JUDGMENT OF THE COURT OF FIRST INSTANCE (First Chamber)

6 February 2007 *

In Case T-477/04,

Aktieselskabet af 21. november 2001, established in Brande (Denmark), represented by C. Barret Christiansen, lawyer,

applicant,

v

Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), represented by S. Laitinen and G. Schneider, acting as Agents,

defendant,

the other party to the proceedings before the Board of Appeal of OHIM and intervener before the Court of First Instance being

* Language of the case: English.

TDK Kabushiki Kaisha (TDK Corp.), established in Tokyo (Japan), represented by A. Norris, Barrister,

ACTION brought against the decision of the First Board of Appeal of OHIM of 7 October 2004 (Case R 364/2003-1) concerning opposition proceedings between TDK Kabushiki Kaisha (TDK Corp.) and Aktieselskabet af 21. november 2001,

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

composed of R. García-Valdecasas, President, J.D. Cooke and I. Labucka, Judges, Registrar: B. Pastor, Assistant Registrar,

having regard to the application lodged at the Registry of the Court of First Instance on 14 December 2004,

having regard to the response of OHIM lodged at the Registry of the Court of First Instance on 18 April 2005,

having regard to the response of the intervener lodged at the Registry of the Court of First Instance on 18 April 2005, and

further to the hearing on 13 September 2006,

gives the following

Judgment

Background

1 On 21 June 1999, the applicant submitted an application for a Community trade mark to the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1).

2 The trade mark for which registration was sought is the word mark TDK. The goods for which registration was sought are in Class 25 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. They correspond to the following description: 'clothing, footwear, headgear'. On 24 January 2000, the trade mark application was published in the *Community Trade Marks Bulletin* No 8/2000.

3 On 25 April 2000, TDK Kabushiki Kaisha (TDK Corp.) filed an opposition against the registration of the trade mark applied for.

4 The opposition was based on the existence of a Community trade mark, together with 35 earlier national trade marks, which were registered for goods in Class 9 (in particular, 'apparatus for recording transmission or reproduction of sound or images').

5 The earlier marks in question were either the word mark TDK, or the word and figurative mark reproduced below:



6 The intervener based its opposition on Article 8(1)(b) and Article 8(5) of Regulation No 40/94. The opposition was directed against all the goods specified in the trade mark application. In order to establish the reputation of its earlier trade marks, the intervener submitted annexes, marked A to R.

7 By decision of 28 March 2003, the Opposition Division found that there was no likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94. It none the less upheld the opposition on the basis of Article 8(5) of that regulation and refused the application for a Community trade mark.

8 On 27 May 2003, the applicant brought an appeal against the decision referred to above, pursuant to Articles 57 to 62 of Regulation No 40/94.

9 By decision of 7 October 2004 (Case R 364/2003-1) ('the contested decision'), the First Board of Appeal of OHIM dismissed the appeal brought by the applicant, thereby confirming the decision of the Opposition Division.

Forms of order sought

10 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

11 OHIM and the intervener contend that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

Arguments of the parties

Arguments of the applicant

12 In support of its application, the applicant puts forward a single plea in law based on infringement of Article 8(5) of Regulation No 40/94.

13 The applicant's primary submission is that the intervener has failed to establish that the earlier marks had a distinctive character or a reputation which would entitle them to the broader protection conferred by Article 8(5) of Regulation No 40/94.

14 In that regard, the applicant argues that the annexes submitted by the intervener in order to establish the reputation of its earlier marks have no probative value. Thus, the market survey provided by the intervener (Annex O) was undertaken immediately after the World Championships in Athletics in Gothenburg in 1995, that is to say, several years before the application for registration of the mark in question. The public awareness of the earlier marks may have diminished rapidly since then. The applicant adds that the survey concerned was commissioned by the intervener and cannot be considered as reliable as an independent survey. At the hearing, the applicant emphasised that Annex O gave no details as to the range of those questioned or of the number of visitors to the championships in question and did not take some types of answers into account. The applicant added that the intervener had drawn conclusions from Annex O that were manifestly incorrect, because they did not appear in the annex, to the effect that the level of knowledge of the earlier marks in the German, Swedish and United Kingdom populations was as high as 85%.

15 The applicant also notes that, according to OHIM's settled practice, it is only very intensive marketing efforts that are capable of conferring a distinctive character or a reputation on a mark. While the annexes submitted by the intervener prove that the earlier marks have been used in certain countries within the Union on particular types of goods, they do not, however, satisfy the criteria laid down by the Court of Justice for establishing the reputation of the mark among the relevant public (Case C-375/97 *General Motors* [1999] ECR I-5421, paragraphs 26 and 27).

16 It must also be borne in mind that the details given by the intervener of its marketing costs show that these were spread over a large part of the Community. Thus, while Annexes A to R may be capable of establishing that the earlier marks were used in a large part of the Community over a particular period of time and were the subject of media exposure and sponsorship, they do not, however, prove that the earlier marks have acquired a distinctive character or a strong or lasting reputation.

17 At the hearing, the applicant accepted, in reply to a question from the Court, that Annexes A to R had to be considered as a whole. It none the less maintained that, even on that basis, those annexes were not capable of establishing the reputation of the earlier marks for the purposes of Article 8(5) of Regulation No 40/94.

18 The applicant also submits that, even if it were to be accepted that the distinctive character or the reputation of the earlier marks had been established, the other conditions for the application of Article 8(5) of Regulation No 40/94 are, in any event, not satisfied.

19 In that regard, the applicant first of all states that evidence of the taking of unfair advantage of the distinctive character or the reputation of the earlier marks, or of detriment done to those marks, which it is necessary for the intervener to show, has not been adduced.

20 On the basis of the annexes submitted by the intervener, it would appear that a wide range of the intervener's goods is marketed only to a specialist section of the public,

that is to say to professionals in the medical sector or industry. These are areas in which the applicant's goods have been neither marketed nor sold. Although some of the intervener's goods are marketed by it to final consumers among the general public, the applicant's goods are, for their part, sold in other types of shops.

21 The fact that the intervener has already used the earlier marks in question on clothing has no effect on the above, because such use was only on athletes' identification numbers or on T-shirts of a distinct brand (for example, Adidas). In those circumstances, the earlier marks cannot be connected with clothing in the mind of the public, but are only associated with advertising or sponsorship campaigns.

22 In those circumstances, the applicant considers that the grant to it of the exclusive right to use the TDK mark only for 'clothing, footwear and headgear' would not enable it to gain unfair advantage from the distinctive character or the reputation of the earlier marks, nor would it allow it to benefit from the marketing efforts of the intervener.

23 With respect to the intervener's argument that the use by the applicant of the TDK mark would have a negative impact on it and would lead consumers to believe that there is a link between the intervener and the applicant, the applicant replies that the intervener uses the marks in question only in relation to goods that are very different, in terms of nature and use, from those for which the mark is sought. Similarly, the distribution channels, the sales outlets and use of the goods vary widely as between those goods, and they are not complementary from a competitive point of view. Consequently, there is no risk of image transfer, and the applicant would find it impossible to take unfair advantage of the distinctive character or the reputation allegedly acquired by the earlier marks.

24 As regards the intervener's argument that its reputation could be damaged by the dilution of the earlier marks or by the use of the TDK mark on goods of poor quality, over which it has no control, the applicant replies that there is no basis for such an argument. Consumers will be able to distinguish clearly between the marks concerned. Furthermore, the applicant maintains that it sells only luxury goods and engages in high-class advertising using top models. More generally, the goods covered by the mark applied for do not convey any image which could be negative or damaging.

25 Lastly, the applicant submits general comments on Annexes A to R. It argues that some of the annexes submitted by the intervener do not prove that the sign TDK has been used as a mark. Furthermore, the intensity of the use of the earlier marks is less than that claimed by the intervener. At the hearing, the applicant argued in particular that the annexes failed to provide figures in relation to the intervener's sales volumes for the goods concerned and the costs incurred in marketing and sponsorship. Such information is essential.

Arguments of OHIM

26 OHIM first of all notes that the Board of Appeal considered that Article 8(5) of Regulation No 40/94 was applicable and found, on the basis of evidence submitted by the intervener, that the latter had succeeded in establishing the matters referred to in paragraph 29 of the contested decision (see paragraph 53 below). It was on that basis that the Board of Appeal was entitled to draw the conclusions set out in paragraphs 31 and 32 of the contested decision, according to which, as the Opposition Division had held, the intervener's earlier marks were entitled to the benefit of the broader protection conferred by Article 8(5) of Regulation No 40/94, and had an enhanced distinctive character by reason of their reputation.

27 It submits that the appraisal by the Board of Appeal of the reputation of the earlier marks is not vitiated by any error. As regards the evidence submitted by the intervener, the Board of Appeal rightly considered the 18 annexes as a whole, and not in isolation. That thorough analysis of the annexes also included the parties' observations relating to them.

28 As regards the territory in which the reputation must be established, OHIM takes the view that the intervener succeeded in showing particularly high awareness of the earlier marks in France, Germany, Sweden and the United Kingdom, thus satisfying the requirements as to reputation both at a national and Community level.

29 Furthermore, OHIM fully adheres to the finding of the Board of Appeal that the evidence adduced in the opposition procedure proves the establishment and maintenance of a reputation resulting from a large sponsorship effort over a long period. It also records its agreement with the Board of Appeal's assessment that significant goodwill was created and maintained, and lays the ground for continuing expansion and investment.

30 It is thus clear to OHIM that the earlier marks enjoy a reputation of great value by reason of the fact that they are known to a significant part of the relevant public in the Community, as is shown in particular by the survey set out in Annex O, even though OHIM none the less acknowledged at the hearing that, as the applicant suggested (see paragraph 27 above), Annex O did not satisfy OHIM's normal rules for the taking into account of market surveys.

31 OHIM next considers unfounded the applicant's arguments that the intervener has not succeeded in showing that the use of the mark applied for would allow the applicant to take unfair advantage of the distinctive character or the reputation of the earlier marks and maintains that since, in any case, the goods in question are very different, the use by the applicant of the TDK mark on clothes sold by it would not take unfair advantage of the distinctive character of the mark or the investments made by the intervener.

32 It argues that the Board of Appeal correctly applied the concepts of unfair advantage and detriment to the distinctive character of the earlier mark. Thus, the Board of Appeal was right to hold that the evidence submitted by the intervener showed that the reputation with which it has been credited was perceived by a sizeable proportion of the public, particularly in its role as a manufacturer of certain goods and also as a sponsor of sporting events and concerts featuring pop stars.

33 According to OHIM, the applicant's argument that it intends to use the mark solely in relation to clothing (see paragraph 22 above), so that there could be no taking of unfair advantage or detriment, as the public will distinguish between the marks and the goods in question, is neither relevant nor well founded.

34 Thus, even though the intervener has established no presence in the clothing sector, nor any public awareness of the earlier marks in that sector, similarity of the goods is not a requirement for Article 8(5) of Regulation No 40/94 to apply. Detriment to the reputation of an earlier mark is not a necessary condition. It is sufficient that there be detriment to the distinctive character of a mark, which does not necessarily require degradation or tarnishment of the mark.

35 In that regard, according to OHIM, there is no reason to exclude the possibility of the applicant using the letters TDK on sports clothing (or footwear or headgear used for sporting activities) manufactured by it. Thus, to the extent that the mark applied for is identical to one or other of the intervener's earlier marks, everything would seem to suggest that the relevant public could be led to believe that the goods sold by the applicant were manufactured by, or under licence from, the intervener as part of its many sponsorship activities.

36 As regards, lastly, the final condition for the application of Article 8(5) of Regulation No 40/94, namely that relating to due cause, OHIM argues that, in the absence of any indication by the applicant to show that it wishes to use the mark applied for with due cause, it shares the Board of Appeal's finding that the use of the mark applied for would be without due cause.

Arguments of the intervener

37 The intervener essentially puts forward the same arguments as OHIM.

38 As regards the reputation of the earlier marks, it places particular emphasis on some aspects of the evidence submitted to OHIM, such as the fact that its European turnover in 1996 was USD 628 million. In addition, it points out that all its video and audio cassettes sold in Europe were also manufactured there.

39 As regards the first of the criteria defined in *General Motors* relating to market share, it states that it holds one of the largest market shares in Europe. With respect to the second criterion, which relates to the intensity, geographical extent and duration of use of the earlier marks, the intervener essentially argues that the intensity of the use of the earlier marks is in keeping with its large market shares, that it commenced its operations in Europe in 1973 and has been expanding them ever since and that its goods have been promoted under the marks concerned in all countries of the European Union. It also states that the earlier marks in question achieved exposure not only on the sale of goods bearing the marks but also, on a wider front, through its sponsorship activities at musical and sporting events.

40 As regards the conditions for the application of Article 8(5) of Regulation No 40/94 other than that relating to reputation, the intervener contends that the applicant's argument, to the effect that the earlier marks could not in any event be adversely affected since the mark applied for is intended to be used on luxury clothing, is irrelevant and that detriment would be caused whether or not the goods in question were luxury goods. At the hearing, the intervener also stated that there was no reason to exclude the possibility of the applicant selling T-shirts carrying the sign TDK at events sponsored by the intervener itself.

41 The intervener also points out that the absence of a likelihood of confusion, put forward by the applicant, is not determinative as regards the application of Article 8(5) of Regulation No 40/94.

42 The intervener observes, finally, that the applicant has not put forward any arguments relating to the use of the mark applied for with due cause.

Findings of the Court

43 For an earlier mark to be afforded the broader protection under Article 8(5) of Regulation No 40/94, a number of conditions must be satisfied. First, the earlier mark which is claimed to have a reputation must be registered. Secondly, that mark and the mark applied for must be identical or similar. Thirdly, it must have a reputation in the Community, in the case of an earlier Community trade mark, or in the Member State concerned, in the case of a national trade mark. Fourthly, the use of the mark applied for must lead to at least one of the two following conditions being satisfied: (i) unfair advantage would be taken of the distinctive character or the reputation of the earlier trade mark, or (ii) it would be detrimental to the distinctive character or the reputation of the earlier trade mark. Lastly, such use of the mark applied for must be without due cause.

44 In the present case, it is not in dispute that the mark applied for is identical to the earlier marks or similar to them (paragraph 25 of the contested decision) and that those marks are registered.

45 Moreover, since the Board of Appeal held that the use of the mark applied for would take unfair advantage of the distinctive character or the reputation of the earlier marks, and since the conditions for the application of Article 8(5) of Regulation No 40/94 are alternative, it did not consider whether the condition referred to at point (ii) of paragraph 43 above was satisfied. It is also a matter of agreement that the applicant has not put forward any plea based on due cause within the meaning of Article 8(5) of Regulation No 40/94.

46 In those circumstances, it is necessary to determine, first, whether the earlier marks enjoy a reputation and, secondly, whether the use of the mark applied for would take unfair advantage of the distinctive character or the reputation of the earlier marks.

Reputation

47 The applicant essentially maintains that the Board of Appeal committed an error in its assessment of the probative value of the annexes submitted by the intervener in order to establish the reputation and distinctive character of the earlier marks for the purposes of Article 8(5) of Regulation No 40/94.

48 Article 8(5) of Regulation No 40/94 does not define 'reputation'. However, it is clear from the case-law of the Court of Justice relating to the interpretation of Article 5(2) 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 substantive content of which is, in essence, identical to that of Article 8(5) of Regulation No 40/94, that, in order to satisfy the requirement of reputation, the earlier national mark must be known to a significant part of the public concerned by the goods or services covered by that trade mark.

49 In examining that condition, it is necessary to take into consideration all the relevant facts of the case, in particular the market share held by the mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it (*General Motors*, paragraphs 26 and 27). The Court of Justice stated in *General Motors* that it cannot be inferred from either the letter or the spirit of Article 5(2) of the directive that the earlier mark must be known by a given percentage of the relevant public (paragraph 25) but that that reputation must exist in a substantial part of the territory concerned (paragraph 28). Two judgments of the Court of First Instance adopt, either expressly (Case T-8/03 *El Corte Inglés* v *OHIM — Pucci (EMILIO PUCCI)* [2004] ECR II-4297, paragraph 67), or by implication (Case T-67/04 *Spa Monopole* v *OHIM — Spa-Finders Travel Arrangements (SPA-FINDERS)* [2005] ECR II-1825, paragraph 34) the criteria thus laid down by the Court of Justice in that judgment.

50 The Court finds, first of all, that the contested decision (paragraph 26) correctly sets out the criteria laid down in *General Motors* for the purposes of assessing reputation within the meaning of Article 8(5) of Regulation No 40/94.

51 Next, the Court considers that the Board of Appeal did not commit any error in assessing the evidence put forward by the intervener for the purposes of establishing the reputation of the earlier marks.

52 The Board of Appeal was right to take into consideration, in paragraph 27 of the contested decision, Annexes A to R as a whole, with particular reference to the intensity, the duration and the geographical coverage of the use of the earlier marks in question.

53 The Board of Appeal states, in paragraph 29 of the contested decision, that the intervener had demonstrated in the course of the procedure before the Opposition Division that:

— '[it had] had a commercial presence in Europe since 1973';

— '[it had] manufactured audio and video tape components in Europe since 1988';

— '[it had] sales offices in Germany, France, Austria, Sweden, Poland [and] the United Kingdom';

— 'in addition to a Community trade mark, [it had] national registrations of either or both the word mark TDK and the mark TDK and device in 12 of the Member States of the European Community, the earliest of which dates from 1969';

— '[it had], between October 1998 and September 1999, using its TDK trade marks, achieved a share in the 8 mm camcorder tape market of 49.5% in Great Britain and 22.1% in Europe; [and had], during the same period, achieved a share in the audio tape market of 64.1% in Great Britain and 39.3% in Europe';

— '[it had] sponsored, using its marks, five European musical tours/events featuring the Rolling Stones (1990), Paul McCartney (1991), Phil Collins (1994), Tina Turner (1996) and Janet Jackson (1998); every one of the World Championships in Athletics since 1983; at one time or another, the Finland national team in athletics and ice hockey, the Italian football club Milan AC, the Netherlands football club Ajax Amsterdam, in Spain, TDK Manresa, basketball club, in Sweden, the Uppsala Gators basketball team and, in the United Kingdom, Crystal Palace football club';

— 'the mark appear[ed] either printed on the competitors' event number or directly onto the players of competitors' sports clothing ; this clothing [had] been available for purchase bearing the TDK mark and consist[ed] principally of sports clothing, including football shirts and shorts, basketball vests and shorts, track suits and the like';

— 'the marks appear[ed] around stadia, on billboards, balloons and the like'.

54 In paragraph 30 of the contested decision, the Board of Appeal found that both the commercial and sponsorship activities referred to in the preceding paragraph extended throughout Europe and required the investment of substantial amounts of money, time and effort. It also held that the sponsored events were often televised or recorded, thereby ensuring wider exposure of the earlier marks to the public.

55 In paragraphs 31 and 32 of the contested decision, the Board of Appeal went on to consider the evidence put forward by the intervener and concluded that the earlier marks possessed a reputation and distinctive character. It stated as follows:

'In the Board's estimation, the material referred to above represents the results of a significant amount of investment both in effort, time and money which has been maintained over an unusually long and significant period of time in respect of the opponent's audio and videotape goods and the promotion of the mark. The fact that market surveys are included together with actual sales figures and information about advertising, supports all the claims which the opponent has made in respect of the reputation and goodwill which attaches to its marks.

The material points to the establishment and maintenance of a reputation in connection with sponsorship over a significant period of time and to the creation and existence of goodwill of considerable public interest and of a particular commercial value, justifying continuing investment. From the material filed, and the investment made by the opponent in promoting its mark by way of sponsorship, it is clear that the mark enjoys a reputation of significant value which must be founded upon the fact that it is known by a significant part of the public concerned in the Community. Since activities such as athletics, basketball, football and musical events attract the devotion and loyalty of "fans", ardent admirers of pop stars and football teams and devotees of the particular sport in question, the Board is persuaded that the connection of the opponent's mark with those activities will have attracted a very substantial amount of goodwill and reputation which goes beyond that which would

simply attach to the goods which bear the mark. Accordingly, the opponent is entitled to claim for its mark the broader protection referred to above for the purposes of Article 8(5) [of Regulation No 40/94] as concluded by the Opposition Division. It follows that the mark, in addition to whatever distinctive character it has per se, the letters TDK having no connection with any of the goods at issue, ... has an enhanced distinctive character because of the reputation which has accrued to it.'

56 Having regard to the documents before the Court, the findings made in paragraphs 29 to 32 of the contested decision must be upheld. The intervener has, on the basis of Annexes A to R, taken as a whole, established the nature and scope of its commercial activities in Europe since 1988, as regards the production, marketing, sponsorship and advertising of the earlier marks in question; this extends to heavily populated Member States.

57 The Court also finds that the sales levels achieved by the goods bearing the earlier marks in question, such as audio and video cassettes, the use of which is widespread in European homes, and the size, frequency and regularity of sponsored events attracting large numbers of spectators at which those marks are used, support the finding of the Board of Appeal that the earlier marks in question satisfy the criteria laid down in the case-law in respect of reputation, that is to say, that they are known by a substantial part of the public.

58 As regards the alleged lack of evidential value of certain of the annexes submitted by the intervener in order to establish the reputation of its earlier marks for the purposes of Article 8(5) of Regulation No 40/94 (see paragraphs 14 and 15 above), in particular Annex O, the Court finds that, even if their evidential value was inadequate, that would not undermine the findings set out in paragraphs 56 and 57 above. The Board of Appeal based its consideration of the reputation of the earlier marks in question on all the annexes submitted by the intervener. When they are

read together, it is clear that the Board of Appeal did not commit any error in its assessment of the evidential value of the annexes taken as a whole.

59 There is accordingly no reason to set aside the contested decision as far as concerns the reputation of the earlier marks in question within the meaning of Article 8(5) of Regulation No 40/94.

The taking of unfair advantage of the distinctive character or the reputation of the earlier marks

60 It is therefore necessary to consider whether the use of the mark applied for would take unfair advantage of the distinctive character or the reputation of the earlier marks.

61 The Board of Appeal set out in that regard (paragraphs 33 to 39 of the contested decision) the bases on which such an unfair advantage would arise and stated in particular as follows:

'37 In the Board's estimation, the material provided by the opponent shows that the reputation which has accrued to it is perceived by a substantial part of the public, not only as a manufacturer of certain goods but also as reflecting the nature of its sponsorship activities which fall predominantly in the field of sports and in the staging of large musical events.

38 It is also undoubtedly the case that, as part of these sponsorship activities, the opponent produces or arranges for the production of clothing bearing its mark. Although the principal purpose of the goods is to promote the mark, it is nevertheless the case that the relevant public is used to seeing the mark on such goods in connection with sporting or musical events.

39 The applicant proposes to use the mark in respect of clothing, footwear and headgear without any restriction. This means that the specification includes every type of clothing including that which is suitable for sports. There is no reason to suppose that the applicant might not use the letters TDK upon T-shirts, shorts or track suits or similar sporting apparel. The same considerations must apply to footwear and headgear used in sports events. Since the mark applied for is identical to one of the opponent's marks, the relevant public will assume that the clothing, footwear and headgear is produced by or under licence from TDK in connection with its sponsorship activities. This will mean that the applicant will attract to its goods all the goodwill currently associated with the opponent as a sponsor of world famous athletics and European musical events and in which the opponent has invested enormous amounts of time, effort and money as noted by the contested decision. This is both free-riding on the coat-tails of renowned marks and an attempt to trade on their reputation. In the Board's estimation, this would amount to taking unfair advantage of both the distinctive character and repute of the earlier marks.'

62 Thus, the Board of Appeal essentially based its conclusion on the following considerations. The reputation, as established, of the earlier marks and their distinctive character extended to the intervener's activities of promotion and advertising in sponsoring sporting and musical events. As regards, more particularly, sporting events, the public is accustomed to seeing the TDK mark on clothing associated with such events. In addition, the use of the mark applied for by the applicant on clothing in general and, in particular, on clothing habitually used by the intervener in its sponsored sporting events, could lead the public to believe that

such clothing was manufactured by, or under licence from, the intervener. On the basis of the evidence available to it, the Board of Appeal found that use by the applicant of the mark applied for could encourage the public to buy the applicant's goods by reason of the association it would be likely to make between the TDK mark and the commercial value attached to the reputation and distinctive character of the earlier marks.

63 The applicant essentially calls into question the evidential value of the documents in the case on which the Board of Appeal's conclusion was based. It maintains in particular that the fact that the goods it proposes to sell to the public will be sold through very different distribution channels and that the earlier marks, which appear on athletes' identification numbers and on branded T-shirts (for example, Adidas) are associated in the mind of the public only with the intervener's sponsorship activities (see paragraphs 33 and 21 above).

64 The Court would point out that the Board of Appeal is not required to establish actual and present harm to an earlier mark. It must simply have available to it *prima facie* evidence of a future risk, which is not hypothetical, of unfair advantage (*SPA-FINDERS*, paragraph 40).

65 It must also be noted that the concept of taking unfair advantage of the distinctive character or the reputation of the earlier mark must be understood as encompassing instances where there is clear exploitation and free-riding on the coat-tails of a famous mark or an attempt to trade upon its reputation (*SPA-FINDERS*, paragraph 51). The stronger the earlier mark's distinctive character and reputation, the easier it will be to accept that detriment has been caused to it (*General Motors*, paragraph 30, and *SPA-FINDERS*, paragraph 41).

66 In the present case, it is clear that the intervener established the reputation of its earlier marks for the purposes of Article 8(5) of Regulation No 40/94 and that the

Board of Appeal found (paragraph 32 of the contested decision), without being seriously challenged on the point, that the earlier marks had an enhanced distinctive character by reason of the reputation attached to them. That conclusion is, moreover, supported by the very high degree of penetration of the earlier marks in their reference markets.

67 In those circumstances, the Court finds that the Board of Appeal was entitled to take the view, based on the sponsorship activities of the intervener, particularly in the sporting field, that were the mark applied for to be used by the applicant on sports clothing — a possibility which cannot be ruled out — such use would lead to the perception that that clothing was manufactured by, or under licence from, the intervener. That in itself is sufficient to constitute prima facie evidence of a future risk, which is not hypothetical, of the taking of unfair advantage by the applicant of the reputation of the earlier marks, a reputation which is the result of the activities, efforts and investments undertaken by the intervener for more than 20 years.

68 It follows from all of the above that the single plea put forward by the applicant must be rejected and, accordingly, that the action must be dismissed.

Costs

69 Under Article 87(2) of the Rules of Procedure of the Court of First Instance, 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 forms of order sought by OHIM and the intervener.

On those grounds,

THE COURT OF FIRST INSTANCE (First Chamber)

hereby:

1. Dismisses the action;

2. Orders the applicant, Aktieselskabet af 21. november 2001 to pay the costs.

García-Valdecasas Cooke Labucka

Delivered in open court in Luxembourg on 6 February 2007.

E. Coulon J.D. Cooke

Registrar President