Latest Developments in Trade Mark Jurisprudence with an emphasis on the Decisions of the European Court of Justice

It is a great pleasure for me to speak to you about the latest developments in European trademark jurisprudence. Because this subject is very broad, I cannot give you a complete overview of the case law. I would rather focus on special issues concerning distinctiveness and likelihood of confusion.

Before entering into the details of European trade mark jurisprudence, I would like to emphasize that the rulings of the ECJ must be considered in the context in which they were given. When a case comes from the OHIM and its Board of Appeal, the CFI has to decide on the legal action against this decision and the ECJ is the court of appeal and final instance. These rulings concern CTM's and the interpretation of the CTMR and are not binding for the national courts, as the perception of a trademark may differ from one Member State to another. On the other hand, the ECJ – the highest instance - may answer to prejudicial questions submitted by a national court for interpretation of the trademark directive. Although the legal principles are the same, the decisions are not interchangeable, but should be considered in the context in which they were given.

First, here are somme abbreviations we often use:

CTM	Community trade mark
OHIM	Office for Harmonisation in the Internal Market
CTMR	Community Trade Mark Regulation (40/94)
IR	Implementing Rules (2868/95)
ECJ	European Court of Justice
CFI	Court of First Instance

Legal framework:

The Council Regulation n° 40/94 of 20 December 1993 provides in article 7 for the absolute grounds for refusal of a community trade mark and in art. 8 for the relative grounds for refusal. Art. 7 lists 12 absolute grounds which may lead to a refusal of a community trade mark application. Among these grounds, the most important ones are stated in subparagraph 1 b and c which reads as follows:

(1) The following shall not be registered:

(b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;

This regulation goes back to the Trade Mark Directive which provides in its article 3 an identical wording of these two provisions. The Trade Mark Directive is somewhat the European constitution in trademark law.

These legal definitions are not really new, but we find a similar wording in article 6 quinquies B of the Paris Convention. It was the exact purpose of the Trade Mark Directive to not only harmonise the trade mark legislation in the member states, but to also bring it in line with said provision of the Paris Convention.

For CTM's, the Implementing Rules set forth in the Commission Regulation 2868/95 have to be observed.

1. Distinctiveness

When is a trade mark devoid of any distinctive character or when does it consist exclusively of signs or indications which may serve to describe the goods or services?

In order to answer these questions, we can now rely on some judgements of the European Court of First Instance and the European Court of Justice.

The first landmark decision in this context is the

Baby-Dry Case

(ECJ judgement C – 383/99 of 20 September 2001).

The judgment deals with the question if BABY-DRY is capable to serve as description of the goods, Art 7 1 c. The facts of this case are the following: Procter & Gamble filed a word mark application Baby-Dry for baby nappies. The OHIM issued a refusal of this trade mark application on the basis that this mark Baby-Dry lacks of distinctiveness and consists exclusively of words or indications which may serve to describe the products “baby nappies”.

The Board of Appeal and the Court of First Instance confirmed the ground for refusal that these words may serve for describing the effect or purpose of the products , but the ECJ annulled the judgement and rejected the finding of the Office. In its reasoning the ECJ referred to the legal purpose of these absolute grounds for refusal and the function of a trademark: the Court says that a trade mark does not entitle its proprietor to prohibit a third party from using indications concerning the kind, quality, quantity, intended purpose, and so on of the goods and services, provided that the third party uses these indications in accordance with honest practices in industrial or commercial matters. This argument comes from art. 12 CTMR which excludes trademark rights in these cases. The second consideration comes from Art. 4 of Trade Mark Directive which provides that any sign capable of being represented graphically and to distinguish the goods and services of one undertaking from those of other undertakings is eligible for trademark registration.

The ECJ continued that a word which is usually used to describe a product or a service could not fulfil the function of a trade mark, that means: to identify the manufacturer and to distinguish the products of a certain manufacturer from those of his competitors.

This function of a trade mark is the essential consideration of the ECJ. We find this argument in many judgments now. It results from this appreciation that any other word or combination of words which is unusual for the description of a product and/or its characteristics may function as trade mark and identify the manufacturer. Then, the Court adopts a very narrow interpretation of this absolute ground for refusal by saying that

> **any perceptible difference between the combined words and the terms used in customary language by consumers in order to describe the goods, is apt to provide the mark with a distinctive character and, therefore, allows its registration as a trade mark**.

Even if the words "Baby" and "Dry" in the context of nappies may describe the purpose of these nappies - that is to keep babies dry -, the Court concluded that the combination of both words in this particular way is not a usual description of nappies. Both words are a "syntactically unusual juxtaposition" and it is "not a familiar expression in the English language" and, therefore, this term does neither serve for designating baby nappies nor for describing their essential characteristics. With the finding that the words "Baby-Dry" do not serve or describe baby nappies in this identical way, it is clear for the ECJ that these two words do not fall under the prohibition of Art. 7 1 c.

After the annulment of the decision of the previous instances, the case went back to the Office for Harmonisation. When checking the status of the CTM application "Baby-Dry" I found on the Office's web site that this mark has not yet been published for opposition purposes. Obviously, the Office is still considering the ECJ judgement and the conclusions to be drawn or still refuses the registration now for ground of lack of distinctiveness.

2.

Another leading case is the judgement of the ECJ rendered on 19 September 2002 in the

"Companyline" Case

(ECJ judgement C 104/00 of 19 September 2002).

The word "Companyline" had been filed as CTM application for insurance services by a German health insurer. The OHIM refused the registration of this CTM on the ground that this word was devoid of any distinctiveness. So, the refusal was based on Art. 7 1 **b**. The Board of Appeal confirmed this decision and the Court of First Instance dismissed the applicant's legal action against this decision. The court did not examined Art. 7 1 **c**, that means, if the word “companyline” may serve to describe the insurance services.

The Court of First Instance stated that this mark is only composed of the very descriptive words "company" and "line" which are common in English speaking countries. The word "company" indicates of course that the insurance services are in-

tended for companies or firms, whereas the word "line" may define either a branch of insurance or a group of insurance products. So, the Court of First Instance held that coupling these both descriptive words together does not enable this sign to distinguish the applicant's insurance services from those of other insurers.

In the Appeal procedure before the ECJ, the applicant said that a company line, taken as a whole, is a non-existing word and that the view of the Court of First Instance is too strict and narrow. Consequently, the CFI decision violated article 7 subparagraph 1 b of the CTMR. However, the ECJ rejects this argument and confirms expressly that the lower instance did not commit any error in law in the interpretation as the descriptive meaning of "Companyline" is unambiguous and immediately discernible without any need for analytical efforts.

So, the ECJ confirmed the absolute ground for refusal in this case and the view of the lower instances on the lack of distinctive character of this composed sign.

How do these two judgements "Baby-Dry" and "Companyline" fit together? The reasoning of these two rulings are somewhat contrary. With the Baby-Dry reasoning we could say that the word “companyline” is also unusual for a health insurance offered to company officers. The first decision Baby-Dry adopted a very narrow interpretation of Art 7 1 c, the second case “Companyline” stands for a much broader understanding of Art 7 1 b CTMR. But both absolute grounds for refusal are overlapping. A descriptive word which indicates for example the nature of the product serves of course for describing the goods in the meaning of Art 1 c, but at the same time lacks distinctiveness. So it will not be possible in my eyes to adopt a very narrow interpretation of Art 7 1 b and very broad construction of Art 7 1 c. It remains open for me in which direction the definite line of understanding of the absolute grounds for refusal will go.

3.

Anyhow, the case law of the jurisprudence of the Court of First Instance continued and has brought a hugh number of judgments. It is worth to have a closer look at these rulings. In order to highlight the current practise, I have chosen the following judgements:

The first case is

"UltraPlus" case

(CFI judgement T-360/00 of 9 October 2002)

The word "UltraPlus" had been applied as CTM for plastic ovenware in international class 21. The OHIM refused the registration for lack of distinctiveness – Art 7 1 b - and this decision was confirmed by the Board of Appeal. The Court of First Instance overruled this decision. Surprisingly the CFI began - according to the plea of the applicant - the examination with Art. 7 1 c whether UltraPlus may serve to describe the goods claimed. The court argued that this issue could only be assessed, first, by reference to the goods and services in respect of application, and, second, the consumers' perception of the sign. The Court said that the word UltrÜlus does not directly inform the consumers about the qualities or specific characteristics of the ovenware. It might evoke a very good quality of the product, but this is not enough to fulfill the requirements of Art 7 1c.

Then the Court continued the examination of the distinctiveness which was the ground for refusal held by the lower instances. You see that the CFI is not only a court of appeal, but may extent its examination to all facts and pleas raised by one party. The court says that the distinctiveness of a mark must not be confused with the question whether the sign is original or fanciful. The originality or fancifulness are not legal requirements for a trade mark. A trade mark must function as a mark of identification to enable the consumers to recognise the mark and the products as coming from one manufacturer. And this function should be assessed from the perception of the mark by the relevant consumers. As the ovenware is intended to the general public, the perception of the "**reasonably well informed and reasonably observant and circumspect consumer**" applies. When we speak of the average consumer, we actually mean this definition which a little bit unhandy. So the question is what does the word UltraPlus mean to an average consumer which is reasonably well informed and reasonably observant and circumspect?

The Court repeats the considerations of the ECJ in the "Baby-Dry" Case saying that both words coupled together constitute a syntactically unusual juxtaposition of two words. Here, with regard to the kitchenware for which the mark is applied, there is no perceptible clear descriptive meaning of "UltraPlus". Ultra has no specific meaning for these products. So this sign enables the consumers to remember the goods marked with this sign and to distinguish these products from those of other manufac-

turer. Therefore the word "UltraPlus" can function as a trade mark. Consequently, the Court of First Instance annulled the previous decisions.

If the OHM does not file an appeal, the case would go back to the Office and the First Examiner.

A decision with a similar reasoning is the judgement of 27 February 2002,

"EUROCOOL"

(CFI judgment T – 34/00 of 27 February 2002)

This case concerns the trade mark application "EUROCOOL" for logistic services in class 39 and 42 (storage and keeping of goods, especially chilled and frozen goods). Here again, the Office refused the registration of this mark on the ground of the lack of distinctiveness (article 7 (1) b). The Board of Appeal confirmed it and raised in addition the ground of Art 71 c that this word may serve for description of the services. Again, the Court of First Instance says that this trade mark is formed by two components which – taken alone – may allude to certain characteristics of the services claimed, that means to keep the products cool.

But, the Court thinks that the word "EUROCOOL" does not have a clearly descriptive meaning for the consumers concerned, but, taken as a whole, allows the consumers to distinguish the services of one company from those of another firm. The Court of First Instance emphasises that the distinctiveness does not require the sign to be a work of invention or to have an element of originality and/or imagination. The sign must only function as trade mark and allow the prospective consumers to distinguish the services rendered under this sign from those of a competitor.

Anyway, we can deduct from these rulings that a mere allusion or evocation of descriptive characteristics is not sufficient to exclude a sign from trademark registration under the CTMR. It must be directly descriptive in order to meet the requirements of Art 7 1 b or c.

The case law of the Court of First Instance regarding composed signs is so rich that it would take many hours to give a complete overview. Due to the time limit for this

presentation, I would like to turn to other interesting questions concerning the registrability of trade marks under the jurisprudence of European Courts.

4. Numerals

First, we should remember the legal background: the Trade Mark Directive and the CTMR have a special provision saying that a trade mark may consist of any sign capable of being represented graphically and, in particular, words including letters and numerals. Second, in some member states as, for example, Germany, the courts deduct from the wording of the Trade Mark Directive that even a single digit (numeral or letter) is not per se excluded from being registered as a trade mark; a single letter or number is not devoid of any distinctiveness. It may be rejected on the ground of article 7, subparagraph 1 c, if the letter and/or numeral may actually serve to describe the kind, quality or quantity of the goods and services concerned. For example, one or two letters are used in chemistry and stand for a certain chemical substance. But, if such a use is not given, the letter or numeral can be registered as a trademark. The German Supreme Court ruled that e. g. the single letter "L" for leather goods in the international class 18 or the single number “1” for tobacco may be registered as a trade mark.

Contrary to this national practise, the OHIM issued very early the examination guidelines which expressly mention in chapter 8.3 that a trade mark consisting of 1 or 2 letters and/or digits - unless represented in unusual fashion - are devoid of any distinctive character. On this basis, the CTM Office has constantly rejected trade mark applications consisting of 1 or 2 letters.

This point of view seems very doubtful to me since the Trade Mark Directive and the CTMR expressly include numerals and letters in possible types of trade marks. The law does not prescribe that a trademark must consist of three or more letters and/or numerals in order to function as a trade mark. Anyway, it seems that the Court of First Instance confirms this approach of OHIM. In the

"SAT.2" Case

(CFI judgement T – 323/00 of 2 July 2002),

he Court holds that the trade mark Sat.2 applied for services of the classes 35, 38, 41 consists of two descriptive elements, that is "SAT" as an usual abbreviation for "satellite" and "2" for a second channel. The Court concludes that in the context of television programmes and broadcasting services, "SAT.2" has the meaning of a second satellite channel. The Court expressly shares the Office's opinion that numerals in general and the number "2" in particular, are commonly used in trade for the presentation of services. Therefore, the Court of First Instance confirms OHIM's point of view.

I do not know if this decision is definite or if an appeal to the ECJ has been filed.

5. Colours.

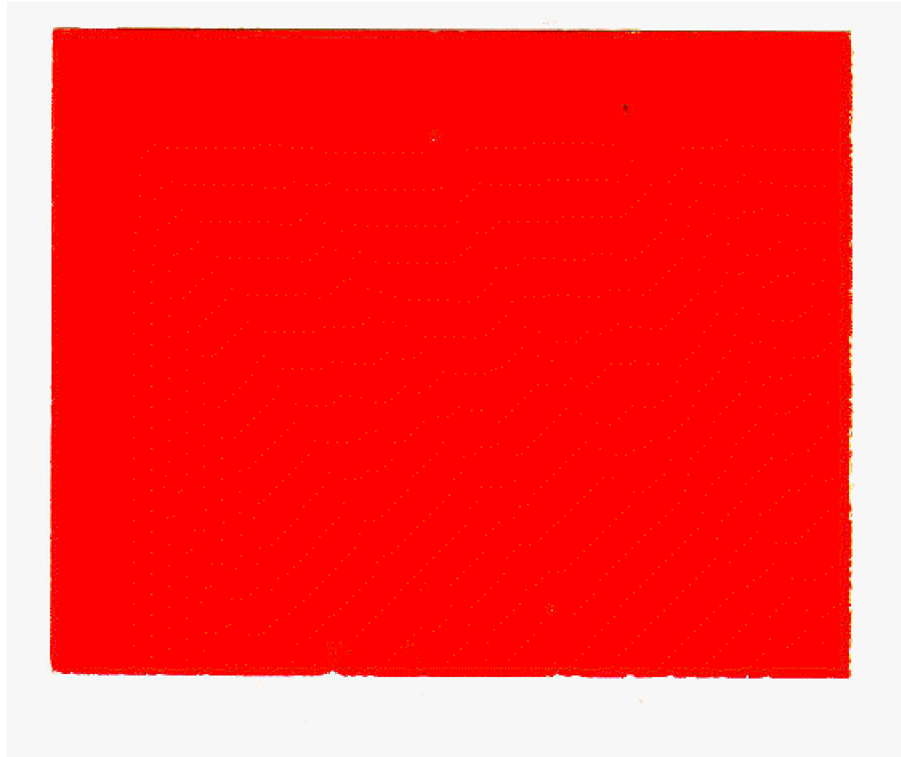
Colours of a product or its packaging have always been subject to legal action between competitors. The colours or the combination of colours are part of the outfit of the product. They may thus allow to draw the consumer's attention to a specific product and even give him a positive feeling or attitude towards the product concerned.

It is therefore not surprising that many trade mark owners try to protect a certain colour or combination of colours by a registered trade mark in order to get a better protection of the product's outfit. At the level of national jurisdiction, many court decisions have been given in nearly all the member states. As far as the community trade mark is concerned, we have now a very recent decision of the Court of First Instance. This ruling concerns the single colour

orange

(CFI judgment T – 173/00 of 9 October 2002).

A German company filed a CTM application seeking protection for the shade of orange as defined in the technical standard AKS 7. The representation of the mark is shown here below:



The application was filed for agricultural machines in classes 7 and 11, agricultural, horticultural and forestry seeds in class 31, and the services of technical and business consultancy in the area of plant cultivation in class 42. However, this application was rejected by the OHIM on the ground that a single colour is not distinctive. The Board of Appeal confirmed this refusal on the same ground. The Court of First Instance partially confirmed the decision of the lower instances but accepted legal action against it regarding the services of class 42.

The judgement in detail:

First of all, the Court of First Instance holds that a certain colour or combination of colours is, in principle, eligible for trade mark registration. In this context, I would like to recall to you article 4 of the CTMR which says:

> "A community trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings."

The colour or the combination of two or more colours can, of course, be represented graphically and, thus, is covered by the definition of article 4. Still, the legal issue is always the question of distinctiveness as defined in article 7 subparagraph 1 b CTMR. In our case regarding the colour orange, the Court of First Instance repeats the general rule that the distinctive character should , first, be assessed with respect to the goods and services for which the trade mark is applied, and, second, to the pertinent public's perception of it.

Concerning the public's perception of a colour, the Court holds that colours or combinations of colours may have a number of functions in commercial life. They may have technical, decorative functions, but they may also serve as an indication of origin. For the products in classes 7, 11 and 31 which the orange colour was filed for, the Court of First Instance followed the Board of Appeal's finding. It confirms that the use of colours in the fields covered by these classes is quite frequent. The factual researches of the OHIM and the Board of Appeal had shown that colours and even very similar shades of colours are often used, and, therefore, the Court regards the colour orange as being unable to distinguish the applicant's goods from those of a different commercial origin.

In return, with regards to the consultancy services claimed by the trade mark application in class 42, the Court holds that services per se do not have any colour, due to their nature. For the services, using of a single colour is not common. Furthermore, the use of the specific shade of orange as claimed by the trade mark application enables the public to distinguish these services from those of a different commercial origin. Therefore, the Court of First Instance overruled the previous decisions concerning these services of class 42. For the products in classes 7, 11, 31, the applicant's plea has been dismissed.

This decision is also too recent to know whether it will become definite or if an appeal will be lodged to the ECJ .

In my eyes, we cannot answer in abstract the question if a colour may serve for the consumer to identify a product and to distinguish it from the products of other manufacturers. The average consumer regards the product as presented to him. For agricultural machinery, it is obvious that the colour does not have the function to designate the origin. It is just the outfit of a product. Only, in the rare case where a unique manufacturer always uses the same colour for his products, the consumers may learn

that this colour should indicate this given manufacturer. This process of learning is based on the use of the trade mark and the colour may acquire a distinctive character by its use. If a trade mark becomes distinctive by its use, that means it acquires a certain notoriety, a trade mark registration may be obtained pursuant to article 7 paragraph 3. Like any other non-distinctive sign, also a colour may acquire a distinctive character.

A different view should be adopted in my eyes, for a combination of colours or a graphic representation of two or more colours. If the colours are combined in lines, geometric forms or in any other given way, the graphic representation will be more likely considered as a sign of origin. So, it is easier to get a trade mark registration for the combination of colours, being used in a circle or other geometrical form, than for a single colour where it is unclear whether the colour is applied to the product itself, its packaging, and/or its advertising material. The more the graphic representation of the combination of colours is original, the more it can function as a trade mark allowing the consumers to identify a product or a service with it.

I would like to add that, at least in Germany, a broad legal discussion has been raised about the circumstances under which the combination of colours may be considered as sufficiently distinctive. I only want to draw your attention to a case where the German Federal Patent Court (court of appeal of the German trademark office) has submitted this prejudicial question to the ECJ. This case concerns a trade mark application for the combination of

green / grey

(BPatG of 16 April 2002 – 33 W Pat 25/01).

This question is now pending before the ECJ and we will have to wait and see if the ECJ gives some more precise guidelines on the issue.

6. Three-dimensional Trade Marks

In addition to colours, the shape of products has been a field of large legal battles as well. Of course, many manufacturer try to get exclusive trade mark rights protecting

the shape of their products. Here again, the practice of OHIM, on one hand, and the decisions of the national administrations as well as those of the higher instances, on the other hand, have not been consistent. In the first time, many three-dimensional trade marks had been registered because the examiners were not familiar with the assessment of the distinctiveness of three-dimensional trade marks.

Furthermore, the first judgement of the CFI seemed to confirm the generous view of the criteria of distinctiveness for three-dimensional marks. In the judgement called

" soap bar shape "

(CFI judgement T – 122/99 of 16 February 2000)

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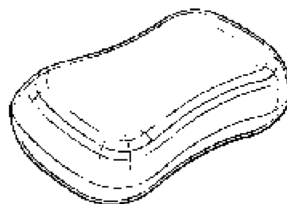
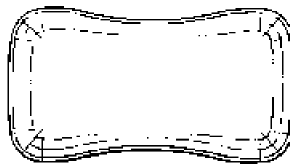
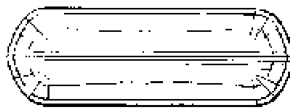
the CFI was confronted with procedural questions on the previous decisions, but the Court did not fail to express his consideration with regard to the distinctiveness. The representation of the mark is shown here below:





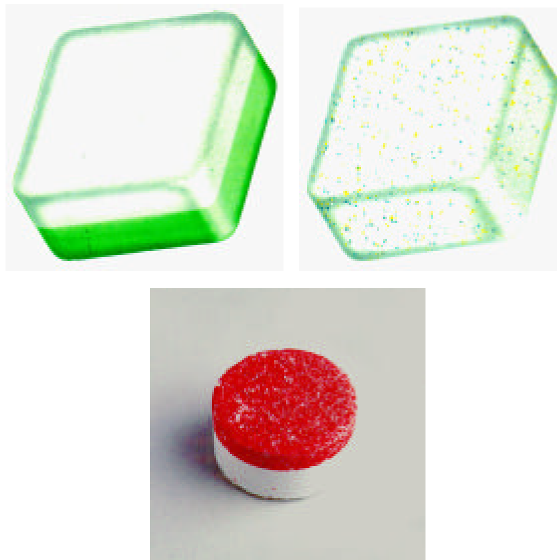


According to the CFI, the characteristics of the trade mark application in question did not only consist of the shape of the goods but represented as well some original ele-ments. The Court mentioned the bends inwards, the unusual length of the soap bar, and the grooves. These really little characteristics were not the result of the nature of the product itself but additional features of the applicant's product, whereas other

soaps on the market do not have these features. Therefore, the Court said that the Office and the Board of Appeal had been wrong in considering that this mark consisted exclusively of the shape of the product, thus being devoid of any distinctiveness.

Under the impression of this ruling, the legal profession in the European Community thought that the distinctive characteristics of three-dimensional trade marks were very low, so that even very simple features like those of the piece of soap were sufficient enough to create distinctiveness. But the Court of First Instance did not fail to correct this position.

Among others, a large sequence of judgements was given concerning the trade mark applications of the companies Procter & Gamble and Henkel. These firms filed a number of trade mark applications for different forms of washing tablets for the cleaning of dishes. For your illustration, some of these trade mark applications are represented here.



The ruling in all these cases stressed that these three-dimensional trade marks lacked distinctiveness because of the common shape of these kinds of products. Even the colour did not grant the marks an additional characteristic which would allow the consumers to identify the products of one given company and to distinguish them from those of competing firms.

The last ruling about three-dimensional trade marks has been the one of the Court of First Instance of 7 February 2002 concerning the

"Torch Shape"

(CFI judgement T – 88 / 00 of 7 February 2002).

The representation of the mark is shown here below:

Here again, the Court holds that the cylindrical shape is a common shape for torches and does not allow an average consumer to identify the products of one manufacturer and distinguish them from those of other companies. With regard to all the other features of these torches which were raised by the applicant in the course of the proceedings, the Court says that these features are commonly used by other manufacturers of torches and their effect would be to give the consumers only an indication of the nature of the product but not an indication of origin.

However, it is worth to mention the general consideration of the Court saying that the distinctiveness of a trade mark must be assessed regardless the different categories of a trade mark. Three-dimensional trade marks have not been subject to more stringent criteria or stricter requirements when assessing their distinctiveness. Article 7 subparagraph 1 b CTMR does not draw a line of distinction between the different categories of trade marks. The assessment of their distinctiveness is subject to the same rules, and even a minimum degree of distinctiveness is sufficient to overcome this absolute ground for refusal.

On this issue, I want to point out that 3 cases a pending before the ECJ referred to by the German Supreme Court. The ruling of the ECJ is expected very soon, probably before the end of the year.

With these remarks I'd like to leave the absolute grounds for refusal and go on the relative grounds.

7. Likelihood of Confusion

The issues on absolute grounds for a refusal constitute the largest part of the case law of the European Courts because the absolute grounds for a refusal are, of course, the first issue to be examined by the Office. But now the first rulings on the likelihood of confusion has just been given.

Nevertheless, before starting this part of my presentation, I'd like to recall you Art. 8 CTMR:

1. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:

(a) if it is identical with the earlier trade mark and the goods or services for which registration is applied for are identical with the goods or services for which the earlier trade mark is protected;

(b) if because of its identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.

Let's start now with the landmark case on this issue which is

"CANNON/CANON" Case

(ECJ judgement C – 39 / 97 of 29 September 1998)

referred to the ECJ by the German Supreme Court in order to establish basic rules for assessing a likelihood of confusion under the Trade Mark Directive.

In this case, the German trade mark "Cannon" was filed for videotaped films; production, lease of films for cinemas and television. The well-known Japanese manufacturer of cameras and photocopying machines filed an opposition before the German Patent Office. In the course of the opposition proceedings, the Japanese company claimed the notoriety of the "Canon" trade mark in Germany to be 76 percent and presented a public opinion poll to support this contention. The opposition was dismissed by the lower instances considering that the goods of the opposing "Canon" trade mark were not similar to those claimed by the "Cannon" application.

Still, the German Supreme Court referred the case to the ECJ in order to clarify the impact of the notoriety of the "Canon" trade mark on the assessment of the likelihood

of confusion. The ECJ replied that article 8 subparagraph 1 b of the Trade Mark Directive required to take into consideration all the circumstances of a given case in order to assess the likelihood of confusion, namely the following criteria :

- the degree of similarity of the goods and/or services
- the degree of similarity of the marks in question and
- the strength of the distinctive character of the marks.

All the three factors must be assessed together and are mutually related to each other. The assessment of the likelihood of confusion implies an interdependence between these criteria and, in particular, between the similarity between the trade marks and the similarity between the goods and/or services. A lesser degree of similarity between the goods and/or services of two marks may be offset by a greater degree of similarity between the marks in question and vice versa.

This principle of interdependence, mentioned already in the preliminary considerations of the Trade Mark Directive, is an important criterion for the interpretation of the likelihood of confusion. Moreover, the ECJ adds that the third factor, the strength of a trade mark, is also to be taken into consideration. The more distinctive the earlier mark is, the greater is the risk of confusion. That means in practice that trade marks having a highly distinctive character, either per se or due to their important use on the market, enjoy a broader protection than marks with a less distinctive character.
That means that for a weak trade mark which is very close to a descriptive word, only little differences between the marks may be sufficient to deny a likelihood of confusion. The stronger the distinctive character of a mark is, the more the likelihood of confusion might occur. Further, the strength of the distinctive character of the trade mark may be reinforced by the extensive use of it. The "Canon" trade mark does not have a descriptive meaning and has basically a normal degree of distinctiveness, but with its extensive use, it obtained a degree of notoriety of 76 percent among the German consumers. Thus, the opposing "Canon" trade mark has acquired a higher degree of distinctiveness to be able to offset the very low similarity of goods and services claimed by the younger mark. So, in this case, one of the three criteria, that is the similarity of goods, is reduced to a very low degree, whereas the other two criteria, that is the resemblance of the marks and the distinctive character of the opposing mark, are given to a very large extent. Thus, the likelihood of confusion has finally been held (after the case had been returned to the German authorities).

In its considerations, the ECJ points out that the purpose of the protection by a trade mark is - in accordance with the Trade Mark Directive - to guarantee the indication of origin of the goods. A trade mark must offer a guarantee to the consumers that all the goods and/or services bearing that mark have been manufactured under the control of a single undertaking which is responsible for the quality of the products and/or services. Thus, the purpose of a trade mark protection is to protect the consumers against a possible confusion as to the origin of the goods and/or services. So, here as well, we are facing the classical definition of the function of a trade mark.

Even if this ruling of the ECJ has been given on prejudicial questions submitted in the context of interpretation of the national trade mark provisions and the Trade Mark Directive, these general principles are now dominating the assessment of the likelihood of confusion in all cases - in national decisions as well as in CTM decisions.

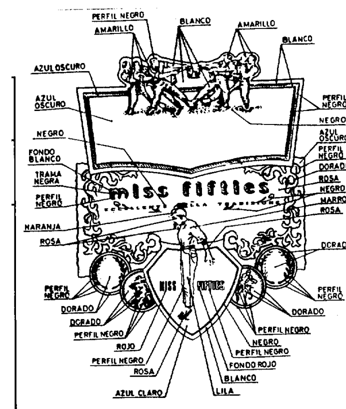
On the CTM level, we now have the first rulings of the Court of First Instance resulting from the opposition proceedings before the OHIM.

The first case I would like to present you is the judgement of the Court of First Instance given in the case

"Fifties / Miss Fifties"

(T – 104/01 of 23 October 2002).

Let me summarise the facts as follows:
The community trade mark applied for was the word mark "Fifties" to design Denim clothing. After this CTM application had been published, an opposition was filed, based on the Spanish composite word and figurative mark "Miss Fifties". The representation of the mark is shown here below:



This Spanish trade mark had also been registered for goods of class 25. OHIM's official decision found the opposition well founded, confirming a likelihood of confusion between the two marks. The Board of Appeal dismissed the applicant's appeal and the Court of First Instance confirmed this decision.

In its considerations, the Court follows the traditional reasoning about the assessment of the likelihood of confusion.
Again, the Court of First Instance starts on the basis of the "CANON" principles: First, all factors relevant to the circumstances of the case have to be taken into account, and, second, the different criteria for the appreciation of the likelihood of confusion are interdependent.
Next, the Court seeks to determine the relevant public: Since the opposition is based on a Spanish trade mark registration, the likelihood of confusion must be assessed from the angle of the Spanish consumer: the goods of this CTM application are consumer items, so that the perception of the average Spanish consumer is the decisive point of view. The question is how the average Spanish consumer perceives both trade marks. Furthermore, the Court adds that the average consumer rarely has the chance to directly compare the two trade marks. Relying on his memory, he has to recall at least one of the marks, but his memory is, of course, imperfect.
The discussion of the relevant factors begins with the consideration that the goods are identical and goes on to the visual comparison of both marks. Here, the Court states that the marks are visually not similar due to the figurative elements of the opposing Spanish trade mark and its additional verbal components.

The Court continues with an aural comparison of the two marks and comes to the conclusion that the predominant component of the earlier Spanish mark is the verbal element "Miss Fifties". This is the element a consumer would remember and would use when naming the trade mark. Now, from the phonetic or aural point of view, the Court attributes a significant similarity to the marks.

The Court goes on with examining the conceptual comparison of the conflicting marks. Here again, it refers to the dominant verbal component of the earlier mark. The average consumer would recall and understand the opposing Spanish trade mark as "Miss Fifties". Clearly, the Spanish consumer understands the word "Miss", but it is irrelevant if he does or not understand the English word "Fifties". In any case, it is not a descriptive element, even if it is understood as a reference to the 1950ies because this as well does not have any descriptive meaning. With regard to the con-

ceptual comparison, the additional word "Miss" would merely indicate that the complete expression "Miss Fifties" is the feminine variant on "Fifties". Therefore, both marks are conceptually very similar.

I do not want to further comment on these findings of the Court. For the moment, I would only say that I am missing an evaluation of the distinctive character of both marks or its dominant elements. We might discuss this question later on.

I would like to go on now and present two other judgements of the Court of First Instance, one of them is the

"ELS / ILS" Case.

(CFI judgment T – 388/00 of 23 October 2002).

Here, the American company ELS Educational Services Inc. filed a CTM application for the three letters and/or word "ELS" for the classes 16, 35, and 41. An opposition was filed on the basis of the German figurative sign "ILS", registered for educational and teaching material (class 16) and development and running of correspondence courses (class 41). The representation of the mark is shown here below:

The Opposition Division rejected the opposition, finding that there was no likelihood of confusion between these marks. The Board of Appeal confirmed this decision, whereas the Court of First Instance annulled it and held a likelihood of confusion between both marks.

Like in the case I've just discussed, the Court starts its considerations with the general principles of the assessment of a likelihood of confusion, in accordance with the "CANON" Case mentioned earlier.

Regarding the similarity of goods and/or services, the Court first states that only those goods or services are to be taken into consideration for which proof of use has been

submitted. In this case, proof of use has been furnished for the services of development and running of correspondence courses.
Concerning the visual, aural or conceptual similarity, the Court finds that both conflicting marks have the same length, namely three letters. Two of these three letters are absolutely identical and appear in the same sequence, as well. The Court thinks the difference between the first letters I and E not to be significant for the visual impression. Moreover, the figurative elements of the opposing mark are secondary, according to the Court, since the relevant consumers would only remember the three letters "ILS". The Court concludes that the marks are visually similar. At this point, I have been a little surprised because the Court does not finish its judgement with this statement about the visual similarity, but goes on and examines the aural and conceptual similarity as well. From the German standpoint, it would be sufficient to affirm one similarity, either an aural similarity or a visual similarity or a conceptual similarity.

The Court argues that for German consumers the pronunciation of the first letter I respectively E is very similar. As the letters L and S are identical, there is an aural similarity, according to the Court.

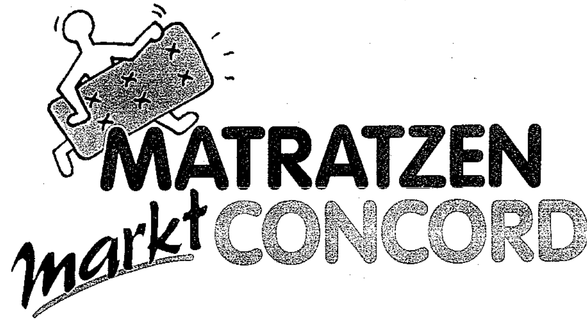
With regard to the conceptual comparison, the Court of First Instance states that both words "ELS" and "ILS" do not have any meaning in the German language. Therefore, both signs are similar, and, as far as the services are similar, a likelihood of confusion has to be affirmed for German consumers.

The third case is the most surprising ruling, at least from my point of view as a German lawyer. It concerns the composite CTM application

"MATRATZEN Markt CONCORD",

(CFI judgment T – 06/01 of 23 October 2002)

filed for products of the classes 10, 20, and 24 (including mattresses). The representation of the mark is shown here below:



An opposition was filed against this trade mark on the basis of a Spanish word mark consisting of the German word "Matratzen", registered in Spain for products of class 20 as well.

You may know that *Matratzen* is the German word for *mattresses* and therefore it is an absolutely descriptive word for German consumers, indicating the nature of the product.

OHIM's Opposition Division held a partial likelihood of confusion for the products in the classes 20 and 24 and rejected in so far the CTM application. For products of the class 10, the opposition was rejected. Both parties filed an appeal against this decision before the Board of Appeal which upheld the opponent's appeal and rejected the applicant's appeal. The Board of Appeal was of the opinion that a likelihood of confusion existed between the opposing mark and the CTM application concerning **all** the products, including those in class 10, so: cushions, pillows, mattresses, air-cushions, and beds for medical purposes. The applicant filed legal action against this decision before the Court of First Instance, claiming the annulment of the Board of Appeal's decision and the rejection of the opposition. The Court of First Instance dismissed this action.

The specific consideration in this case is that the German word "Matratzen" is a word which the Spanish average consumer does not understand. So, for the Spanish consumers this word is a distinctive word. By the way, the Court says that it is irrelevant that many German consumers travel to Spain or are even resident there. The average consumer in Spain to be taken into account is the Spanish-speaking buyer who does not know this German word.

The Court's next consideration concerns the CTM application, saying that the word "CONCORD" is a distinctive word. It has not been proved that the word has lost its

distinctiveness because of a frequent use for the product description or presentation in the Spanish language. So it has a normal degree of distinctiveness. Considering the word "markt", the Court thinks this word to be secondary within the trade mark, maybe it can even totally be neglected. And the figurative element of this mark is not dominant because the Court thinks it is easier for consumers to remember and describe a trade mark with its verbal elements. Therefore, it concludes that the two words "MATRATZEN" and "CONCORD" are the dominant elements of this trade mark. Based on these considerations, the Court holds that there is a visual and aural similarity between those marks since the word "Matratzen" is identical.

Taking into account the fact that the goods are also similar, the Court finds a likelihood of confusion between the marks.

Let me just remark that this last consideration is not very convincing: If the Court holds that the CTM mark is composed of the two dominant word elements "MATRATZEN" and "CONCORD", it cannot conclude an aural or visual similarity. The consideration of the Court is inconsistent, on one hand, saying that the dominant elements of the mark are both words "MATRATZEN" and "CONCORD", but, on the other hand, affirming the visual or aural similarity only because of the element "Matratzen".

In addition to this, the visual comparison must neglect neither the third verbal element, the word "markt" nor the figurative element. If we further compare the signs from a Spanish consumer's point of view, the word "markt" would also be a distinctive element, the Spanish word is *mercado*. It is therefore hard to comprehend for me that the Court came to the conclusion that this word could nearly totally be neglected. Unfortunately, the Court gave no further explanation for this consideration.

Finally, I would like to add that all the above decisions about the likelihood of confusion have been issued only very recently, that is on 23 October 2002. So, we cannot know if an appeal before the ECJ will be filed, the deadline for an appeal is two months.

Websites:

ECJ /CFI judgments on www.curia.eu.int
OHIM/Board of Appeal decisions on www.oami.eu.int