the case — a point the intervener disputes — they do not establish the well-known character of the American mark given that the figures are on ordinary plain paper and the other documents are not dated. Moreover, simple menus, photos of restaurants, graphic representations or promotional documents which do not support any tangible and certain document do not, by themselves, constitute proof of the alleged well-known character of the American mark.
- 75 In particular, the applicant failed to provide in support of its line of argument any document mentioning the market share held by the mark or even any document demonstrating the intensity of use and the magnitude of the investments, let alone any third-party declaration attesting to the well-known character of the mark (see, by analogy, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 27).
- 76 Lastly, with respect to the taking into consideration of documents subsequent to the date of the application for a Community trade mark, it must be borne in mind that, as regards First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), the Court of Justice, in discussing the issue of proof of genuine use of a mark, held, in paragraphs 30 and 31 of the order in Case C-259/02 *La Mer Technology* [2004] ECR I-1159, that that directive makes the classification as ‘genuine use’ of the mark consequential on consideration of the circumstances which pertain during the relevant period and which therefore predate the filing of the application for revocation. Nevertheless, the directive does not expressly preclude in assessing the genuineness of use during the relevant period, account being taken, where appropriate, of any circumstances subsequent to that filing. Such circumstances may make it possible to confirm or better assess the extent to which the trade mark was used during the relevant period and the real intentions of the proprietor during that time. That case-law was followed, in respect of Regulation No 40/94, inter alia, in paragraph 38 of Case T-325/06 *Boston Scientific v OHIM — Terumo (CAPIO)*, judgment of 10 September 2008, not published in the ECR, which case-law must also apply in respect of Regulation No 207/2009.
- 77 It is clear that, even if, in establishing proof of the well-known character of a mark, subsequent documents may be taken into consideration, the well-known character of the American mark cannot be founded solely on advertising from magazines, since by themselves they are insufficient and do not support any other relevant aspect.

- 78 Accordingly, as was held by the Cancellation Division and the Board of Appeal, the information provided by the applicant to OHIM is insufficient to establish the well-known character of the American mark both at the time when the application for registration of the Community trade mark was filed and when the application for registration of the Spanish trade mark was filed.
- 79 Fourth, there is nothing in the case-file to indicate that the intervener had no intention to use the mark when it was registered and that the filing of the application for a Community trade mark could be explained by the intervener's intention to prevent the applicant from marketing its products. It has not been validly established that the intervener was not using his mark in Spain or that he had not taken steps to develop his mark within the European Union.
- 80 By contrast, whereas the applicant obtained registration of two marks in the United Kingdom (see paragraph 12 above) which were identical to the mark at issue, it is common ground that it failed to make out, before either the Cancellation Division or the Board of Appeal, proof of genuine use of those two marks, a point not disputed in the present proceedings.
- 81 It follows that the Board of Appeal was correct in finding, in paragraph 18 of the contested decision, given the absence of any document relating to the use of the marks for which the applicant had obtained registration in the United Kingdom, that it was the applicant, and not the intervener, who did not intend to use the marks for which it had nevertheless obtained registration.
- 82 Nor are the explanations put forward by the applicant on this point convincing.
- 83 Whilst the applicant explains the lack of use of its marks in the United Kingdom by reference to the fact that the intervener was using the mark in Spain and that it wished the dispute with the intervener to be resolved before it started using its marks, the Court notes that the applicant waited until 22 January 2007 before bringing an action a declaration of invalidity of the intervener's Community trade mark, whereas that mark had been published on 29 September 2003.
- 84 Nor can the applicant explain the lack of use of its marks in the United Kingdom by the fact that the intervener is blocking its expansion inter alia in the UK through the national mark, as it maintains in its application. As observed by OHIM in its written pleadings, it is doubtful that the owner of a small pizzeria in a village on the Canary Islands could, through its national mark, paralyse the applicant's expansion in the rest of the European Union, at least until the time of filing of its earlier Spanish trade mark. It cannot be maintained that the lack of use of its marks in the United Kingdom is due to the existence of the Spanish mark.
- 85 Fifth, as is clear from paragraph 33 of the contested decision, the applicant has not established, or even alleged, that there was, prior to the filing of the mark at issue, any direct or indirect relationship between the parties to the dispute which might explain the intervener's bad faith.
- 86 It is true that before the registration of the Community trade mark, the applicant and the intervener were in contact, but those contacts were due to the intervener's opposition, founded on his earlier Spanish right, to the applicant's registering in Spain marks which were identical or analogous to his own, and do not explain the intervener's alleged bad faith.
- 87 However, it has not been demonstrated or even submitted that the intervener had had any contractual relationship whatsoever with the applicant before the Spanish trade mark application was filed.
- 88 Sixth, the proposal for financial compensation in the amount of USD 5 million for the transfer of the Community trade mark, made by the intervener to the applicant, whilst considerable, does not by itself establish bad faith on the part of the intervener in the present case at the time the mark at issue was filed.

- 89 In the absence of any other factor, and even if that request for compensation seems disproportionate in the light of the development of the earlier Spanish mark, it cannot be inferred therefrom that the intervener was acting in bad faith at the time the application for registration of the Community trade mark was filed.
- 90 Lastly, the fact that the signs at issue are identical does not establish bad faith on the part of the intervener, where there are no other relevant factors.
- 91 It follows from all of the foregoing considerations that the single plea must be rejected as, consequently, must the action in its entirety.

### **Costs**

- 92 Under Article 87(2) of the Rules of Procedure of the Court of First Instance, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. As the applicant has been unsuccessful, it must be ordered to pay the costs, in accordance with the form of order sought by OHIM and the intervener.

On those grounds,

THE GENERAL COURT (Eighth Chamber)

hereby:

- 1. Dismisses the action;**
- 2. Orders Carrols Corp. to pay the costs.**

Truchot

Martins Ribeiro

Kanninen

Delivered in open court in Luxembourg on 1 February 2012.

[Signatures]