OPINION OF ADVOCATE GENERAL RUIZ-JARABO COLOMER delivered on 10 November 2005 [1]

1. This appeal is directed against the judgment delivered by the Court of First Instance (Fourth Chamber) on 3 March 2004, [2] which dismissed the action for annulment brought against the decision of the Second Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) ('OHIM'), which had dismissed the opposition by the company Mühlens GmbH & Co. KG ('Muehlens'), the owner of the Community figurative mark 'Sir' and the appellant in this case, against the word sign 'Zirh' for perfumes and cosmetics.

2. The issue is once again the interpretation of the term 'likelihood of confusion' used in Article 8(1)(b) of the Community Trade Mark Regulation. [3] The appeal is based on a single plea, divided into two parts, concerning, respectively, the assessment of the existence of that likelihood, having regard to certain ways in which the products bearing the conflicting marks are marketed and the rule developed by the Court of First Instance in earlier judgments to the effect that the predominance of the conceptual elements may counteract phonetic similarities.

3. Also of interest is a judgment delivered on 6 May 2004 by the Landgericht (Regional Court) Hamburg (Germany), sitting as a Community trade mark court, in proceedings concerning infringement of an industrial property right between the abovementioned undertakings in respect of those same trade marks, which found in favour of the proprietor of the mark 'Sir' and against the proprietor of the mark 'Zirh', taking the view that the likelihood of confusion between them was proved. Although it is not a prerequisite for giving judgment on the substance of this case, that fact deserves some consideration in relation to the European system of trade marks.

1 — Original language: Spanish.

2 — Case C-355/02 *Muehlens GmbH & Co KG v OHIM* [2004] ECR II-791.

3 — Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1993 L 11, p. 1), as amended by Council Regulation (EC) No 3288/94 of 22 December 1994 for the implementation of the agreements concluded in the context of the Uruguay Round (OJ 1994 L 349, p. 83), and by Council Regulation (EC) No 422/2004 of 19 February 2004 (OJ 2004 L 70, p. 1).

I — The Community Trade Mark Regulation

4. The abovementioned Regulation No 40/94 is the basic instrument for dealing with the problems inherent in this case.

5. According to Article 4 thereof, a Community trade mark may consist of any 'signs 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.'

6. Article 8 sets out the relative grounds for refusal, among which Article 8(1)(b) states as follows:

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

(a) ...

(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.

...'

7. Although they do not have a direct bearing on the substance of the case, it is appropriate to consider the provisions of Regulation No 40/94 relating both to the rule applicable in cases of infringement of the rights conferred by those industrial property rights and to Community trade mark courts.

8. As regards the first of those aspects, Article 14 provides:

'1. The effects of Community trade marks shall be governed solely by the provisions of this Regulation. In other respects, infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark in accordance with the provisions of Title X.

2. ...

3. The rules of procedure to be applied shall be determined in accordance with the provisions of Title X.'

9. In that regard, Article 91(1), contained in the second section, 'Disputes concerning the infringement and validity of Community trade marks', in Title X, headed 'Jurisdiction and procedure in legal actions relating to Community trade marks', requires the Member States to designate in their territories a limited number of 'national courts and tribunals of first and second instance, hereinafter referred to as "Community trade mark courts", which shall perform the functions assigned to them by this regulation'.

10. Pursuant to Article 92, which appears in the same title and section,

'The Community 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 Community trade marks;

(b) for actions for declaration of non-infringement, if they are permitted under national law;

...'.

II — Background to the appeal

A — *The facts of the case at first instance*

11. On 21 September 1999, Zirh International Corp. applied to OHIM for registration of the word mark 'Zirh' as a Community trade mark, the application being published on 3 April 2000 in *Community Trade Marks Bulletin* No 27/2000.

12. The goods and services in respect of which registration was sought are in classes 3, 5 and 42 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.

13. On 24 May 2000, pursuant to Article 42 of Regulation No 40/94, Muehlens filed a notice of opposition in respect of all

products and services covered by the application, and in doing so relied on an earlier Community graphic mark which contains the verbal element 'Sir' to designate goods in class 3 of the Nice Agreement, corresponding to the description 'Perfumery, essential oils, cosmetics, hair lotions, dentifrices, soaps.'

14. On 2 October 2000, Zirh gave details as follows of the types of goods and services covered by its application:

— 'Soaps; perfumery; essential oils; cosmetics; hair lotions; aftershave lotions; baby, body and face powders; baby and hair shampoos; hair conditioner; shaving balm, cream, gel and lotion; lip balm and gloss; bath and shower gel; skin cream and lotion; deodorants and antiperspirants; facial scrubs; hairstyling preparations; body oil; perfume; skin cleansing cream and lotion; skin moisturiser; skin, deodorant and toilet soaps; sun block preparations and sun screen preparations' in Class 3;

— 'Hygienic and beauty care services; hairdressing services; beauty salon services; cosmetic research and development; perfume research and development' in Class 42.

15. Nevertheless, Muehlens maintained its initial position.

16. By decision of 29 June 2001, the Opposition Division of OHIM rejected the opposition essentially on the ground that the visual and conceptual differences outweighed the phonetic similarity of the signs, with the result that there was no likelihood of confusion between the two marks.

17. On 10 July 2001, Mühlens filed with OHIM a notice of appeal against the decision of the Opposition Division, pursuant to Article 59 of Regulation No 40/94.

18. On 1 October 2002, the OHIM Second Board of Appeal dismissed the appeal and confirmed the contested decision, essentially on the basis that, although the products and services at issue are marketed through the same channels of distribution or points of sale, the differences between the two trade marks outweigh the phonetic similarities of the two signs in some official languages of the European Union.

19. Mühlens brought an action for the annulment of that adverse decision by an application received at the Registry of the Court of First Instance on 4 December 2002.

B — *The judgment under appeal*

20. The application contained a single plea, alleging infringement of Article 8(1)(b) of Regulation No 40/94. The applicant emphasised the similarity of the signs 'Sir' and 'Zirh' when they were pronounced, which, in its view, rendered them identical, particularly in view of the fact that when perfumes and cosmetics are sold, they are not visible to consumers in every case.

21. Although it accepted that the trade marks at issue were partially phonetically similar, OHIM denied that such similarity gave rise to any likelihood of confusion, having regard to the considerable conceptual differences between a mark which has a clear meaning in English and one which was merely invented.

22. The Court of First Instance, after setting out the criteria laid down in the case-law regarding the likelihood of confusion, [4] considered whether the degree of similarity between the trade marks at issue was sufficiently great to create a risk of confusion.

23. It compared them from the visual, phonetic and conceptual points of view, coming to the conclusion that they were only similar as regards their pronunciation in certain countries. [5]

24. Next, following the precepts laid down by the Court of Justice to the effect that mere phonetic similarity of marks may create a likelihood of confusion, [6] it made an overall assessment of all the relevant factors, concentrating on the overall impression given by the marks at issue, and paying particular attention to their distinctive and dominant elements.

25. That examination led to the finding that the word 'Sir' had a clear and specific meaning, which the relevant public grasped immediately, [7] even though it did not refer to any characteristic of the products. It inferred that the phonetic features were outweighed by the conceptual aspects and the visual differences observed, since the trade mark

4 — Paragraphs 34 to 42 of the contested judgment.

5 — Paragraphs 44 to 47 of the contested judgment.

6 — Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 28.

7 — Of course, consumers in the Slav countries would have detected this rapidly, although not without some surprise as far as perfumes are concerned, because that word, in their respective languages, for example 'sýr' in Czech, 'ser' (closer to the English pronunciation) in Polish, 'sýr' in Slovakian and 'sir' in Slovenian, means 'cheese'.

'Sir' included a heraldic device,[8] and it applied the rule that it had developed previously[9] concerning the counteraction of phonetic similarities by conceptual divergences.

26. The judgment under appeal attributed little importance to the similarity between the marks at issue, considering that the marketing of the goods in question is normally carried out in such a way that the consumers perceive the signs with their eyes and not solely or preponderantly with their ears, contrary to the contention of the applicant and now appellant, which produced no evidence whatsoever to support its thesis.[10]

27. Consequently, the Court of First Instance rejected the view that the degree of similarity between the trade marks was great and conducive to confusion regarding the undertaking from which the products and services at issue emanated, despite the fact that they were partially similar, or identical,[11] dismissing the claim for annulment and the action as a whole.

8 — Paragraphs 49 to 51.

9 — In Case T-292/01 *Phillips-Van Heusen Corp.* v *OHIM* [2003] ECR II-4335, it laid down that rule, which was applied subsequently in Joined Cases T-183/02 and T-184/02 *El Corte Inglés* v *OHIM* [2004] ECR II-965, paragraph 93, and Case T-185/02 *Claude Ruiz-Picasso and Others* v *OHIM* [2004] ECR II-1739, in which appeals are pending.

10 — Paragraphs 51 to 54.

11 — Paragraphs 55 and 56 of the contested judgment.

III — Procedure before the Court of Justice and the forms of order sought

28. The Registry of the Court of Justice recorded the lodging of Muehlens's appeal on 6 May 2004 and of OHIM's defence on 27 July 2004.

29. The parties lodged a reply and a rejoinder respectively on 20 October 2004 and 28 January 2005.

30. The hearing, attended by representatives of Muehlens, OHIM and Zihr International Corp., was held on 6 October 2005.

31. The appellant claims that the Court of Justice should:

— set aside the judgment of the Court of First Instance of 3 March 2004 in Case T-355/02;

— annul the decision of the OHIM Second Board of Appeal of 1 October 2002 (case R 657/2001-2) concerning opposition

proceedings between Mühlens and Zirh International Corp.;

— order OHIM to pay the costs.

32. OHIM, supported by the intervener at first instance, contends that the Court of Justice should:

— dismiss the appeal;

— order the appellant to pay the costs.

IV — Analysis of the plea in law

33. Muehlens puts forward a single plea in law, namely misconstruction of the concept of likelihood of confusion in Article 8(1)(b) of Regulation No 40/94, which it divides into two parts: first it claims that such a likelihood exists, referring, in particular, to the influence that the method of marketing of products and services has on the way in which phonetic, visual and conceptual similarities are taken into account; the other challenges the rule to the effect that, in certain circumstances, phonetic similarities are counteracted by those of a conceptual nature.

A — *The first part of the sole plea*

34. It must be pointed out, first of all, that this part of the plea might be viewed as inadmissible, since it seeks reversal of the factual finding as to the lack of any likelihood of confusion made by the Court of First Instance, when, under Article 58 of its Statute, assessments of that kind fall outside the jurisdiction of the Court of Justice. [12]

35. Nevertheless, in application of the interpretative principle *in dubio pro actione*, which favours continuation of the proceedings until a decision is given on the substance and derives from the right to effective judicial protection, a closer look at the various submissions made by the appellant, and at its reply, will enable the true meaning thereof to be disentangled.

12 — Concerning the scope of judicial review by the Court of Justice in trade mark cases, see my Opinion of 14 May 2002 in the proceedings which gave rise to the judgment of 19 September 2002 in Case C-104/00 *DKV* [2002] ECR I-7651, paragraphs 58 to 60.

36. For Mühlens, the infringement of Article 8(1)(b) of Regulation No 40/94 derives from the Court of First Instance's disregard of the doctrine of the Court of Justice that mere phonetic similarity of trade marks may give rise to a likelihood of confusion. [13] According to the appellant, that similarity automatically gives rise to such a likelihood, thereby rendering visual and conceptual analysis entirely irrelevant.

37. In its opinion, the importance of phonetic similarity is reinforced by the fact that customers do not always have the goods in front of them at the time of purchase, since frequently the consumer acquires them in ways in which the pronunciation of the mark plays an important role, such as by way of gifts, mail-order and telephone sales, and recommendations in specialised trade circles, for example in beauty and hairdressing salons and perfumeries.

38. To demonstrate this, it annexed to its reply a photocopy of the judgment delivered on 6 May 2004 by the Landgericht Hamburg (Germany) in trade mark infringement proceedings in which the parties and the marks were exactly the same as in the present action. In that judgment, the German court accepted that there was a likelihood of confusion between the marks in question, explicitly contradicting the judgment under appeal here, which is of an earlier date.

13 — *Lloyd Schuhfabrik Meyer*, paragraph 28.

39. OHIM does not challenge the appellant's analysis regarding the phonetic similarity of the marks, but does not accept the preponderant role attributed to it. It also considers that the *Lloyd Schuhfabrik Meyer* judgment, cited above, envisages, in paragraph 28, only the *possibility* that phonetic similarity may create the likelihood of confusion, it being necessary, before such a conclusion is arrived at, for an overall assessment to be made of all the relevant factors and of the products at issue.

40. It downplays the importance of the repercussions of the aural communication of the signs in the selling process, describing the examples given by the appellants as inadequate and unrepresentative. In its view, the situations to which they relate do not constitute the general rule, whereas the rules laid down in the case-law of the Court of Justice seek specifically to determine typical or average circumstances.

41. In addition, OHIM finds no difficulty with the judgment of the Landgericht Hamburg, provided that the facts were different from those presented to the Court of First Instance; if that were not the case, it would be concerned about the situation that would result from the decision, because it would place the parties in a delicate and almost untenable position, given that national trade mark courts, when evaluating the likelihood of confusion, would be using legal rules different from those indicated by the Community Court which, although a Court of First Instance, exercises a fundamental jur-

isdiction in the European Union. The latter aspect, however, has no direct impact on the outcome of this appeal, for which reason it will be considered below, once the plea on which the appeal is based has been fully dealt with. [14]

42. My approach to the admissibility of the appellant's submission having been thus clarified, consideration of this part of the plea must focus on the dicta of the Court of Justice in its judgment in *Lloyd Schuhfabrik Meyer*, referred to above, specifically in paragraph 28 thereof, where it states that the possibility cannot be ruled out 'that mere aural similarity between trade marks may create a likelihood of confusion'.

43. Logically, the meaning of that sentence is not absolute, as the appellant contends, since the judgment declares that phonetic similarity is sufficient for a referring court, where the products are similar, to decide that such likelihood exists. A grammatical interpretation of those words suggest that the Court of Justice *does not rule out* the possibility that such similarity is sufficient to infer that there is a likelihood of confusion, but it does not necessarily require that conclusion to be arrived at merely on the basis of acoustic resonances.

44. From the logical and linguistic point of view, where 'the possibility is not excluded' that something may happen, it is recognised that it is not very probable and, implicitly, that such an event is unusual. In any case, that statement provides no basis for inferring a general rule according to which it is doubtful that a specific case will arise.

45. A comparison with other language versions of that judgment of the Court of Justice supports the proposed interpretation. That is clear, both from the German, the language of the case on that occasion, 'sich nicht ausschließen lässt, daß allein die klangliche Ähnlichkeit der Marken eine Verwechslungsgefahr ... *hervorrufen kann*', and from the French, 'qu'il ne saurait être exclu que la seule similitude auditive des marques *puisse créer* un risque de confusion', or from the English, 'it is possible that mere aural similarity between trade marks *may create* a likelihood of confusion'; this comparison does not purport to be exhaustive, but in order to dispel any doubt, the comparison can also be drawn with the wording in Dutch, 'niet valt uit te sluiten, dat de enkele auditieve gelijkenis tussen de merken verwarring ... *kan doen ontstaan*', or in Italian, 'non si può escludere che la somiglianza fonetica dei marchi *possa creare* un rischio di confusione'.

46. As regards the claim concerning the importance of certain commercial channels in which the products in question are not visible to the consumer, thus making phonetic similarity more important, it must be pointed out, without going into the substance of the problem, that the Court of First Instance, in paragraph 53 of the contested judgment, rejects it only because the appli-

14 — See point 58 et seq. below.

cant had not made out a sufficient case. Accordingly, Mühlens's criticism of that decision on the ground that it did not attach to those channels of distribution the importance which they allegedly deserve is irrelevant since it relates to a statement made *merely for the sake of completeness* in paragraph 54, which did not contradict the statement made in the preceding paragraph.

47. Furthermore, as regards assessment of the evidence, it must be borne in mind that, pursuant to Article 225 EC and Article 58 of the Statute of the Court of Justice, an appeal is to be limited to matters of law, so that the Court of First Instance has sole jurisdiction to establish and adjudicate on the relevant facts, and to weigh the evidence, except where it distorts one or the other. [15] Consequently, the Court of Justice has no authority to review tasks of that kind carried out by the Court of First Instance.

48. In view of the foregoing, the first part of the plea should be rejected as unfounded, since there does not appear to have been any infringement whatsoever of Article 8(1)(b) of Regulation No 40/94.

15 — Case C-136/92 P *Commission* v *Brazzelli Lualdi and Others* [1994] ECR I-1981, paragraphs 49 and 66, Joined Cases C-238/99 P, C-244/99 P, C-245/99 P, C-247/99 P, C-250/99 P to C-252/99 P and C-254/99 P *Limburgse Vinyl Maatschappij and Others* v *Commission* [2002] ECR I-8375, paragraph 194, and Case C-312/00 P *Commission* v *Camar and Tico* [2002] ECR I-11355, paragraph 69.

B — *The second part of the sole plea*

49. By the second part of its plea, the appellant challenges the rule of 'counteraction' of phonetic similarities by conceptual divergences between signs, employed by the Court of First Instance in a number of judgments. [16] First, it criticises the basis of the rule, considering it to be contrary to the case-law of the Court of Justice. Second, it doubts whether, in this case, the English word 'sir' has, on the basis of its pronunciation, a meaning that can be grasped by the relevant public.

50. In its first assertion, it denies that the overall evaluation of all the factors implies that the signs must be scrutinised from the phonetic, visual and conceptual points of view, because, in its opinion, if the similarity perceived using one of the senses is manifest, it may give rise to a likelihood of confusion — once again making a clear allusion to the *Lloyd Schuhfabrik Meyer* judgment already referred to, and specifically to paragraph 28 thereof.

51. In that regard, it is appropriate to recall paragraphs 43 to 45 of this Opinion and on that basis to reject the interpretation of the judgment contended for and to focus on its actual terms.

16 — Mentioned in footnote 9 to this Opinion.

52. As regards the appellant's second argument, concerning the meaning of the word 'sir', it must be emphasised, above all, that it concerns a finding of fact made by the Court of First Instance in the proceedings for annulment, which cannot be reviewed by the Court of Justice pursuant to Article 58 of its Statute, as I have already explained. Nevertheless, if that argument is interpreted as calling in question the legality of the abovementioned counteraction rule, it is necessary to throw some light on the matter.

53. This is not the first time that the validity of this rule for evaluating the likelihood of confusion has been in issue before the Court of Justice; nor is it the first time that I am giving my views on the matter. [17] The essential case-law derives from the *SABEL* judgment, in which the Court of Justice held that all the relevant factors of each specific case must be taken into consideration, [18] adding that, with regard to the visual, aural or conceptual similarity of the trade marks in question, the global assessment must be based on the overall impression created by them, [19] and in particular their distinctive and dominant components. [20]

54. That evaluation of the visual, phonetic or conceptual elements which are presumed to be decisive is a matter, in each case, for the court hearing the case, in so far as judicial review by the Court of Justice in this area does not extend to purely factual aspects.

55. In another Opinion I have already put forward the view [21] that such a review would only be pertinent where the contested rule was relied on in an absolute and a priori manner without prior individual analysis of the various components, resulting in its automatic application in a way that conflicted with the abovementioned case-law of the Court of Justice. Of course, it would also be necessary for the appellant to allege distortion of the facts, [22] a possibility not to be taken into account here since no such allegation was made.

56. In paragraphs 44 to 47, the contested judgment examined all the components in accordance with that case-law and then, in paragraph 50, dealt with the factor that it considered decisive, the conceptual aspect, which relates to the meaning of the verbal element of the mark 'Sir'.

17 — Opinion in Case C-361/04 P *Claude Ruiz-Picasso and Others*, in which judgment has not yet been delivered, point 27 et seq.

18 — Case C-251/95 *SABEL* v *Puma* [1997] ECR I-6191, paragraph 22.

19 — *SABEL*, paragraph 23.

20 — See also *Lloyd Schuhfabrik Meyer*, paragraph 25.

21 — Opinion in Case C-361/04 P *Claude Ruiz-Picasso and Others*, point 35.

22 — Case C-53/92 P *Hilti* v *Commission* [1994] ECR I-667, paragraph 42.

57. Consequently, conforming as it does with those rules, the judgment of the Court of First Instance did not in any way whatsoever infringe Article 8(1)(b) of Regulation No 40/94, for which reason the second part of the sole plea in law must be rejected as unfounded.

C — *The judgment delivered by the Landgericht Hamburg*

58. As I stated in point 38 of this Opinion, the Landgericht Hamburg delivered a judgment on 6 May 2004 acknowledging the likelihood of confusion in trade mark infringement proceedings between the appellant in the present proceedings and the intervener at first instance in respect of the same signs.

59. That fact is not surprising if we examine the structure of the Community trade mark protection system, although it is not normal, and still less desirable, that it should arise.

60. Community and national trade marks do not coexist in watertight compartments without any connection, but rather cohabit in a shared area; even though they do not support each other, they are certainly interrelated, to the extent of being reciprocally permeable, [23] since, as stated in the preamble to Regulation No 40/94, Community law has not replaced the trade mark laws of the Member States. [24]

61. This correspondence with national law is reflected in cases of infringement of Community trade marks, a field governed by Community law and, on an ancillary basis, the laws of the Member States, [25] as if the principle of subsidiarity had been inverted. [26] Thus, under Article 14 of Regulation No 40/94, whilst the effects of the Community trade mark are governed exclusively by that regulation's provisions, infringements of Community trade marks are governed by the State provisions applicable to national trade marks, a system which, quite rightly, some writers have described as confused. [27]

62. Jurisdiction to hear actions for infringement of rights conferred by the Community trade mark was attributed solely to the

23 — J. Álvarez, 'Marca comunitaria y marcas nacionales', in *Marca y Diseño Comunitarios*, Alberto Bercovitz Rodríguez-Cano (Coord.), Ed. Aranzadi, Pamplona, 1996, p. 191 et seq., in particular p. 195 et seq.

24 — Trade Mark Regulation, fifth recital.

25 — Article 14(1) of Regulation No 40/94.

26 — This upending of the well-known Community law principle is an image attributable to E. Gastinel, *La marque communautaire*, L.G.D.J., Paris, 1998, p. 197.

27 — A. Bender, 'Artikel 14', in F.L. Ekey/D. Klippel, *Heidelberger Komentar zum Markenrecht*, C.F. Müller, Heidelberg, 2003, p. 953; to the same effect, see E. Gastinel, op. cit., p. 197.

Community trade mark courts [28] pursuant to Article 92(a) of the Trade Mark Regulation. Thereafter, the regulation appears to be rooted in unstable ground as a result of terminology conducive to uncertainty. [29] In brief, and without undertaking a detailed examination, which would go beyond the scope of the present Opinion, I would draw attention to the following aspects.

63. In the procedural area, those courts, after deciding for themselves whether they have jurisdiction in accordance with Articles 93 and 94 of Regulation No 40/94, [30] assume responsibility, under Article 97(3), for applying the provisions in force for actions of that kind within the legal system of the country in which they are located, without prejudice to the specific provisions of the regulation, which are in fact scant and diffuse, despite the unitary and independent orientation which the legislature sought to attribute to them. [31]

64. From the substantive point of view, Regulation No 40/94 merely grants the proprietor, in Article 9(1) and (2), a *ius prohibendi* and a right to compensation which is 'reasonable' (*sic*) for events subsequent to publication of the Community trade mark application which, after due publication of registration of the mark, are prohibited. To this must be added the right to ask that a trade mark reproduced in a dictionary, encyclopaedia or any other reference work should be accompanied by an indication that it is a registered trade mark. [32] In such cases, there is no mention of the applicable law: the *ius* and the *forum* coincide, so that the competent court relies on its own law, which in this case acquires the status of Community law. [33]

65. On the other hand, other rights of action, in particular actions for compensation, are governed by the law of the Member State in which the infringements have

28 — According to Article 91(1) of Regulation No 40/94, they are national judicial authorities of first and second instance which the Member States have designated to carry out the functions assigned to them. Thus, in contrast to proceedings against measures and decisions of OHIM, the Court of Justice is not their court of last instance, although they continue to be subject to the judicial cooperation mechanism laid down by Article 234 EC. See, in that connection, 'Artikel 91', in F.L Ekey/D. Klippel, op. cit., p. 1248.

29 — The commentators are unanimous. M. Desantes Real, 'La marca comunitaria y el Derecho internacional privado', in Alberto Bercovitz Rodríguez-Cano (Coord.), op. cit., p. 247, also offers a guide to the interpretation of the terms of Regulation No 40/94 in order to identify the applicable law, basically Articles 14(1), 97 and 98.

30 — Regarding the problems of provisions of private international law concerning Regulation No 40/94, see M. Desantes Real, op. cit., p. 225 et seq.; P. von Kapff, 'Artikel 93' and 'Artikel 94' in Ekey/Klippel, op. cit, p. 1249 et seq.; and M. Lobato García-Miján, *La marca comunitaria — Aspectos procesales y de Derecho Internacional Privado del Reglamento sobre la marca comunitaria*, Publicaciones del Real Colegio de España, Bologna, 1997.

31 — P. Morenilla Allard, in *La protección jurisdiccional de la marca comunitaria*, COLEX, Madrid, 1999, p. 141, puts forward the idea that reliance on the procedural rules of the Member States was more of a necessity than an option. To the same effect, see E. Gastinel, op. cit., p. 198.

32 — Article 10 of Regulation No 40/94.

33 — M. Lobato García-Miján, op. cit., p. 183.

occurred (*lex loci commissi delictii*), pursuant to Article 98(2) of Regulation No 40/94, with the consequence that the Community trade mark courts are being progressively called on to have recourse to foreign law, thereby detracting from the unitary approach which was intended for industrial property of this kind. [34] Thus, legal provisions and case-law regarding liability for damage vary from one Member State to another, and this has repercussions on the sum which the proprietor of a Community trade mark whose rights have been infringed will obtain by way of compensation in one forum or another, [35] depending on the criteria used to evaluate the loss suffered and the level of compensation.

66. For their part, provisional and precautionary measures adopted by the Community trade mark courts are subject to the *lex fori*, in accordance with Article 99 of Regulation No 40/94. Their scope depends, however, on the origin of their jurisdiction: if it derives from paragraphs 1, 2, 3 or 4 of Article 93, they may be enforced in any Member State; in contrast, those adopted by the Community trade mark court of the place where the harmful event was committed will only take effect in the Member State of that judicial authority. [36]

67. To conclude this outline of the European legislation on the jurisdiction of Community trade mark courts, a very interesting feature must be mentioned, the purpose of which is to avoid conflicting judgments.

68. Conscious of the latent danger inherent in this complex web of procedural and substantive provisions, the legislator inserted in Regulation No 40/94 a number of mechanisms to deal with the problem. Attention should be drawn to the 16th recital in the preamble [37] and to the provisions on related actions (Article 100) and on cases involving circumstances similar [38] to litispendency (Article 105). Also included in this category is Article 96(7) concerning the powers of the Community trade mark courts in relation to counterclaims.

69. All those provisions contemplate the possible suspension of proceedings that are pending or inadmissibility of the originating application, declared either by the Community trade mark court or by another national

34 — A. Von Mühlendahl/D.C. Ohlgart, *Die Gemeinschaftsmarke*, C.H. Beck and Stämpfli & Cie AG, Munich, 1998, pp. 213 and 214.

35 — M. Lobato García-Miján, op. cit., p. 187.

36 — U. Bumiller, *Durchsetzung der Gemeinschaftsmarke in der Europäischen Union*, C.H. Beck, Munich, 1997, p. 21.

37 — According to which '... contradictory judgments should be avoided in actions which involve the same acts and the same parties and which are brought on the basis of a Community trade mark and parallel national trade marks ...'.

38 — M. Lobato García-Miján, op. cit., p. 219.

judicial authority, the sole justification for this being the avoidance of conflicting decisions, as indicated in the 16th recital to the regulation.

70. However, it is not appropriate to dwell on the details of those provisions, since they relate to situations not relevant to the dispute brought before the Landgericht Hamburg, which was not dealing with a counterclaim or a problem of litispendency or related actions in connection with infringement of a national trade mark; the case before it concerned infringement of the rights conferred by a Community trade mark, for which compensation was sought, whilst at the same time the Court of First Instance was dealing with an application for the annulment of a decision of the OHIM Second Board of Appeal on the opposition by the company Mühlens concerning registration of the trade mark 'Zirh'. It must be recognised that such a case is not explicitly governed by Regulation No 40/94 or by any other legislative measure. [39]

71. Nevertheless, the absence of an express provision does not preclude the application of Community law and the general principles of the Community legal order, in particular those relating to judicial cooperation between national judicial authorities and the Court of Justice, the principle of the effectiveness of Community law and the principle requiring sincere cooperation under Article 10 EC.

72. Although the national court plays a preponderant role in the context of Article 234 EC, in submitting or withdrawing a request for an interpretative preliminary ruling as it sees fit, [40] it must not be forgotten that the primary aim of that mechanism of judicial assistance is to guarantee the uniform application of Community law. [41]

73. Moreover, as part of the duty of sincere cooperation attached to the Member States, Article 10 EC imposes obligations on the national judicial authorities, [42] such as that of interpreting Community law in the light of the Community legal order and, in particular, directives. [43]

39 — Nor is any adequate solution to the Landgericht Hamburg case to be found in Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45), which applies to trade marks by virtue of Article 1 and whose purpose, according to the 10th recital in its preamble, is 'to approximate legislative systems [of the Member States relating to protection of intellectual property] so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market'.

40 — A preliminary reference concerning validity, on the other hand, is compulsory for all national courts (Case 314/85 *Foto Frost* [1987] ECR 4199). Regarding the scope of that obligation, however, see the Opinion delivered on 30 June 2005 in Case C-461/03 *Gaston Schul*, in which judgment has not yet been delivered, point 60 et seq.

41 — Case 13/61 *De Geus en Uitdenbogerd* [1962] ECR 45 and Case 107/76 *Hoffmann-La Roche* [1977] ECR 957, paragraph 5.

42 — In that regard, see A. Von Bogdandy, 'Artikel 10' in E. Grabitz/M. Hilf, *Das Recht der Europäischen Union*, C.H. Beck, Munich, 2005, p. 19, paragraph 53 et seq.

43 — Case C-91/92 *Faccini Dori* [1994] ECR I-3325, paragraph 22 et seq.

74. Consequently, when a national court gives a decision in which it employs an indeterminate legal concept backed up by a directly applicable Community provision, such as that relating to the likelihood of confusion of Community trade marks, in a manner that openly conflicts with the case-law of the Court of First Instance of the European Communities, compliance with the abovementioned obligations and the great importance of the system of preliminary references require it to have recourse to Article 234 EC in order to avoid the legal uncertainty which, in judicial circles, arises from the coexistence of divergent judgments within the Union.

75. The German court's decision rejects the Court of First Instance's thesis that the degree of phonetic similarity between the two trade marks is so insignificant that it will not give rise to any likelihood of confusion, since the degree of identity of the marks is not sufficiently great. In giving reasons for its decision, the Landgericht Hamburg relies on the case-law of the Bundesgerichtshof (German Supreme Court in civil and criminal matters), according to which failure to consider phonetic similarities when evaluating the likelihood of confusion unjustifiably deprives the proprietor of the trade mark of some of the protection to which he is entitled.

76. Even if it is accepted that the national judicial authorities to which Article 234(2) EC applies, such as the Landgericht Hamburg, enjoy a degree of latitude as regards preliminary references,[44] the need for the uniform application of Community law dictates that recourse must be had to Article 234 EC, specifically where the approach taken by a national high court is at odds with that taken by a Community Court, particularly if the decisive impact which a request for a ruling might have had in resolving the dispute is taken into account.

77. The fact that the decision given by the first German court was open to appeal does not diminish the harm caused, essentially by creating legal uncertainty, as the Commission has emphasised. Faced with such a clear conflict of interpretation of a Community provision, the only course open to that court was to use Article 234 EC;[45] it is to be hoped, however, that an appeal court will mitigate the effects of the situation that has arisen, for the sake of interpretative rigour and the European spirit that has presided over the comportment of the judicial authorities in that country, which has always led the field so far as concerns the sincere cooperation with the Court of Justice provided for by the Treaties.

44 — R. Annand and H. Norman, *Guide to the Community trade mark*, Blackstone Press Limited, London, 1998, p. 210.

45 — Such direct affronts to the authority of a Community Court might give rise to liability on the part of the Member State for infringements of Community law attributable to a judicial authority, even if not a supreme court, by extension of the dicta of the Court of Justice in Case C-224/01 *Köbler* [2003] ECR I-10239.

78. In short, we should probably not just complain of the way the Landgericht Hamburg has conducted itself in this context; we must also hope that such dysfunctions will be brought to an end and that the legislature will become aware of how urgent it is to improve the complex legislative framework set up to facilitate harmonious development of economic activity in the Community as a whole, achieving full establishment and proper functioning of the internal market within a European Union that is increasingly convinced of the importance of its contribution to the construction of a better continent.

V — Costs

79. Since the plea in law put forward by Mühlens has been rejected as unfounded, the appeal must be dismissed and the appellant must be ordered to pay the costs.

VI — Conclusion

80. Consequently, in view of the foregoing considerations, I suggest that the Court of Justice dismiss the appeal brought by Muehlens GmbH & Co. KG against the judgment delivered by the Court of First Instance on 3 March 2004 in Case T-355/02 and order the appellant to pay costs of these proceedings.