



Reports of Cases

JUDGMENT OF THE COURT (Ninth Chamber)

19 October 2017*

(Reference for a preliminary ruling — Intellectual and industrial property — EU trade mark — Regulation (EC) No 207/2009 — Article 96(a) — Infringement proceedings — Article 99(1) — Presumption of validity — Article 100 — Counterclaim for a declaration of invalidity — Relationship between an action for infringement and a counterclaim for a declaration of invalidity — Procedural autonomy)

In Case C-425/16,

REQUEST for a preliminary ruling under Article 267 TFEU from the Oberster Gerichtshof (Supreme Court, Austria), made by decision of 12 July 2016, received at the Court on 1 August 2016, in the proceedings

Hansruedi Raimund

v

Michaela Aigner,

THE COURT (Ninth Chamber),

composed of E. Juhász, acting as President of the Chamber, K. Jürimäe and C. Lycourgos (Rapporteur),
Judges,

Advocate General: M. Campos Sánchez-Bordona,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after considering the observations submitted on behalf of:

- Mr Raimund, by C. Hadeyer, Rechtsanwalt,
- Ms Aigner, by F. Gütlbauer, S. Sieghartsleitner and M. Pichlmair, Rechtsanwälte,

after hearing the Opinion of the Advocate General at the sitting on 20 June 2017,

gives the following

* Language of the case: German.

Judgment

- 1 This request for a preliminary ruling concerns the interpretation of Article 99(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1).
- 2 The request has been made in proceedings between Mr Hansruedi Raimund and Ms Michaela Aigner concerning an action for infringement of an EU word mark and a counterclaim for a declaration of invalidity of that mark.

Legal context

- 3 According to recital 16 of Regulation No 207/2009, ‘decisions regarding the validity and infringement of [EU] trade marks must have effect and cover the entire area of the [European Union], as this is the only way of preventing inconsistent decisions on the part of the courts and the [European Union Intellectual Property Office (EUIPO)] and of ensuring that the unitary character of [EU] trade marks is not undermined’.

- 4 Article 1(2) of that regulation provides:

‘[An EU] trade mark shall have a unitary character. It shall have equal effect throughout the [Union]: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole [Union]. This principle shall apply unless otherwise provided in this Regulation.’

- 5 In accordance with Article 6 of that regulation, an EU trade mark is to be obtained by registration.

- 6 Article 52 of Regulation No 207/2009, entitled ‘Absolute grounds for invalidity’, provides, in paragraph 1(b):

‘1. [An EU] trade mark shall be declared invalid on application to [EUIPO] or on the basis of a counterclaim in infringement proceedings:

...

(b) where the applicant was acting in bad faith when he filed the application for the trade mark.

...’

- 7 Article 96(a) and (d) of that regulation provides:

‘The [EU] trade mark courts shall have exclusive jurisdiction:

(a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to [EU] trade marks;

...

(d) for counterclaims for revocation or for a declaration of invalidity of the [EU] trade mark pursuant to Article 100.’

- 8 Article 99 of the regulation, entitled ‘Presumption of validity — Defence as to the merits’, provides, in paragraph 1:

‘The [EU] trade mark courts shall treat the [EU] trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.’

- 9 Under Article 100 of Regulation No 207/2009:

‘1. A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.

2. [An EU] trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by [EUIPO] relating to the same subject matter and cause of action and involving the same parties has already become final.

...

4. The [EU] trade mark court with which a counterclaim for revocation or for a declaration of invalidity of the [EU] trade mark has been filed shall inform [EUIPO] of the date on which the counterclaim was filed. The latter shall record this fact in the Register of [EU] trade marks.

...

6. Where [an EU] trade mark court has given a judgment which has become final on a counterclaim for revocation or for invalidity of [an EU] trade mark, a copy of the judgment shall be sent to [EUIPO]. Any party may request information about such transmission. [EUIPO] shall mention the judgment in the Register of [EU] trade marks in accordance with the provisions of the Implementing Regulation.

...’

- 10 Article 104(1) and (2) of that regulation provides:

‘1. [An EU] trade mark court hearing an action referred to in Article 96, other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the [EU] trade mark is already in issue before another [EU] trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at [EUIPO].

2. [EUIPO], when hearing an application for revocation or for a declaration of invalidity shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the [EU] trade mark is already in issue on account of a counterclaim before [an EU] trade mark court. However, if one of the parties to the proceedings before the [EU] trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. [EUIPO] shall in this instance continue the proceedings pending before it.’

The dispute in the main proceedings and the questions referred for a preliminary ruling

- 11 Mr Raimund is the proprietor of EU word mark *Baucherlwärmer* under which he has, since approximately the year 2000, marketed a herbal base to be added to alcohol. Ms Aigner too sells a herbal mixture for adding to high-proof alcohol, which she also calls *Baucherlwärmer*.

- 12 Mr Raimund brought an action for infringement of the EU trade mark of which he is proprietor before the Handelsgericht Wien (Commercial Court, Vienna, Austria), so that Ms Aigner would be prohibited from using the sign 'Baucherlwärmer' for goods and services in the classes covered by that mark. Ms Aigner, who is the defendant in the main proceedings and claimed, in particular, that Mr Raimund had obtained that mark improperly and in bad faith, brought a counterclaim for a declaration of invalidity of that mark before the same court.
- 13 The Handelsgericht Wien (Commercial Court, Vienna) decided to stay the proceedings in respect of that counterclaim until a final ruling on the action for infringement, which is the subject matter of the main proceedings. The order staying the counterclaim was set aside, however, and the counterclaim therefore remains pending at first instance. The action for infringement was dismissed by the Handelsgericht Wien (Commercial Court, Vienna) on the ground that Mr Raimund had filed the EU trade mark application in bad faith.
- 14 The Oberlandesgericht Wien (Higher Regional Court, Vienna, Austria) having upheld the first-instance judgment on appeal, Mr Raimund lodged an appeal on a point of law with the Oberster Gerichtshof (Supreme Court, Austria).
- 15 The referring court considers that the applicant in the main proceedings did indeed obtain the EU trade mark at issue in the main proceedings in bad faith and that the trade mark should therefore be declared invalid, in accordance with Article 52(1)(b) of Regulation No 207/2009. However, it is uncertain, and the question was raised by Mr Raimund in his appeal, as to whether the two lower courts were entitled to rule on the question of bad faith in the infringement proceedings, when there was no final decision on the counterclaim for a declaration of invalidity of the mark.
- 16 In view of the fact that the defendant in the main proceedings is relying on an absolute ground for invalidity within the meaning of Article 52(1)(b) of Regulation No 207/2009, which, as Article 99(1) of that regulation provides, may be properly invoked in an action for infringement only if the defendant brings a counterclaim based on such a ground, the Oberster Gerichtshof (Supreme Court) asks whether it is sufficient that a counterclaim has been brought, alleging that trade mark rights have been obtained in bad faith, in order for the court to be able to dismiss an action for infringement before that counterclaim has been determined (first option); or whether the action for infringement may be dismissed on that ground only if the trade mark concerned is, at the very least simultaneously, declared invalid on the basis of the counterclaim (second option); or indeed whether a claim, in the context of the infringement action, that trade mark rights have been obtained in bad faith can succeed only if the trade mark has first been definitively declared invalid on the basis of the counterclaim (third option).
- 17 The referring court states that, in the present case, the success or failure of the action for infringement depends solely on the plea of invalidity. It proposes that the Court of Justice apply the second option, in so far as it follows from Article 99(1) of Regulation No 207/2009 that an action for infringement may be dismissed on account of the existence of a ground for invalidity only if, at least simultaneously, the counterclaim brought on the same ground is upheld. It considers that the mere bringing of such a counterclaim should not be sufficient but that, on the other hand, it should not be necessary to wait for the decision on the counterclaim to become final. It states that the question whether there is any obligation to wait for the decision on the counterclaim to be made final, the possible joinder of infringement proceedings and a counterclaim, and the structure of the appeal proceedings should be determined solely under national procedural law.
- 18 The referring court also states that the option which it recommends the Court of Justice apply ensures that the plea of invalidity or relating to revocation *inter partes*, put forward in the context of infringement proceedings, can succeed only if the trade mark is declared invalid or revoked for the same reason in the context of the counterclaim, with effect *erga omnes*. In particular, the applicant in the main proceedings in the action for infringement would, if unsuccessful at first instance, have to

challenge both the decision on the infringement action and the decision on the counterclaim in order to succeed on appeal. Were he to appeal only the decision on the infringement action, his appeal would be destined to fail because the decision on the counterclaim, which is *res judicata*, would a priori preclude the infringement action being successful.

- 19 However, the Oberster Gerichtshof (Supreme Court) acknowledges that the literal meaning or the purpose of Article 99 of Regulation No 207/2009 might also be interpreted otherwise than as it suggests.
- 20 In those circumstances, the Oberster Gerichtshof (Supreme Court) decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:
- ‘1. May an action for infringement of an EU trade mark (Article 96(a) of Regulation No 207/2009) be dismissed on the ground of an objection that the trade mark application was filed in bad faith (Article 52(1)(b) of Regulation No 207/2009) if, despite the defendant having brought a well-founded counterclaim for a declaration of invalidity of the EU trade mark (Article 99(1) of Regulation No 207/2009), the court has not yet ruled on that counterclaim?
 2. If the answer is in the negative: may the court dismiss an action for infringement on the ground of an objection that the trade mark application was filed in bad faith, if the court at least simultaneously upholds the counterclaim for a declaration of invalidity, or must the court delay the decision on the action for infringement in any event until the decision on the counterclaim is *res judicata*?’

Consideration of the questions referred

The first question

- 21 By its first question, the referring court asks, in essence, whether Article 99(1) of Regulation No 207/2009 must be interpreted as meaning that an action for infringement brought before an EU trade mark court in accordance with Article 96(a) of that regulation may be dismissed on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, without that court having upheld the counterclaim for a declaration of invalidity brought by the defendant in that infringement action, pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity.
- 22 According to the settled case-law of the Court, the interpretation of provisions of EU law requires account to be taken not only of their wording but also of the context in which they occur and the objectives of the rules of which they form part (judgments of 19 September 2000, *Germany v Commission*, C-156/98, EU:C:2000:467, paragraph 50; of 25 October 2011, *eDate Advertising and Others*, C-509/09 and C-161/10, EU:C:2011:685, paragraph 54; and of 26 July 2017, *Jafari*, C-646/16, EU:C:2017:586, paragraph 73).
- 23 As regards the wording of Article 99 of Regulation No 207/2009, entitled ‘Presumption of validity — Defence as to the merits’, which appears in section 2 of Title X of that regulation, relating to disputes concerning the infringement and validity of EU trade marks, that provision states in paragraph 1 that the EU trade mark courts are to treat the EU trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.
- 24 Whilst it is thus apparent from that provision that an EU trade mark is presumed to be valid, a presumption which, in the context of infringement proceedings, may be rebutted by a counterclaim for a declaration of invalidity, it cannot be determined on the basis of the wording of that provision

alone whether, where a defendant in an infringement action challenges that action on the basis of a ground for invalidity of the mark and, moreover, brings a counterclaim for a declaration of invalidity based on the same ground for invalidity, the EU trade mark court must uphold that counterclaim before it can dismiss the action for infringement.

- 25 As regards the context of Article 99(1) of Regulation No 207/2009, it must be noted that Article 104(1) of that regulation requires an EU trade mark court hearing an action referred to in Article 96 of that regulation, unless there are special grounds for continuing the hearing, to stay the proceedings where the validity of the EU trade mark is already in issue before another EU trade mark court or where an application for revocation or for a declaration of invalidity has already been filed at EUIPO.
- 26 Accordingly, interpreting Article 99(1) of Regulation No 207/2009 as meaning that the fact that a counterclaim for a declaration of invalidity has been brought before an EU trade mark court is sufficient for that court to be able, even before ruling on that counterclaim, to rule on the action for infringement brought under Article 96(a) of that regulation, in reliance on the same ground for invalidity as that invoked in the counterclaim, would have the illogical effect that the rules in that regulation concerning related actions pending before different EU trade mark courts would be stricter than those concerning related actions pending before the same EU trade mark court.
- 27 As to the objective of Regulation No 207/2009, it must be borne in mind that Article 1(2) thereof affirms the unitary character of the EU trade mark. Having equal effect throughout the Union, the trade mark may not, in accordance with that provision, be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor may its use be prohibited, save in respect of the whole Union.
- 28 In that regard, recital 16 of that regulation states that decisions regarding the validity of EU trade marks must have effect and cover the entire area of the Union, as this is the only way of preventing inconsistent decisions on the part of the courts and EUIPO and of ensuring that the unitary character of EU trade marks is not undermined.
- 29 It is thus apparent from the objective of that regulation that, in order to safeguard the unitary character of the EU trade mark, the decision of an EU trade mark court which, in the context of a counterclaim for a declaration of invalidity brought pursuant to Article 100(1) of that regulation, declares an EU trade mark to be invalid necessarily has effect *erga omnes* throughout the Union.
- 30 The *erga omnes* effect of such a decision is, moreover, confirmed both by Article 100(6) of Regulation No 207/2009, according to which an EU trade mark court must send EUIPO a copy of the decision which has become final on a counterclaim for revocation or for invalidity of an EU trade mark, and by the rules on related actions set out in Article 104 of that regulation and referred to in paragraph 25 of the present judgment.
- 31 Conversely, as the Advocate General noted in point 64 of his Opinion, the decision of such a court on an action for infringement has effect only *inter partes*, and therefore, once such a decision has become final, it is binding only on the parties to that action.
- 32 That is the case where, as in the main proceedings, the EU trade mark court dismisses the action for infringement because of the existence of an absolute ground for invalidity — such as the applicant's bad faith when he filed the application for the trade mark as provided for in Article 52(1)(b) of Regulation No 207/2009 — without first having ruled on the counterclaim for a declaration of invalidity brought by the defendant to that action.
- 33 However, it must be pointed out that, given the unitary character of the EU trade mark and the objective of preventing inconsistent decisions in such matters, the declaration of invalidity of an EU trade mark based on such an absolute ground for invalidity must have effect throughout the Union

and not only vis-à-vis the parties to the infringement action. That requirement means that the EU trade mark court concerned must rule on the counterclaim for a declaration of invalidity before ruling on the action for infringement.

34 Consequently, the EU trade mark court is required to uphold the counterclaim for a declaration of invalidity of the EU trade mark brought, in accordance with Article 100(1) of Regulation No 207/2009, in the context of an action for infringement of that mark, as provided for by Article 96(a) of that regulation, before it may dismiss the latter action on the basis of the same ground for absolute invalidity.

35 It follows from the above considerations that Article 99(1) of Regulation No 207/2009 must be interpreted as meaning that an action for infringement brought before an EU trade mark court in accordance with Article 96(a) of that regulation may not be dismissed on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, without that court having upheld the counterclaim for a declaration of invalidity brought by the defendant in that infringement action, pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity.

The second question

36 By its second question, the referring court asks, in essence, whether the provisions of Regulation No 207/2009 must be interpreted as meaning that the EU trade mark court may dismiss an action for infringement within the meaning of Article 96(a) of that regulation on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, even though the decision on the counterclaim for a declaration of invalidity, brought pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity, has not become final.

37 It is apparent from the answer to the first question that, in order to safeguard the unitary character of the EU trade mark and to prevent the risk of inconsistent decisions, Article 99(1) of Regulation No 207/2009 requires the EU trade mark court to uphold the counterclaim brought pursuant to Article 100(1) of that regulation before it may dismiss the infringement action within the meaning of Article 96(a) of the regulation.

38 However, as the Advocate General noted in point 80 of his Opinion, Regulation No 207/2009 does not contain any rule requiring the decision upholding the counterclaim for a declaration of invalidity to have become final in order for the EU trade mark court to be able to dismiss the action for infringement, nor any rule prohibiting that court from waiting until the decision upholding the counterclaim for a declaration of invalidity has become final before dismissing the infringement action.

39 There is no provision in that regulation that makes the EU trade mark court's ability to dismiss actions for infringement of a trade mark on the basis of a ground for invalidity conditional upon that court's decision upholding the counterclaim for a declaration of invalidity of that mark, on the same ground for invalidity, having become final, whereas such a requirement is provided for in other cases in Article 100 of that regulation.

40 In that context, it must be borne in mind that, in accordance with the Court's settled case-law, in the absence of EU rules governing the matter, it is for the domestic legal system of each Member State, in accordance with the principle of procedural autonomy, to designate the courts and tribunals having jurisdiction and to lay down the detailed procedural rules governing actions for safeguarding rights which individuals derive from EU law, the Member States having none the less responsibility for

ensuring that those rights are effectively protected in each case (see, to that effect, judgments of 30 September 2003, *Köbler*, C-224/01, EU:C:2003:513, paragraph 47, and of 27 June 2013, *Agrokonsulting*, C-93/12, EU:C:2013:432, paragraph 35).

- 41 In this respect, in accordance with the principle of sincere cooperation enshrined in Article 4(3) TEU, the detailed procedural rules governing actions for safeguarding an individual's rights under EU law must be no less favourable than those governing similar domestic actions (principle of equivalence) and must not render impossible in practice or excessively difficult the exercise of rights conferred by EU law (principle of effectiveness) (judgments of 16 December 1976, *Rewe-Zentralfinanz and Rewe-Zentral*, 33/76, EU:C:1976:188, paragraph 5; of 14 December 1995, *Peterbroeck*, C-312/93, EU:C:1995:437, paragraph 12; and of 27 June 2013, *Agrokonsulting*, C-93/12, EU:C:2013:432, paragraph 36).
- 42 It follows from the Court's case-law that the requirements stemming from the principles of equivalence and effectiveness apply, in particular, to the definition of the procedural rules governing actions based on EU law (see, to that effect, judgment of 27 June 2013, *Agrokonsulting*, C-93/12, EU:C:2013:432, paragraph 37 and the case-law cited).
- 43 In the present case, it is apparent from the order for reference that, under Austrian law, according to the case-law of the Oberster Gerichtshof (Supreme Court), an action for infringement may be dismissed on the basis of a ground for invalidity of the EU trade mark only if it is, at least simultaneously, declared invalid on the basis of a counterclaim. According to the referring court, such a requirement ensures that the plea of invalidity in the context of infringement proceedings, which has effect only *inter partes*, can succeed only if the EU trade mark is declared invalid for the same reason in the context of the counterclaim, with effect *erga omnes*.
- 44 It must be pointed out in that regard that, as the Advocate General noted in point 86 of his Opinion, where, as in the case in the main proceedings, the same court is required to rule both on an action for infringement of a mark and on a counterclaim for a declaration of invalidity of the same mark, consistency with the decision handed down by that court in the context of the counterclaim will prevent it from delivering an inconsistent ruling in the context of the infringement action.
- 45 Admittedly, the EU trade mark court is obliged to await the outcome of the counterclaim for a declaration of invalidity before ruling on the action for infringement. However, as the referring court has correctly pointed out, linking the outcome of the proceedings relating to the infringement action to the conduct of the parties in relation to the appeals against the decision upholding the counterclaim for a declaration of invalidity would in all likelihood involve serious delays to those proceedings. It should be borne in mind in that regard, as the Advocate General noted in point 89 of his Opinion, that, in so far as the parties to both sets of proceedings are the same, they have the same grounds of defence and must bear the consequences of their actions. The possibility that one of the parties may seek, through successive appeals, to delay the definitive effect of court decisions cannot therefore prevail over the court's obligation to determine the dispute brought before it.
- 46 Accordingly, the fact that the EU trade mark court is dealing with the counterclaim for a declaration of invalidity based on Article 100(1) of Regulation No 207/2009 and the infringement action brought pursuant to Article 96(a) of that regulation together ensures that the principle of effectiveness is observed.
- 47 As regards the principle of equivalence, it must be stated that, in the present case, the Court of Justice has no information that would cause it to doubt that a judicial practice such as that of the Oberster Gerichtshof (Supreme Court) referred to in paragraph 43 of the present judgment is compatible with that principle, which it is, however, for the latter court to ascertain.

48 In those circumstances, the answer to the second question is that the provisions of Regulation No 207/2009 must be interpreted as not precluding an EU trade mark court from being able to dismiss an action for infringement within the meaning of Article 96(a) of that regulation on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, even though the decision on the counterclaim for a declaration of invalidity, brought pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity, has not become final.

Costs

49 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Ninth Chamber) hereby rules:

1. **Article 99(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark must be interpreted as meaning that an action for infringement brought before an EU trade mark court in accordance with Article 96(a) of that regulation may not be dismissed on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, without that court having upheld the counterclaim for a declaration of invalidity brought by the defendant in that infringement action, pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity.**
2. **The provisions of Regulation No 207/2009 must be interpreted as not precluding an EU trade mark court from being able to dismiss an action for infringement within the meaning of Article 96(a) of that regulation on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, even though the decision on the counterclaim for a declaration of invalidity, brought pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity, has not become final.**

[Signatures]