JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)
23 October 2002 *

In Case T-6/01,

Matratzen Concord GmbH, formerly Matratzen Concord AG, established in Cologne (Germany), represented by W.-W. Wodrich, avocat,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by A. von Mühlendahl, G. Schneider and E. Joly, acting as Agents,

defendant,

the other party to the proceedings before the Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) being:

Hukla Germany SA, established in Castellbispal (Spain),

* Language of the case: German.

ACTION brought against the decision of the Second Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 31 October 2000 (Joined Cases R 728/1999-2 and R 792/1999-2), relating to opposition proceedings between Hukla Germany SA and Matratzen Concord GmbH,

THE COURT OF FIRST INSTANCE
OF THE EUROPEAN COMMUNITIES (Fourth Chamber),

composed of: M. Vilaras, President, V. Tiili and P. Mengozzi, Judges,
Registrar: D. Christensen, Administrator,

having regard to the written procedure and further to the hearing on 16 May 2002,

gives the following

Judgment

Background to the dispute

1 On 10 October 1996, the applicant filed application No 395632 for a Community trade mark ('the application') at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) under Council

Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

2 The trade mark applied for is a figurative trade mark reproduced below:



3 The goods in respect of which registration of the mark is sought fall within Classes 10, 20 and 24 under the Nice Agreement concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks of 15 June 1957, as revised and amended, and are described as follows:

— Class 10: 'Cushions, pillows, mattresses, air cushions and beds for medical purposes';

— Class 20: 'Mattresses; air beds; beds; duckboards, not of metal; loose covers; bedding';

— Class 24: 'Bed blankets; pillow shams; bed linen; eiderdowns [down coverlets]; cambric covers; mattress covers; sleeping bags'.

4 On 16 February 1998 the application was published in the *Community Trade Marks Bulletin*.

5 On 21 April 1998 the other party to the proceedings before the OHIM Board of Appeal filed a notice of opposition under Article 42 of Regulation No 40/94.

6 The opposition is based on an earlier trade mark registered in Spain. The latter is a word mark consisting of the word 'Matratzen' ('the earlier trade mark'). The goods covered by that mark fall within Class 20 of the Nice Agreement and are described as follows: 'All kinds of furniture and, particularly, rest furniture, such as beds, studio couches, camp beds, cradles, couches, hammocks, bunks and carrycots; transformable furniture; wheels for beds and furniture; bedside tables; chairs, armchairs; spring mattresses, straw mattresses, mattresses and pillows'. In support of the opposition, the other party to the proceedings before the Board of Appeal relied on the relative ground for refusal referred to in Article 8(1)(b) of Regulation No 40/94.

7 By decision of 22 September 1999, the Opposition Division refused the application under Article 43(5) of Regulation No 40/94 in respect of the categories of goods falling within Classes 20 and 24. It took the view that there was a likelihood of confusion, within the meaning of Article 8(1)(b) of Regulation No 40/94, between the trade mark applied for and the earlier trade mark. However, it rejected the opposition, in respect of the categories of goods falling within Class 10, on the ground that there was no such likelihood of confusion.

8 On 15 November 1999 the other party to the proceedings before the Board of Appeal filed a notice of appeal at the OHIM, under Article 59 of Regulation No 40/94, from the decision of the Opposition Division. It sought refusal of the application in respect of the categories of goods falling within Class 10.

9 On 23 November 1999 the applicant also filed a notice of appeal at the OHIM, under Article 59 of Regulation No 40/94, from the decision of the Opposition Division. It sought rejection of the opposition in respect of the categories of goods falling within Classes 20 and 24.

10 On 31 October 2000 the Second Board of Appeal gave its decision on the appeals brought before it. The operative part of that decision, which was notified to the applicant on 3 November 2000 ('the contested decision') is worded as follows:

'... the Board

hereby

1. Allows the appeal of the opponent.

2. Dismisses the appeal of the applicant.

3. Orders that the costs and fees of the proceedings before the Opposition Division and of these appeals be borne by the applicant.'

11 In essence, the Board of Appeal considered that, in Spain, the two trade marks at issue would be seen as being similar and that some of the goods covered by the two trade marks were identical and others highly similar. On the basis of that analysis, the Board of Appeal took the view that there existed a likelihood of confusion, within the meaning of Article 8(1)(b) of Regulation No 40/94, in respect of all the categories of goods covered by the application.

Procedure and forms of order sought

12 By application lodged at the Court Registry on 9 January 2001 the applicant brought this action. The OHIM lodged a defence at the Court Registry on 25 May 2001.

13 The applicant claims that the Court of First Instance should:

— annul the contested decision;

— reject the opposition lodged by the other party to the proceedings before the Board of Appeal;

— order the OHIM to register the trade mark applied for;

— order the other party to the proceedings before the Board of Appeal to bear all the costs incurred before the Opposition Division, before the Board of Appeal and before the Court of First Instance.

14 The OHIM contends that the Court of First Instance should:

— dismiss the appeal;

— order the applicant to pay the costs.

15 At the hearing, the applicant withdrew the third head of its claim to the effect that the OHIM should be ordered to register the trade mark applied for, which was formally recorded by the Court of First Instance in the minutes of the hearing.

Law

16 The applicant puts forward, in essence, two pleas in law, one based on infringement of Article 8(1)(b) of Regulation No 40/94 and the other on breach of the principle of the free movement of goods.

The plea based on infringement of Article 8(1)(b) of Regulation No 40/94

Arguments of the parties

17 The applicant maintains that the two trade marks at issue are not similar, but, on the contrary, very different. In this context, it asserts that it was only by wrongly confining the examination of the likelihood of confusion exclusively to the element 'Matratzen' of the trade mark applied for that the Board of Appeal was able to reach a contrary conclusion.

18 According to the applicant, the method followed by the Board of Appeal is contrary to the principles laid down in the judgment of the Court of Justice in Case C-251/95 *SABEL* [1997] ECR I-6191. In that regard, it argues that it is clear from that case-law that, for the purpose of assessing the similarity of two trade marks and the likelihood of confusion, account should be taken of the overall impression created by the marks in question.

19 The applicant claims that, within the overall impression created by the trade mark applied for, the figurative element is at least as important as the verbal elements. Moreover, of the latter, only the element 'CONCORD' has a highly distinctive character, the other two elements being purely descriptive, constituting the name of an establishment.

20 In addition, the applicant maintains that it follows from the principle of the limitation of the effects of a registered trade mark, as set out in Article 12(b) of Regulation No 40/94, that the earlier trade mark may not be invoked against the registration of the trade mark applied for.

21 The OHIM takes the view that the assessment of the likelihood of confusion made by the Board of Appeal is not vitiated by any error in law.

Findings of the Court

22 As is clear from Article 8(1)(b) of Regulation No 40/94, a trade mark may not be registered 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 two trade marks, there is a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected. Moreover, under Article 8(2)(a)(ii) of Regulation No 40/94, 'earlier trade marks' means trade marks registered in a Member State with a date of application for registration which is earlier than the date of application for registration of the Community trade mark.

23 According to the case-law of the Court of Justice on the interpretation of Article 4(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), the normative content of which is essentially identical to that of Article 8(1)(b) of Regulation No 40/94, the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion (judgments in Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 29, and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17).

24 According to the same case-law, likelihood of confusion on the part of the public must be assessed globally, with all factors relevant to the circumstances of the case being taken into account (*SABEL*, paragraph 22; *Canon*, paragraph 16; *Lloyd Schuhfabrik Meyer*, paragraph 18, and Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 40).

25 That global assessment entails a certain interdependence between the factors taken into account and, in particular, the similarity between the trade marks and between the goods or services covered. Accordingly, a lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa (*Canon*, paragraph 17; *Lloyd Schuhfabrik Meyer*, paragraph 19, and *Marca Mode*, paragraph 40). The interdependence of these factors is expressly mentioned in the seventh recital in the preamble to Regulation No 40/94, which states that an interpretation should be given of the concept of similarity in relation to the likelihood of confusion, the assessment of which depends, in particular, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services identified.

26 In addition, the perception in the mind of the average consumer of the goods or services in question plays a decisive role in the global assessment of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (*SABEL*, paragraph 23, and *Lloyd Schuhfabrik Meyer*, paragraph 25). For the purposes of that global assessment, the average consumer is deemed to be reasonably well-informed and reasonably observant and circumspect. However, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind. It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question (*Lloyd Schuhfabrik Meyer*, paragraph 26).

27 In this case, the earlier trade mark is registered in Spain. Consequently, for the purposes of assessment of the circumstances referred to in the previous paragraph, the point of view of the public in Spain must be taken into consideration. Since the goods covered by the marks in question are intended for general consumption, that public consists of average consumers who are, in the main, Spanish-speaking. As the OHIM has correctly pointed out, the determination of the relevant public as being Spanish-speaking is not invalidated by the fact, on the supposition that it is correct, that a number of German-speaking persons are temporarily or even permanently established in Spain.

28 In its application, the applicant does not dispute that the goods identified by the two trade marks in question are identical or, at the very least, similar. However, it claims that those two marks are neither similar nor, *a fortiori*, identical and that there is no likelihood of confusion between them. The examination must therefore be limited to those two points.

29 With regard to the relationship between the two trade marks in question, the Board of Appeal held, at paragraph 26 of the contested decision, that they are similar.

30 In that regard, it should be pointed out, in general terms, that two marks are similar when, from the point of view of the relevant public, they are at least partially identical as regards one or more relevant aspects. As the Court's case-law indicates, the visual, aural and conceptual aspects are relevant (*SABEL*, paragraph 23, and *Lloyd Schuhfabrik Meyer*, paragraph 25).

31 In this case, the word 'Matratzen' is both the earlier trade mark and one of the signs of which the trade mark applied for consists. It must therefore be held that the earlier mark is identical, from a visual and aural point of view, to one of the signs making up the trade mark applied for. However, that finding is not in itself a sufficient basis for holding that the two trade marks in question, each considered as a whole, are similar.

32 In this context, the Court of Justice has held that the assessment of the similarity between two marks must be based on the overall impression created by them, in light, in particular, of their distinctive and dominant components (*SABEL*, paragraph 23, and *Lloyd Schuhfabrik Meyer*, paragraph 25).

33 Consequently, it must be held that a complex trade mark cannot be regarded as being similar to another trade mark which is identical or similar to one of the components of the complex mark, unless that component forms the dominant element within the overall impression created by the complex mark. That is the case where that component is likely to dominate, by itself, the image of that mark which the relevant public keeps in mind, with the result that all the other components of the mark are negligible within the overall impression created by it.

34 It should be made clear that that approach does not amount to taking into consideration only one component of a complex trade mark and comparing it with another mark. On the contrary, such a comparison must be made by examining the marks in question, each considered as a whole. However, that does not mean that the overall impression created in the mind of the relevant public by a complex trade mark may not, in certain circumstances, be dominated by one or more of its components.

35 With regard to the assessment of the dominant character of one or more given components of a complex trade mark, account must be taken, in particular, of the intrinsic qualities of each of those components by comparing them with those of other components. In addition and accessorily, account may be taken of the relative position of the various components within the arrangement of the complex mark.

36 In the present case, it must be ascertained whether the Board of Appeal examined which component(s) of the trade mark applied for is (or are) likely to dominate by itself (or themselves) the image of that mark which the relevant public keeps in mind, with the result that the other components of the mark in question are negligible in that regard.

37 In the context of this case, the Board of Appeal was required to examine those components in terms of their visual, aural and, where appropriate, conceptual characteristics. It did so, reaching the conclusion, at paragraph 24 of its decision, that the word 'Matratzen' is 'the most prominent element' of the trade mark applied for.

38 First of all, it must be observed that, contrary to what is claimed by the applicant, the word 'Matratzen' is not descriptive, from the point of view of the relevant public, of the goods covered by the trade mark applied for. As was pointed out in paragraph 27 above, that public is mainly Spanish-speaking. The word 'Matratzen' has no meaning in Spanish. It does, admittedly, mean 'mattresses' in German and, on the basis of that meaning, it is descriptive of at least some of the goods covered by the trade mark applied for. However, the file does not contain any evidence that a significant proportion of the relevant public has sufficient knowledge of German to understand that meaning. Moreover, the word 'Matratzen' bears no resemblance to the word for 'mattress' in Spanish, namely, 'colchón'. Finally, the word 'Matratzen' is, admittedly, similar to the English word 'mattresses'. However, even if the relevant public does have some knowledge of English, the word 'mattresses' is not part of the basic vocabulary of that language and, despite the resemblance between that word and the word 'Matratzen', there are also differences between those two words.

39 With regard to the word 'Concord', there is no reason to consider that the degree of distinctive character possessed by that word would be lessened as a result of its frequent use, on the Spanish market, in the context of the presentation of goods or services intended for average consumers. In its reply to a question from the Court of First Instance, the OHIM did not mention such use. Moreover, the word 'Concord' is not descriptive, from the point of view of the relevant public, of the products covered by the trade mark applied for.

40 As regards the word 'Markt', it occupies a marginal, if not quite negligible, position within the compound trade mark, as compared with the words 'Matratzen' and 'Concord'.

41 Finally, as far as the figurative sign contained in the trade mark applied for is concerned, it must be held that it is descriptive in relation to the goods covered by that mark. However, an element of a complex trade mark which is descriptive of the goods covered by that mark cannot, in principle, be considered to be the dominant element of the latter.

42 As regards the arrangement of the trade mark applied for, it must be observed that the words 'Matratzen' and 'Concord' occupy a central position within that arrangement.

43 It follows that the words 'Matratzen' and 'Concord' can be considered to be the most important components of the trade mark applied for. However, the first word, as the OHIM argued in its defence, is characterised by a preponderance of consonants with hard pronunciation and, bearing no resemblance to any Spanish word, appears more likely than the second word to be kept in mind by the relevant public. It must therefore be held that the word 'Matratzen' is the dominant element of the trade mark applied for.

44 The Board of Appeal was therefore fully entitled to hold that, from the point of view of the relevant public, there exists a visual and aural similarity between the two trade marks. Moreover, no conceptual difference between the earlier trade mark and the dominant element of the trade mark applied for can be found, since no meaning attaches to the word 'Matratzen' in Spanish. It follows that the Board of Appeal correctly established that the trade mark applied for is similar to the earlier trade mark.

45 As far as the likelihood of confusion is concerned, it must be held that there exists such a likelihood if, cumulatively, the degree of similarity between the trade marks in question and the degree of similarity between the goods or services covered by those marks are sufficiently high.

46 In this case, it has been held at paragraph 44 above that the trade mark applied for is similar to the earlier trade mark.

47 With regard to the degree of similarity between the goods covered by the two marks in question, both the Board of Appeal, at paragraph 25 of the contested decision, and the OHIM, in its defence, argued rightly and without being contradicted on this point by the applicant that those goods are in part identical and in part highly similar.

48 It follows that, considered cumulatively, the degree of similarity between the trade marks in question and the degree of similarity between the goods covered by them are sufficiently high. The Board of Appeal was therefore fully entitled to hold that there is a likelihood of confusion between the trade marks in question.

49 Moreover, that conclusion is not invalidated by the applicant's arguments based on Article 12(b) of Regulation No 40/94. It must be pointed out that, even if that provision could have a bearing on the registration procedure, that bearing would be limited, as regards assessment of the likelihood of confusion, to precluding a descriptive sign from forming part of a complex trade mark as a distinctive and dominant element within the overall impression created by that mark. However, as is clear from paragraph 38 above, in this case the word 'Matratzen' is not descriptive, from the point of view of the relevant public, of the goods covered by the trade mark applied for. The argument based on Article 12(b) of Regulation No 40/94 is therefore irrelevant.

50 Consequently, the Board of Appeal was fully entitled, given that the trade mark applied for is caught by Article 8(1)(b) of Regulation No 40/94, to reject the application in respect of the categories of goods falling within Class 10, thereby revising the decision of the Opposition Division, and to dismiss the appeal brought by the applicant against the rejection, by the Opposition Division, of the application in respect of the other categories of goods.

51 It follows from the foregoing that the plea in law based on infringement of Article 8(1)(b) of Regulation No 40/94 must be rejected.

The plea based on breach of the principle of the free movement of goods

Arguments of the parties

52 The applicant is of the opinion that it would be contrary to the principle of the free movement of goods (Article 28 EC) for a national trade mark consisting of a descriptive word in a language other than that of the Member State of registration to be capable of being invoked against an application for a Community trade mark consisting of a combination of descriptive words and a distinctive element such as the word 'concord'. Against that background, the applicant asserts that, as Community trade mark law now stands, the earlier trade mark, being descriptive of the products concerned in a substantial part of the Community, could not be registered in Spain.

53 The OHIM contends that it is not possible in opposition proceedings either to challenge or to call in question the validity of an earlier national trade mark. In addition, the OHIM takes the view that, in accordance with the principle of

coexistence of the Community trade mark with national trade marks, it is perfectly conceivable for a trade mark to be registered in a Member State even though it is descriptive in a language other than that of the Member State in question.

Findings of the Court

54 It should be pointed out, first, that it in no way appears that the principle of the free movement of goods prohibits a Member State from registering, as a national trade mark, a sign which, in the language of another Member State, is descriptive of the goods or services concerned and which cannot therefore be registered as a Community trade mark. Such national registration does not in itself constitute a barrier to the free movement of goods. Moreover, under the case-law of the Court of Justice, the Treaty does not affect the existence of rights recognised by the legislation of a Member State in matters of intellectual property, although the exercise of those rights may none the less, depending on the circumstances, be restricted (Case 119/75 *Terrapin* [1976] ECR 1039, paragraph 5, and Case 58/80 *Dansk Supermarked* [1981] ECR 181, paragraph 11).

55 Likewise, no prohibition on a Member State from registering a sign as a national trade mark which, in the language of another Member State, is descriptive of the goods or services concerned, is to be inferred from provisions of secondary legislation. As the OHIM observed in its defence, the Community legislature has established a system based on the coexistence of the Community trade mark with national trade marks (see, in that regard, the fifth recital in the preamble to Regulation No 40/94). The OHIM further pointed out, rightly, in its defence that the validity of the registration of a sign as a national trade mark may not be called in question in proceedings for registration of a Community trade mark, but only in cancellation proceedings brought in the Member State concerned.

56 Secondly, the Community legislature did not disregard Articles 28 EC and 30 EC when providing, in Article 8(1)(b) and (2)(a)(ii) of Regulation No 40/94, that a Community trade mark applied for must not be registered if there exists a likelihood of confusion between that mark and an earlier trade mark registered in a Member State, irrespective of whether the latter mark has a descriptive character in a language other than that of the Member State of registration.

57 Neither that provision nor its application by the OHIM constitutes a barrier to the free movement of goods. It is clear from Article 106(1) of Regulation No 40/94 that the regulation does not affect the right existing under the laws of the Member States to bring claims for infringement of earlier rights in relation to the use of a later Community trade mark. Consequently, if, in a specific case, there exists a likelihood of confusion between an earlier national trade mark and a sign for which an application for registration as a Community trade mark has been made, the use of that sign may be prohibited by the national courts in infringement proceedings. No distinction is made, in that regard, according to whether or not that sign has actually been registered as a Community trade mark. Accordingly, neither the registration of a sign as a Community trade mark nor the refusal of such registration have any effect on the possibility for an applicant for a Community trade mark of marketing his goods under that sign in the Member State in which the earlier trade mark is registered.

58 Moreover, it is clear from the case-law of the Court of Justice that Article 30 EC allows derogations from the fundamental principle of the free movement of goods arising from the exercise of the rights conferred by a national trade mark only to the extent to which such derogations are justified in order to 'safeguard the rights which constitute the specific subject-matter of the industrial property concerned' (see, to that effect, *Dansk Supermarked*, paragraph 11, and Case C-143/00 *Boehringer Ingelheim and Others* [2002] I-3759, paragraph 12). With regard to that specific subject-matter, the Court has held that account must be taken of the essential function of the trade mark, which is to guarantee to the consumer or end user the identity of the trade-marked product's origin by enabling him to distinguish it without any risk of confusion from products of different origin

(*Boehringer Ingelheim*, paragraph 12). The right attributed to a trade mark proprietor of preventing any use of the trade mark which is likely to impair the guarantee of origin so understood is therefore part of the specific subject-matter of the trade mark rights (Joined Cases C-427/93, C-429/93 and C-436/93 *Bristol-Myers Squibb* [1996] ECR I-3457, paragraph 48, and *Boehringer Ingelheim*, paragraph 13).

59 Finally, a Community trade mark has a unitary character (see, to that effect, Case T-91/99 *Ford Motor* v *OHIM* (OPTIONS) [2000] ECR II-1925, paragraphs 23 to 25). Consequently, as is clear, respectively, from Article 7(2) of Regulation No 40/94 and Article 8(1)(b) of that regulation, an application for a Community trade mark is to be rejected if an absolute or relative ground for refusal exists in part of the Community. If, therefore, it is more difficult for an economic operator to obtain the registration of a sign as a Community trade mark than to obtain the registration of the same sign as a national trade mark, that is merely a corollary of the uniform protection enjoyed by a Community trade throughout the territory of the Community.

60 It follows that the plea in law based on breach of the principle of the free movement of goods must also be rejected.

61 It is clear from all the foregoing that the application must be dismissed.

Costs

62 Under Article 87(2) of the Rules of Procedure the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's

pleadings. Since the applicant has been unsuccessful, it must be ordered to pay the costs, in accordance with the form of order sought by the Commission.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. **Dismisses the application;**

2. **Orders the applicant to pay the costs.**

Vilaras Tiili Mengozzi

Delivered in open court in Luxembourg on 23 October 2002.

H. Jung
Registrar

M. Vilaras
President