JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)
3 March 2004 *

In Case T-355/02,

Muelhens GmbH & Co. KG, established in Cologne (Germany), represented by T. Schulte-Beckhausen, lawyer,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by S. Laitinen and L. Rampini, acting as Agents,

defendant,

* Language of the case: English.

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

Zirh International Corp., established in New York, New York (United States of America), represented by B. Nuseibeh, lawyer,

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 1 October 2002 (Case R 657/2001-2) concerning an opposition procedure between Muelhens GmbH & Co. KG and Zirh International Corp.,

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

composed of: V. Tiili, President, P. Mengozzi and M. Vilaras, Judges,

Registrar: J. Plingers, Administrator,

having regard to the written procedure and further to the hearing on 22 October 2003,

gives the following

Judgment

Background to the dispute

1 On 21 September 1999 Zirh International Corp. ('the other party before OHIM') filed an application for a Community trade mark under Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended, at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM).

2 The trade mark in respect of which registration was sought is the verbal mark ZIRH.

3 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.

4 That application was published in the *Community Trade Marks Bulletin* No 27/2000 of 3 April 2000.

5 On 24 May 2000 the applicant filed a notice of opposition under Article 42 of Regulation No 40/94 in respect of all the goods and services covered by the application. The opposition was based on the earlier Community figurative mark set out below containing the verbal element 'sir' ('the earlier mark'), for the following goods within Class 3 of the Nice Agreement: 'Perfumery, essential oils, cosmetics, hair lotions, dentifrices, soaps'.



6 On 2 October 2000 the other party before OHIM restricted the list of goods and services contained in the registration application as follows:

— Class 3: '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';

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

7 The applicant maintained its opposition in respect of all goods in Classes 3 and 42.

8 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.

9 On 10 July 2001 the applicant brought an appeal before OHIM under Article 59 of Regulation No 40/94 seeking annulment of the decision of the Opposition Division.

10 By decision of 1 October 2002 ('the contested decision'), the Second Board of Appeal of OHIM dismissed the appeal and upheld the decision of the Opposition Division on the grounds set out in that decision. It held, essentially, that even if the goods and services in question are sold via the same distribution channels or sales outlets, the differences between the two marks clearly outweigh the phonetic similarities which may exist between them in some of the official languages of the European Union.

Procedure and forms of order sought

11 By application drafted in German and lodged at the Registry of the Court on 4 December 2002, the applicant brought this action.

12 By letter of 6 January 2003 the other party before OHIM objected to German being the language of the case before the Court pursuant to the first subparagraph of Article 131(2) of the Court's Rules of Procedure and requested that English be the language of the case. It referred in this connection to the fact that, as the second language of the application for the mark within the meaning of Article 115 (3) of Regulation No 40/94, English had been the language of the case before the Opposition Division and the Board of Appeal.

13 Under the third subparagraph of Article 131(2) of its Rules of Procedure, the Court designated English as the language of the case on the ground that the registration application to OHIM had been filed in English.

14 On 13 May 2003 OHIM lodged its response at the Court Registry. The other party before OHIM did not lodge a response.

15 Upon hearing the report of the Judge-Rapporteur, the Court (Fourth Chamber) decided to open the oral procedure.

16 The parties presented oral argument and answered questions put to them by the Court at the hearing on 22 October 2003.

17 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

18 OHIM contends that the Court should:

— dismiss the application;

— order the applicant to pay the costs.

Law

Arguments of the parties

19 The applicant raises a single plea in law in support of its action alleging an infringement of Article 8(1)(b) of Regulation No 40/94.

20 The applicant asserts that there was no detailed analysis in the contested decision of the likelihood of confusion between the two marks. It asserts that, according to the case-law of the Court of Justice, the question whether there is a likelihood of confusion in the minds of consumers must be considered globally, taking into account all factors relevant to the circumstances of the case. That global assessment implies some interdependence between the relevant factors and, in particular, the degree of similarity between the trade marks and the goods or services covered (Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819).

21 The applicant submits that the goods covered by the two marks are partly identical or partly similar. Furthermore, it considers that there is also similarity between the goods covered by the earlier mark and the services in respect of which registration of the mark ZIRH is sought. It points out that there is similarity between goods and services where the public might form the impression that the goods and services in question are supplied by the same undertaking. It asserts that that is so in the present case given that the manufacturers of the goods covered by the two marks often authorise their customers to use the trade mark of those goods in order to distinguish their services.

22 It concludes that there is a reasonable degree of similarity between the goods covered by the earlier mark and the goods and services in respect of which registration of the mark is sought and that some of the goods in question are even identical or very similar.

23 As regards the likelihood of confusion, it points out that in making the assessment, account must be taken of the visual, phonetic and conceptual similarity of the marks in question, based on the overall impression given by the marks, taking account in particular of the dominant and distinctive elements thereof.

24 According to the applicant, in the present case, the words 'sir' and 'zirh' are phonetically virtually identical and, at least, extremely similar. It submits that that similarity exists even when the two words are pronounced in English. That similarity is even stronger in the other languages, especially in French, Spanish and German.

25 It submits in this respect that the goods in question are not sold exclusively on sight. It points out with regard to the mode of sale of the goods in question that perfumes and cosmetics are largely sold through perfumeries and hairdressing and beauty salons in which customers have no self-service option. Furthermore, many

products are often requested as a result of recommendation by word of mouth. Finally, such products are also sold by mail order in which details are given by telephone.

26 Therefore, in its view, OHIM's assessment that the differences between the two marks outweigh the phonetic similarities between them and that there is therefore no likelihood of confusion is incorrect. The applicant refers to the judgment in *Lloyd Schuhfabrik Meyer,* cited in paragraph 20 above, in support of its view that similarity in one aspect, in the present case phonetic similarity, suffices to demonstrate that there is a likelihood of confusion between the two marks.

27 The applicant also criticises OHIM for failing to take account of the principle that, in the case of marks composed of a word and a figurative element, the word is usually predominant and characterises the overall mark. In the present case, the word part is the dominant part of the earlier mark, with the coat of arms being purely decorative.

28 OHIM accepts that the goods falling within Class 3 in respect of which the application for a Community mark is made are identical or similar to the goods covered by the earlier mark. It further accepts that the Class 42 services covered by the application for a Community mark are to some extent related to the Class 3 goods covered by the earlier mark and that, accordingly, there is a slight degree of similarity between those services and the applicant's goods. However, it considers that those goods are normally sold on sight.

29 So far as a visual comparison of the marks in question is concerned, OHIM points out that the Community trade mark applied for is a word mark whereas the earlier mark is a figurative mark composed of a word and figurative elements.

According to OHIM, the heraldic device of the earlier mark must be taken into account when comparing the two marks because, in assessing a composite mark of that type, the consumer sees it as a whole and does not break it down into its constituent parts. It submits that, in the present case, if only by its size and dominant position above the word element, the coat of arms attracts the eye as much if not more than the word part. It takes the view that the device is distinctive to some degree since its features are fanciful and make no direct or indirect reference to the goods concerned.

30 OHIM confirms that in several Member States the marks in question are phonetically similar. It submits that in many Member States the earlier mark will very likely be pronounced as it is in English because 'sir' is a well-known English word, even to non-English speakers. It adds that, even if the Community mark applied for can be pronounced in various ways in different languages, at least in the English-speaking countries and in Spain, the differences are not particularly marked.

31 OHIM considers that the marks are conceptually different since the earlier mark will be perceived as referring to the best-known meaning of the English word, whereas the Community mark applied for will be perceived as an invented word.

32 Finally, OHIM claims that the applicant's interpretation of the judgment in *Lloyd Schuhfabrik Meyer*, cited in paragraph 20 above, is misconceived. Even if there were phonetic similarity there would not automatically be a likelihood of confusion. On the contrary, some similarity in one of the three relevant aspects may be offset by clear differences in the other aspects so as to exclude a material likelihood of confusion, as in the present case.

Findings of the Court

33 Article 8(1)(b) of Regulation No 40/94 provides that, upon opposition by the proprietor of an earlier trade mark, the mark applied for is not to 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 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'. Article 8(2)(a)(i) of Regulation No 40/94 further provides that earlier trade marks include a Community trade mark with a date of application for registration which is earlier than the date of application for registration of the Community trade mark.

34 In the present case, the earlier trade mark is a Community trade mark and so the relevant territory for assessing the likelihood of confusion is the whole of the European Union.

35 It should be noted that, in the words of the second recital in the preamble to Regulation No 40/94, the Community trade mark arrangements are designed to enable undertakings, by means of one procedural system, to obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community, and the principle of the unitary character of the Community trade mark thus stated is to apply unless otherwise provided for in that regulation. The same principle is set down in Article 1(2) of Regulation No 40/94, which provides that the Community trade mark is to have a 'unitary character', which implies that '[i]t shall have equal effect throughout the Community'.

36 Consequently, even if Article 8 of Regulation No 40/94 does not contain a provision similar to that of Article 7(2) to the effect that an application to register

a trade mark may be refused where the absolute ground for refusal obtains in only part of the Community, the same solution should be applied in the present case. It follows that registration must also be refused even where the ground for refusal obtains in only part of the Community.

37 Furthermore, given that the goods and services concerned are goods and services for everyday use, the targeted public is composed of average European consumers who are reasonably well-informed and reasonably observant and circumspect.

38 It is also not in dispute between the parties that the goods and services in respect of which registration of the trade mark is sought, to which the applicant gave notice of opposition, are partly similar and partly identical to those covered by the earlier trade mark.

39 According to the case-law of the Court of Justice on the interpretation 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), and of the Court of First Instance in respect of Regulation No 40/94, the likelihood of confusion lies in 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 (Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 29; *Lloyd Schuhfabrik Meyer*, cited in paragraph 20 above, paragraph 17; Case T-104/01 *Oberhauser* v *OHIM — Petit Liberto (Fifties)* [2002] ECR II-4359, paragraph 25). The likelihood of confusion on the part of the public must be assessed globally, taking into account all factors relevant to the circumstances of the case (Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 22; *Canon*, cited above, paragraph 16; *Lloyd Schuhfabrik Meyer*, cited in paragraph 20 above, paragraph 18; Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 40; and *Fifties*, cited above, paragraph 26).

40 That 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*, cited in paragraph 39 above, paragraph 17; *Lloyd Schuhfabrik Meyer*, cited in paragraph 20 above, paragraph 19; and *Marca Mode*, cited in paragraph 39 above, 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 (*Fifties*, cited in paragraph 39 above, paragraph 27, and judgment of 14 October 2003 in Case T-292/01 *Phillips-Van Heusen* v *OHIM — Pash Textilvertrieb und Einzelhandel (BASS))*, [2003]ECR II-4335, paragraph 45.)

41 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*, cited in paragraph 39 above, paragraph 23, and *Lloyd Schuhfabrik Meyer*, cited in paragraph 20 above, 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*, cited in paragraph 20 above, paragraph 26).

42 Lastly, it is clear from the case-law of the Court of Justice that the global assessment of the likelihood of confusion must, as regards the visual, phonetic or conceptual similarity of the marks in question, be based on the overall impression created by them, bearing in mind, in particular, their distinctive and dominant components (*SABEL*, cited in paragraph 39 above, paragraph 23, and *Lloyd Schuhfabrik Meyer*, cited in paragraph 20 above, paragraph 25).

43 It is in light of the foregoing considerations that it is necessary to examine whether the degree of similarity of the marks in question is sufficiently high for there to be a finding of a likelihood of confusion between them.

44 As regards the visual comparison of the opposing marks, it should be stated, first, that although the verbal elements of those two marks have in common the second and third letters used, namely the letters 'ir', the visual differences between them are not negligible in that the first two letters, 's' and 'z' respectively, are different. Moreover, those verbal elements are composed of a different number of letters, the letters 'ir' being followed by the letter 'h' in the trade mark applied for. Furthermore, the verbal sign of the earlier mark is accompanied by a heraldic device, whilst the mark applied for is made up exclusively of a verbal sign written in ordinary characters. Accordingly, in the global assessment of the signs in question, the existence of elements particular to each sign means that the overall impression of each sign is different.

45 As regards the phonetic similarity, OHIM does not dispute that the verbal elements contained in the two trade marks have similarities in certain official languages of the European Union. As OHIM rightly pointed out at paragraph 26 of its response, in a number of Member States the earlier mark will most probably be pronounced as it is in English because 'sir' is a well-known English word, even to non-English speakers. Even if the Community mark applied for can be pronounced in various ways in different languages, it must be held, as OHIM accepts, that the trade marks in question are phonetically similar, at least in the English-speaking countries and in Spain, given that the respective differences between the pronunciations in English and in Spanish are not particularly marked. Accordingly, the marks must be regarded as phonetically similar in those countries.

46 As regards the conceptual comparison between the opposing trade marks, the applicant does not challenge OHIM's findings on this point. As OHIM rightly

submitted, there is no conceptual similarity since it is likely that the average consumer in the Member States will think of the English word 'sir' given the widespread acquaintance with that word in Europe. Since the word 'zirh' has no obvious meaning in any of the 11 official languages of the European Union, the general public will accordingly perceive the word 'zirh' as being an invented word. It must for that reason be held that there is no conceptual similarity between the two trade marks.

47 Consequently, there is no visual or conceptual similarity between the trade marks SIR and ZIRH. The trade marks in question are phonetically similar in certain countries. It should be noted in that connection that, according to the case-law, it is possible that mere phonetic similarity between trade marks may create a likelihood of confusion (*Lloyd Schuhfabrik Meyer*, cited in paragraph 20 above, paragraph 28, and Case T-99/01 *Mystery Drinks* v *OHIM — Karlsberg Brauerei (MYSTERY)* [2003] ECR II-43, paragraph 42).

48 As has already been stated above at paragraphs 39 and 42, it is necessary to make a global assessment of all factors relevant to the circumstances of the case based on the overall impression created by the trade marks in question, bearing in mind, in particular, their distinctive and dominant components.

49 According to the case-law of the Court, the phonetic similarities may be counteracted by the conceptual differences between the trade marks in question. For there to be such a counteraction, at least one of the marks at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it immediately (*BASS*, cited in paragraph 40 above, paragraph 54).

50 In this case that is the position in relation to the verbal element of the earlier trade mark SIR, as has just been pointed out in paragraph 46. That view is not invalidated by the fact that that word mark does not refer to any characteristic of the goods in respect of which the registration of that mark has been made. That fact does not prevent the relevant public from immediately grasping the meaning of that verbal element of the earlier mark. The fact that one of the marks at issue has such a meaning is sufficient — where the other mark does not have such a meaning or only a totally different meaning — to counteract to a large extent the phonetic similarities between the two marks (see, to that effect, *BASS*, cited in paragraph 40 above, paragraph 54).

51 In the present case, that counteraction is corroborated by the fact that the marks SIR and ZIRH are also visually different. In that connection, it should be noted, as OHIM rightly stated, that the degree of phonetic similarity between two marks is of less importance in the case of goods which are marketed in such a way that, when making a purchase, the relevant public usually also perceives visually the mark designating those goods (see, to that effect, *BASS*, cited in paragraph 40 above, paragraph 55).

52 Contrary to the applicant's submission, that is the position in the present case. The applicant's arguments that the goods covered by the earlier mark are not sold exclusively on sight and that an important channel for the sale of the applicant's products is through perfumeries and hairdressing and beauty salons do not undermine that conclusion.

53 It should be noted in that connection that the applicant has entirely failed to demonstrate that its goods are usually sold in such a way that the public does not visually perceive the mark. The applicant merely submits that one traditional sales

channel is through perfumeries and hairdressing and beauty salons, such that the consumer cannot select the product directly but only via a seller.

54 Even if perfumeries and hairdressing and beauty salons are important channels for the sale of the applicant's goods, it is not in dispute that, even in those places, the goods are generally displayed on shelves in such a way that consumers are able to examine them visually. Therefore, even if it is not excluded that the goods in question may also be sold in response to an oral order, that method cannot be regarded as the usual method of sale of those goods.

55 In the light of all those factors, it must therefore be held that the degree of similarity of the marks in question is not sufficiently great to warrant a finding that the relevant public might believe that the goods or services in question come from the same undertaking or, as the case may be, from undertakings that are economically linked.

56 Given the differences between the marks in question, that assessment is not undermined by the fact that the goods and services covered by the trade mark applied for, to which the applicant gave notice of opposition, are partly similar and partly identical to the goods covered by the earlier trade mark.

57 It follows that the Board of Appeal was correct in its finding that there was no likelihood of confusion between the mark applied for and the earlier mark.

58 Accordingly, the single plea in law must be rejected and the action dismissed in its entirety.

Costs

59 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 defendant has applied for costs and the applicant has been unsuccessful, the applicant must be ordered to pay the costs.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. **Dismisses the action;**

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

Tiili Mengozzi Vilaras

Delivered in open court in Luxembourg on 3 March 2004.

H. Jung V. Tiili

Registrar President