JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)

12 January 2006 *

In Case T-147/03,

Devinlec Développement Innovation Leclerc SA, established in Toulouse (France), represented by J.-P. Simon, lawyer,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by J. Novais Gonçalves and A. Folliard-Monguiral, acting as Agents,

defendant,

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

T.I.M.E. ART Uluslararasi Saat Ticareti ve diş Ticaret AŞ, established in Istanbul (Turkey), represented by F. Jacobacci, lawyer,

* Language of the case: English.

ACTION brought against the decision of the Third Board of Appeal of OHIM of 30 January 2003 (Case R 109/2002-3) relating to opposition proceedings between Devinlec Développement Innovation Leclerc SA and T.I.M.E. Art Uluslararasi Saat Ticareti ve diş Ticaret AŞ,

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

composed of H. Legal, President, P. Mengozzi and I. Wiszniewska-Białecka, Judges,

Registrar: B. Pastor, Deputy Registrar,

having regard to the application lodged at the Registry of the Court of First Instance on 30 April 2003,

having regard to the response lodged at the Registry of the Court of First Instance on 24 October 2003,

having regard to the response of the intervener lodged at the Registry of the Court of First Instance on 28 October 2003,

further to the hearing on 30 June 2005,

gives the following

Judgment

Background

1 On 8 September 1997 T.I.M.E. ART Uluslararasi Saat Ticareti ve diş Ticaret AŞ ('the intervener') filed an application for registration of a Community trade mark at the Office for Harmonisation 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), as amended.

2 Registration was sought for the following figurative sign:



3 The goods in respect of which registration was sought are in Class 14 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, and correspond to the following description: 'watches, clocks, movements and parts thereof, watch/clock glasses, watch/clock casings, watch straps, watch chains/bracelets, watch bands, cases for watches and for clocks'.

4 On 17 August 1998, the application was published in the *Community Trade Marks Bulletin* No 62/98.

5 On 9 November 1998, Devinlec Développement Innovation Leclerc SA ('the applicant') filed a notice of opposition against registration of the mark sought, relying on the earlier figurative mark registered in France on 11 December 1987 under No 1 555 274, which is reproduced below:



6 The goods in respect of which the earlier mark is registered correspond to the following description for the purposes of the Nice Agreement:

— Class 14: 'clocks and watchmaking goods; jewellery';

— Class 18: 'leather goods'.

7 The opposition, based on the relative ground of refusal in Article 8(1)(b) of Regulation No 40/94, was directed against all the goods covered by the application for registration.

8 On 10 March 1999, the intervener requested that the applicant furnish proof of use of the earlier mark, pursuant to Article 43(2) and (3) of Regulation No 40/94.

9 In order to demonstrate genuine use of the earlier mark, the applicant submitted various items and documents, inter alia watches, invoices, promotional material, press articles and a sworn statement by its director.

10 It was apparent from that evidence that the earlier mark had been used in France in respect of 'watches and watch straps' under the figurative sign reproduced below:



11 By decision of 30 November 2001, the Opposition Division ruled on the opposition. First, it took the view that the applicant had furnished proof of use of the earlier mark, and that such use under the figurative sign reproduced in paragraph 10 above had not altered the distinctive character of the earlier mark. Secondly, it upheld the opposition on the ground that the goods covered by the marks were in part identical and in part similar and that the signs presented a sufficient degree of visual, phonetic and conceptual similarity, and therefore there was a likelihood of confusion on the part of the relevant public.

12 On 29 January 2002, the intervener filed an appeal with OHIM against the decision of the Opposition Division.

13 By decision of 30 January 2003 ('the contested decision'), the Third Board of Appeal annulled the decision of the Opposition Division and consequently rejected the opposition. In substance, the Board of Appeal considered that, notwithstanding the identity and similarity of the goods covered by the marks, it was necessary to take account of the circumstances in which the goods covered by the earlier mark were marketed and the fact that watches and watch straps bearing that mark are sold to the end consumer in E. Leclerc shopping centres only. In those circumstances, the Board of Appeal took the view that the visual and phonetic similarities between the marks and their possible common allusion to the notion of quantity would not lead the average consumer, were he to see the mark applied for on 'watches, clocks, watch straps, watch chains/bracelets, watch bands, cases for watches and for clocks' in outlets other than E. Leclerc stores, to consider that the goods covered by the marks originated from the same undertaking or from connected undertakings (paragraphs 39 and 40 of the contested decision).

Forms of order sought

14 The applicant claims that the Court should:

— annul the contested decision;

— reject the application for registration of the mark applied for;

— order OHIM to pay the costs;

— order the intervener to pay the costs of the administrative proceedings before OHIM.

15 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

16 The intervener claims that the Court should:

— dismiss the action;

— annul the contested decision to the extent that it is adversely affected by it.

Law

17 In support of its first head of claim, the applicant puts forward two pleas in law. The first plea alleges infringement of Rule 50 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 (OJ 1995 L 303, p. 1). The second plea alleges infringement of Article 8 (1)(b) of Regulation No 40/94 and of the 'general principles of trade mark law'.

18 The intervener puts forward an independent plea for annulment of the contested decision, alleging infringement of Articles 15(2) and 43(3) of Regulation No 40/94.

19 The Court will first examine the intervener's independent plea, then the second and first pleas put forward by the applicant.

The intervener's independent plea, alleging infringement of Articles 15(2) and 43(3) of Regulation No 40/94

Arguments of the parties

20 The intervener requests the Court of First Instance to find that the Board of Appeal erred in finding that the earlier mark, as it was used by the applicant, did not alter the distinctive character of the sign as it had been previously registered in France. Consequently, the intervener also seeks a declaration from the Court that the proof of genuine use of the earlier mark submitted by the applicant to OHIM during the administrative proceedings was insufficient and that the Board of Appeal infringed Article 43(3) of Regulation No 40/94.

21 At the hearing, the applicant and OHIM submitted that the contested decision should be confirmed on that point.

Findings of the Court

22 Article 15 of Regulation No 40/94, entitled 'Use of Community trade marks', states:

'1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

2. The following shall also constitute use within the meaning of paragraph 1:

(a) use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;

...'

23 Article 43 of Regulation No 40/94, entitled 'Examination of opposition', provides:

'2. If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application,

the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services.

3. Paragraph 2 shall apply to earlier national trade marks referred to in Article 8(2)(a), by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.

...'

24 In this case, it should be noted that the contested decision confirmed the Opposition Division's assessment that the applicant had furnished proof of genuine use of the earlier mark, in accordance with Article 43(2) and (3) of Regulation No 40/94 and that the sign used by the applicant, reproduced in paragraph 10 above, had not altered the distinctive character of the mark in the form in which it had been registered in France, reproduced in paragraph 5 above. In particular, in paragraph 11 of the contested decision the Board of Appeal observed that the differences in the typeface and the stylisation of the letter 'q' of the earlier mark did not alter the distinctive character since it was clear from the evidence submitted in the opposition proceedings that that letter would not be viewed in isolation from the word of which it was a part and which was the essential component of the earlier mark. The Board of Appeal also noted in paragraph 12 of the contested decision that several press cuttings and promotional material relating to the earlier mark showed that the mark was also used in the form in which it had been registered and that the stylisation of the letter 'q' was not emphasised.

25 That assessment must be endorsed.

26 First, it must be stated that under Article 15(2)(a), in conjunction with Article 43(2) and (3), of Regulation No 40/94 proof of genuine use of an earlier national or Community trade mark which is the basis of opposition proceedings against a Community trade mark application also includes proof of use of the earlier mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (see, to that effect, Case T-156/01 *Laboratorios RTB* v *OHIM — Giorgio Beverly Hills (GIORGIO AIRE)* [2003] ECR II-2789, paragraph 44).

27 Next, as to the question whether in this case use of the sign reproduced in paragraph 10 above constitutes use which alters the distinctive character of the mark, as the intervener alleges, it is clear that that is not the case.

28 In that regard, the only elements which differentiate the earlier national mark, as it was registered, from the sign used by the applicant are the stylisation of the letter 'q', suggesting the face of a watch, and the use of capital letters to write the verbal element of the earlier national mark.

29 In the first place, although it is true that the stylisation of the letter 'q' is more pronounced in the representation of the sign used than in that of the earlier national mark, the distinctive character of the earlier mark is still based on the entire verbal element of that mark. In any case, since the stylisation of the letter 'q' suggests, as has just been said, the face of a watch, it is not particularly distinctive for goods in Class 14, the only goods for which the applicant has furnished proof of use of the

earlier mark. In the second place, as regards the use of capital letters, it suffices to note that that is not at all original and also does not alter the distinctive character of the earlier national mark.

30 It follows that the proof furnished by the applicant which refers to the sign reproduced in paragraph 10 above for the Class 14 goods 'watches and watch bands or straps' could legitimately be taken into account by the Board of Appeal for the purposes of assessing whether the applicant had shown genuine use of the earlier national mark.

31 Since the intervener does not challenge the assessment of that proof by the Board of Appeal, any more than the assessment of the proof furnished by the applicant to demonstrate that it had also used the earlier national mark in the form in which it had been registered, the intervener's independent plea must be dismissed.

The applicant's second plea, alleging infringement of Article 8(1)(b) of Regulation No 40/94 and of the 'general principles of trade mark law'

Arguments of the parties

32 The applicant contests several of the Board of Appeal's findings in relation to the comparison of the goods covered by the marks, the comparison of the signs and the absence of likelihood of confusion.

33 First, as regards the comparison of the goods covered by the marks, the applicant, without denying that those goods are identical or similar, submits that in paragraph 30 of the contested decision the Board of Appeal relied on an erroneous basic premiss. The applicant disagrees with the Board of Appeal's assertion that goods covered by the earlier mark will not be sold alongside goods covered by the mark applied for and will not be sold in shops other than E. Leclerc shopping centres.

34 In that respect, the applicant notes that that finding seems to be based in particular on the attestation of its director of 7 May 1999, which the applicant had supplied as part of the evidence to demonstrate genuine use of the earlier mark. The applicant submits, however, first, that neither that attestation nor the other documents sent to OHIM support the conclusion that 'Le Manège à Bijoux' sales points in E. Leclerc shopping centres — which sell goods covered by the earlier mark — do not sell other identical or similar goods or that the sale of goods covered by the earlier mark will always be restricted to those sales points. Secondly, the applicant points out that the aforementioned attestation and the other documents were communicated for the precise purpose of demonstrating genuine use of the earlier mark between 1993 and 1998, in order to prevent dismissal of the opposition. The applicant states that it had not been requested by the Board of Appeal to demonstrate, for example, that sales points in E. Leclerc shopping centres could sell identical or similar goods bearing other marks. In so far as the applicant asserts that that possibility exists, it states that it is willing to adduce any evidence to substantiate its assertion.

35 Secondly, as regards comparison of the marks, the applicant observes, first of all, that the Board of Appeal contradicted itself in its examination of the earlier mark, since it carried out its assessment in relation to that mark not as it was used, but as it was registered.

36 The applicant goes on to assert that the Board of Appeal made several errors as regards the visual, phonetic and conceptual comparison between the signs.

37 As regards the visual comparison, while the applicant agrees with the finding in the contested decision that the 'quant' prefixes are similar, it observes that the Board of Appeal failed to note that the signs also share the letter 'm' and that there is a visual resemblance between the letters 'i' of the earlier mark and 'u' of the mark applied for. The applicant also maintains that the figurative element in the form of an alarm clock positioned above the verbal element of the mark applied for, which is graphic and moreover devoid of any distinctive character in respect of the goods covered by that mark, does not constitute an element of visual differentiation between the marks, contrary to the view of the Board of Appeal. Moreover, if the relevant public were to attach any particular importance to that figurative element, the applicant submits that that would also be the case in respect of the stylisation of the letter 'q' of the earlier mark as it was used, which also represents the face of a watch or an alarm clock. Accordingly, in those circumstances those elements would reinforce the visual similarity between the signs.

38 As regards the phonetic comparison, while the applicant takes the view that the Board of Appeal was right to consider that there was a very large degree of phonetic similarity between the verbal element of the mark applied for and the earlier mark, it notes that the difference in pronunciation of the final syllables of the marks ('tum' in the mark applied for, 'tième' in the earlier mark), highlighted by the Board of Appeal, is of little importance, because of the presence of the letter 'm', which is common to the marks.

39 As regards the conceptual comparison, the applicant submits that the Board of Appeal was wrong to take the view, in paragraphs 37 and 38 of the contested decision, that the signs were different. Referring to a survey carried out on 31 May and 1 June 2002 on a cross-section of the target public, annexed to the application initiating proceedings, the applicant states, first, that the target public does not know the precise meaning of the verbal elements of the marks and, secondly, that even among the section of the target public which claims to understand the meaning of the verbal elements of the marks, the majority states that they both signify a quantity. The applicant concludes that that factor reinforces the visual and phonetic similarities between the signs which have been established.

40 Thirdly, as regards the finding that there was no likelihood of confusion between the marks, the applicant takes the view that the Board of Appeal failed to observe the principle of interdependence between the similarity of the marks and the similarity of the goods covered by them. In particular, it submits that the Board erred in law in considering that the circumstances in which the goods covered by the earlier mark were marketed at a given moment constituted a relevant factor in the context of the global assessment of the likelihood of confusion. In the alternative, it asks the Court to hold that the Board of Appeal attributed too much importance to that factor, in view of the similarities between the goods and between the marks established in the contested decision. According to the applicant, the contested decision infringes in that regard not only Community case-law, but also the 'fundamental principles of trade mark law', particularly the principle that a trade mark may be transferred independently of the undertaking which owns it, and that of equality of treatment between trade mark proprietors. As regards that latter 'principle', the applicant states that if the earlier mark had existed for less than five years when the application for registration was published, it would not have had to demonstrate genuine use of that mark, and that, consequently, the Board of Appeal would not have been able to make use of the evidence of use of the earlier mark which the applicant adduced during the administrative proceedings before OHIM. In those circumstances, the applicant takes the view that the Board of Appeal reduced the protective scope of the earlier mark.

41 OHIM contends first that it is undisputed that the goods covered by the marks are in part identical and in part similar.

42 Secondly, it states that the relevant public in relation to whom the assessment of the comparison of the signs and the likelihood of confusion must be carried out consists, as regards watches, clocks, watch straps, watch chains/bracelets and watch bands, of the average French consumer. On the other hand, as regards movements and parts of clocks and watches, watch/clock glasses and cases for watches and for clocks, the relevant public includes specialists who manufacture or repair watches or clocks, since cases, in particular, are not usually sold separately from a watch or a clock.

43 Thirdly, as regards comparison of the signs, OHIM considers that they are visually, phonetically and conceptually different.

44 OHIM concedes that, visually, the signs share the first five letters of the verbal element ('quant'), but it points out that their final letters differ, that the verbal elements are not the same length and are in different character fonts and that the mark applied for also includes a figurative element which cannot be ignored, notwithstanding the fact that it possesses debatable inherent distinctiveness in respect of the goods covered by the mark applied for. OHIM concludes that the signs are visually different and can be easily distinguished.

45 OHIM submits that the degree of phonetic similarity between the signs resulting from the common syllable 'quant' is offset by the differences between the final sounds of the signs ('um' in the mark applied for, 'ième' in the earlier mark). In that respect, OHIM observes that the last syllables of the signs are pronounced very differently.

46 As regards the conceptual comparison, OHIM observes that the verbal elements of the signs both have various meanings, and therefore the signs cannot be regarded as similar in that regard. In particular, it is of the opinion that it is very likely that the average consumer will understand the word 'quantième' in the earlier mark as the numeric designation of the day of a month ranging from 1 to 31. OHIM submits that that meaning is moreover widespread in the watch trade, as shown by the evidence taken from several French-language websites annexed to its response. Therefore, according to OHIM, either average consumers will already be acquainted with the aforementioned meaning, or they will be informed of it by the notice accompanying their purchase or by seeking the advice of a salesperson. Moreover, it should be borne in mind that the relevant public encompasses watch industry professionals who will undoubtedly understand the meaning of the word 'quantième'.

47 According to OHIM, that assessment is not undermined by the applicant's argument, based on the opinion survey annexed to its application initiating proceedings, that the relevant public establishes a conceptual link between the signs by a common reference to the notion of quantity. Notwithstanding various unclear points relating to the conditions in which that survey was carried out, OHIM observes, in any event, that approximately 11% of persons interviewed indicated that the word 'quantum' referred to some notion of quantity, while slightly over 28% associated the word 'quantième' with that notion. In OHIM's opinion, not only are those percentages inconclusive, but, in addition, the survey does not provide any indication as to what proportion of the public interviewed replied that both words referred to the notion of quantity.

48 Fourthly, as regards the assessment of likelihood of confusion, OHIM observes, first of all, that given that the goods covered by the marks are not purchased regularly, the average consumer will pay particular attention to all aspects of those goods, including the marks under which they are sold. The consumer makes those purchases after being visually confronted with the goods and the marks, and therefore the visual differences between the marks assume particular importance. OHIM then asserts that the degree of protection enjoyed by the earlier mark in France is intrinsically weak, since its verbal element is commonly used to describe one of the characteristics of the goods in question. In those circumstances, it takes the view that there is no likelihood of confusion between the marks, irrespective of whether or not some of the goods which they designate are identical or highly similar. Finally, OHIM asserts that that conclusion is not called in question by the error made by the Board of Appeal in taking into account the particular manner in which the goods covered by the earlier mark are marketed for the purposes of assessing the likelihood of confusion.

49 The intervener takes the view, first, that the applicant is wrong to criticise the Board of Appeal for having examined, for the purposes of comparing the signs and goods, the earlier mark as it is protected by its registration in France and not as it was used.

50 Secondly, the intervener disagrees with the applicant's assertion that the figurative element of the mark applied for is devoid of any distinctive character. According to the intervener, a figurative element, in contrast to a verbal element, can never be exclusively descriptive. In the intervener's opinion, the Board of Appeal was therefore right to take into consideration the figurative element of the mark applied for in comparing the signs.

51 In that respect, the intervener submits that the Board of Appeal was justified in excluding any visual similarity between the signs.

52 As regards the phonetic comparison of the signs, the intervener submits that the syllable 'quan', which is common to them, will probably be pronounced differently by the average reference consumer. In addition, standard French pronunciation puts the emphasis on the final syllables — which are radically different — of the signs. The intervener also disputes the results of the opinion survey produced by the applicant, in particular as regards whether it is truly representative and as regards the absence of any information on the level of education of those interviewed. On that latter point, the intervener states that such information would have been relevant in order to establish what proportion of consumers would pronounce the verbal element of the mark applied for taking into account the Latin origin of the word and therefore would pronounce it differently from the word 'quantième'.

53 According to the intervener, it follows that the Board of Appeal's finding of a phonetic similarity between the signs is wrong. It requests in that regard, in substance, that the Court rectify that error which adversely affects it.

54 The intervener denies that there is any conceptual similarity between the signs, concurring in substance with the arguments put forward by OHIM.

55 Thirdly, as regards the absence of likelihood of confusion between the marks, the intervener takes the view that the conclusion reached by the Board of Appeal is correct. The intervener agrees with the applicant that the conditions in which a given product is marketed must be considered in relation to objective situations, but submits that precisely that approach was taken in the present case. In the intervener's opinion, the earlier mark belongs to the category of so-called 'private labels' or 'store brands' which are conceived and used exclusively by major retail chains. Goods designated by such marks must therefore be regarded as belonging to a separate category of goods, in particular on account of the manner in which they are marketed, thus justifying the approach taken by the Board of Appeal.

56 The intervener further submits that the conditions under which the applicant's goods are marketed were taken into consideration by the Board of Appeal not as a factor to weigh against other circumstances established in the contested decision, but as a factor which leads consumers to assume that they will find the goods covered by the earlier mark only in E. Leclerc shopping centres, as happens with all goods bearing a private label. On the other hand, those general conditions in which the goods covered by the earlier mark are marketed are likely to influence the attitude of average consumers when confronted with goods covered by the mark applied for in other retail points. In addition, the intervener rejects the applicant's claim that the contested decision infringed 'general principles of trade mark law'.

57 Nevertheless, while it has no bearing on the conclusion reached by the Board of Appeal, the intervener criticises the latter for failing to take sufficient account of the very weak distinctiveness of the earlier mark in its global assessment. In the intervener's view, recognition of that factor by the Board of Appeal would have been sufficient of itself to preclude all likelihood of confusion between the marks. It therefore requests the Court of First Instance to find that the Board of Appeal erred in law in that respect.

Findings of the Court

58 Under Article 8(1)(b) of Regulation No 40/94, upon opposition by the proprietor of an earlier trade mark the trade 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.

59 According to settled case-law, 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. According to the same line of case-law, the likelihood of confusion must be assessed globally, in accordance with the relevant public's perception of the signs and of the goods and services in question, and taking into account all factors relevant to the circumstances of the case, in particular the interdependence of the similarity between the signs and that between the goods or services covered (see Case T-162/02 *Laboratorios RTB* v *OHIM — Giorgio Beverly Hills (GIORGIO BEVERLY HILLS)* [2003] ECR II-2821, paragraphs 31 to 33, and the case-law cited).

60 It is settled case-law that the global assessment of the likelihood of confusion, as far as concerns the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, inter alia, their distinctive and dominant components (Case T-292/01 *Philips-Van Heusen* v *OHIM — Pash Textilvertrieb und Einzelhandel (BASS)* [2003] ECR II-4335, paragraph 47, and the case-law cited).

— The relevant public

61 Since the earlier national mark was registered in France, the relevant public is the French public. However, OHIM and the intervener take the view that, having regard to the goods covered by the marks, the relevant public is made up of both average consumers and watch industry professionals.

62 There is no need to decide that question, in so far as the examination of the likelihood of confusion on the part of the average French consumer is sufficient in this case. If there is no likelihood of confusion on the part of that average consumer, as the Board of Appeal found, that circumstance suffices for the action to be dismissed, since that assessment is particularly true for the 'professional' section of the relevant public which, by definition, has a higher level of attention than the average consumer. It is only should the Court consider that the Board of Appeal wrongly excluded the likelihood of confusion that it might be necessary to determine whether there was also such a likelihood of confusion in respect of the goods covered by the mark applied for and used by those professionals.

63 However, in the case of goods such as those covered by the marks in question here, which are not purchased regularly and are generally bought through a salesperson, the average consumer's level of attention, as the Board of Appeal rightly found, must be taken to be higher than usual, and therefore fairly high.

— Comparison of the goods

64 It is common ground that the goods covered by the marks are in part identical and in part similar, as found in the contested decision.

— Comparison of the signs

65 Before examining the visual, phonetic and conceptual comparison of the signs carried out by the Board of Appeal, it is necessary to reject the applicant's argument that the Board of Appeal ought to have examined the earlier national mark not as it was registered but as it was used, by the sign reproduced in paragraph 10 above.

66 It is important to note that, under the provisions of Regulation No 40/94 governing examination of opposition to registration of a Community trade mark, the purpose of demonstrating genuine use of an earlier national mark is to provide a means for its proprietor, at the express request of the Community trade mark applicant, to furnish proof that during the period of five years preceding the date of publication of the Community trade mark application its mark has been put to actual and genuine use on the market. In accordance with Article 15(2)(a) and Article 43(2) and (3) of Regulation No 40/94, that proof also applies where the sign used differs from the earlier mark as it was registered in elements which do not alter the distinctive character of the mark. In the absence of such demonstration, in particular if the elements used alter the distinctive character of the earlier mark, or in the absence of demonstration of justifiable grounds for lack of use, the opposition must be dismissed. Accordingly, demonstration of genuine use of an earlier mark in connection with opposition proceedings has neither the aim nor the effect of granting its proprietor protection for a sign or elements of a sign which have not been registered. Accepting the opposite argument would lead to unlawful extension of the protection enjoyed by the proprietor of an earlier mark which is the basis of an opposition to registration of a Community trade mark.

67 In this case, since the applicant registered only the earlier mark as reproduced in paragraph 5 above, which is the basis of the opposition on which the Board of

Appeal was asked to rule in the contested decision, only that mark enjoys the protection accorded to earlier registered trade marks. It is therefore also that mark which, for the purposes of examination of the opposition, had to be compared with the mark applied for, as the Opposition Division and the Board of Appeal legitimately did, in respect of the goods for which the proof of genuine use had been furnished by the applicant, in this case 'watches and watch bands or straps' in Class 14.

68 That being the case, it is necessary to determine whether the contested decision is lawful as regards the visual, phonetic and conceptual comparison of the signs.

69 As regards the visual comparison, in paragraphs 31 to 33 of the contested decision the Board of Appeal found as follows:

'31. Visually, the earlier mark consists of the word "Quantième" in a not very fancy typeface. The letter "Q", which appears somewhat rounder, is not so different from the usual letter "Q". Indeed, in the extract of the *Larousse English/French Dictionary* 1995 which the opponent provided, the section containing the words beginning with that letter are headed by the letter Q, which is not so dissimilar from the letter "Q" appearing in the registered trade mark. The black line above that mark is not a part of the mark. There is nothing in the earlier mark that would draw the attention of the relevant public to the letter "Q" *per se.*

32. As regards the mark applied for, although [in] the contested decision [the Opposition Division] considers that it includes a device resembling ... an abstract dial of a clock or watch in the form of the letter "Q", it concludes that the word "QUANTUM", which is not in a very fancy typeface, is the dominant element. From the brochures and press cuttings in the file, it is obvious that it is

not unusual for signs on watches to bear a symbol that is centred above the wording or name as in the mark applied for. Furthermore, it is not unusual for that symbol to consist of a fanciful rendering of letters which carries an immediate association with the wording or name as in the case of the mark applied for. It is likely that the average consumer, who is accustomed to seeing logos set out in the same way, will construe it as a distinctive and fanciful logo and not as a mere clock devoid of any message as to the indication of origin.

33. Visually, the marks are similar to the extent that they each contain the prefix "Quant". They differ to the extent that the mark applied for includes a logo which the average consumer will perceive as a shorthand representation of the word "Quantum" mark. In the earlier registered mark, the average consumer is unlikely to focus on the letter "Q" since there is no particular reason why the consumer's attention should be drawn to that letter.'

70 It is common ground that the Board of Appeal took the view that there was no visual similarity between the signs.

71 However, the Court holds that there is such a similarity.

72 As the Board of Appeal rightly stated, the signs have the prefix 'quant' in common. In addition, as the applicant emphasised, they have the letter 'm' in common. Visually, the verbal elements of the signs therefore share six letters, including the first five of each sign. Although the consumer often attaches importance to the first part of words (see, to that effect, Joined Cases T-183/02 and T-184/02 *El Corte Inglés* v *OHIM — González Cabello and Iberia Líneas Aéreas de España (MUNDICOR)* [2004] ECR II-965, paragraph 81), his visual attention may focus just as much on the

last letters of the signs, in view of the limited length of those signs (see Case T-117/02 *Grupo El Prado Cervera* v *OHIM — Debuschewitz (CHUFAFIT)* [2004] ECR II-2073, paragraph 48). In this case, although the verbal element of the mark applied for is fairly short, it must be noted that the last letter, 'm', is the same as one of the last four letters of the earlier mark. In addition, as the Board of Appeal noted, the typeface of the signs is ordinary. Visually, the verbal elements of the signs are therefore similar.

73 It must however be determined whether, as the Board of Appeal implies, without however concluding its argument clearly, and as submitted by the intervener in its written pleadings, the position of the figurative element above the verbal element of the mark applied for serves to rule out any visual similarity between the signs.

74 It must be noted in that regard, first, that the relevant public will not generally consider a descriptive element forming part of a compound mark as the distinctive and dominant element of the overall impression conveyed by that mark (see, to that effect, Case T-129/01 *Alejandro* v *OHIM — Anheuser-Busch (BUDMEN)* [2003] ECR II-2251, paragraph 53, and *CHUFAFIT*, cited in paragraph 72 above, paragraph 51).

75 In this case, it is clear that, as OHIM accepted, the reproduction of a face of a watch or clock does not have any particular distinctive character for the goods in respect of which the intervener has applied for registration of a Community trade mark.

76 Furthermore, with regard to the assessment of the dominant character of one or more given components of a compound trade mark, in addition to the intrinsic qualities of each of the components, account may be taken of the relative position of the various components within the arrangement of the compound mark (see, to that effect, Case T-6/01 *Matratzen Concord* v *OHIM — Hukla Germany (MATRATZEN)* [2002] ECR II-4335, paragraph 35).

77 In this case, it suffices to note that the figurative element is positioned above the central verbal element of the mark applied for, which does not mean that that element may be considered to dominate, from the visual point of view, the image which the public will retain of the mark applied for. In that respect, in the large majority of cases the relevant public will be confronted with the mark applied for at the time of purchase of watches, and as a general rule the marks are represented on the faces of those watches. However, since the size of those faces is relatively small, it will be difficult to visually perceive the representation of figurative elements if, as in this case, those elements are not centred in the arrangement of the compound mark, but appear above the verbal element of the mark applied for.

78 In those circumstances, it must be held that the signs are visually similar.

79 As regards the phonetic comparison of the signs, the Board of Appeal made the following assessment in paragraph 34 of the contested decision:

'Phonetically, since the symbol [appearing] in the mark applied for is likely to be taken as a fanciful abbreviation of the word "Quantum", the mark applied for is likely to be uttered as simply "Quantum". Furthermore, it is unlikely that the relevant public will pronounce the word correctly as "kwäntóm" (see *Le Robert électronique*), particularly since the word is used in very specific contexts and the

relevant public will not perceive it as a Latin word. The syllable "quan-" in the mark applied for will, like that in the earlier mark, be pronounced as "kan-". There is thus a certain degree of phonetic similarity even though the endings ("-tóm" or "-toum" in the mark applied for and "-tjem" in the earlier mark) are likely to differ and the earlier mark might be pronounced in three syllables.'

80 That assessment is essentially correct.

81 As regards pronunciation, it is indeed unrealistic to think that the average French consumer will pronounce the mark applied for with reference to the Latin pronunciation of the word 'quantum', namely 'kwäntóm'. It should be noted in that respect that the survey produced by the applicant during the administrative procedure and annexed to its application initiating proceedings supports that assessment. According to that survey, carried out on a representative sample of the French population of 984 people on 30 May and 1 June 2002, 79.5% of persons questioned pronounced the mark applied for either as 'kantom' or 'kantoum'.

82 On that point, the intervener's criticism that the survey was not representative, in particular because there was no indication of the level of education of the persons questioned, which would have been relevant to establish what proportion of consumers pronounce the verbal element of the mark applied for in the light of the Latin origin of the word and therefore differently from the word 'quantième', cannot be accepted. First, the intervener does not substantiate in any way its contention that the results of the survey are irrelevant, whereas it appears that that survey was carried out methodically and under objective conditions. Nor does the intervener put forward any reasons to explain how the Board of Appeal erred in referring to the results of that survey in the contested decision. Secondly, since the sample of the French population was, by definition, 'representative' of that population, the survey could not fail to take into account the level of education of that population, as

reflected indirectly by the tables relating to the composition of the sample. Moreover, the intervener has failed to have regard to the fact that the relevant public is made up of average French consumers, who cannot be presupposed to have knowledge of Latin and of pronunciation, which is in any case inconsistent, of Latin words.

83 It follows that, as a rule, the relevant public will pronounce the mark applied for as 'kantóm' or even 'kantoum', while it will generally pronounce the earlier mark as 'kantjɛm' without splitting that pronunciation into three syllables, as the results of the survey cited above also highlight.

84 In spite of the sound 'o' or 'ou' in the mark applied for and the sound 'jɛ' in the earlier mark, the marks have, as well as the sound 'kant', the final sound of the letter 'm' in common.

85 It must therefore be held that the signs are phonetically similar.

86 As regards the conceptual comparison of the signs, the Board of Appeal stated as follows in paragraphs 35 to 38 of the contested decision:

'35. Conceptually, the marks have distinct meanings. The meaning of the word "Quantum" varies depending on the field of application. In philosophy it means a finite and determined quantity, and in the science of physics it refers to a discrete quantity of electromagnetic energy proportional in magnitude to the frequency of radiation it represents (*Valeur discrète à laquelle ou aux multiples*

de laquelle correspond une manifestation d'énergie. Quantum d'action ... Le quantum d'énergie électromagnétique est proportionnel à la fréquence de la radiation (il correspond à cette fréquence multipliée par la constante de Planck, — elle-même parfois désignée sous le nom de quantum — see *Le Robert électronique).* According to that dictionary, the word is also encountered in computing terminology as *"Quantum de temps: durée élémentaire maximale d'un programme, dans les systèmes 'en temps partagé' d'un ordinateur".* Furthermore, it is clear from *Le Robert & Collins du management commercial financier économique juridique dictionnaire* (1992) that the word is used in the legal or administrative field in the sense of the amount of damages (*quantum des dommages-intérêts*). The field of application of that word being specific, the average consumer will not have a precise idea of any of the above meanings, although he might, if he were to have studied physics to even a basic level, understand that it is a scientific term.

36. As to the word "Quantième", *Le Robert électronique* defines it, firstly, as either an adjective or an interrogative adjective meaning "which rank or numerical order" (for example, *"Je ne sais à la quantième visite ce fut* (*Furetière, Roman bourgeois, II*). *Le quantième êtes-vous? Le sixième"*), and secondly as a noun, meaning the day of the month designated by a number from 1 to 31 as appropriate *(Le jour du mois, désigné par un chiffre (de premier, deux..., à trente ou trente et un). Le quantième, quel quantième sommes-nous? — Date, jour (du mois); et aussi combien ... Cette montre marque les quantièmes).* It is clear from the indications accompanying that word, and the opinion of Professor Jean-Pierre Lassalle, submitted by the opponent, that only the adjective is outdated. The noun in the second sense is not outdated, and it even describes the indication of the day of the month on watches. Notwithstanding, since the term is not an everyday term, the average consumer will not have an immediate understanding of its precise meaning. Nonetheless, if that average consumer were to seek the advice of a sales assistant or a retailer of watches, who [on] the contrary would have a precise understanding of its meaning as an indication of the month on watches and clocks, the possibility that that consumer might also become aware of the precise meaning of that word cannot be excluded.

37. Whilst, from the very survey the opponent provides, it is clear that some of the average consumers could take the mark applied for as alluding to the notion of a quantity, they are fewer in number than those who would perceive the earlier

mark as a reference to a quantity. Although many consumers might claim that they think they know what the word "quantième" means, an even greater majority will even proffer a meaning to the word "quantum". The proportion is higher in the first case because the stem "quanti-" carries with it an association with the notion of quantity. [On the other hand], this is not obvious in the case of the prefix "quant-" in the mark applied for which carries with it an association with the preposition "quant".

38. From the perspective of those consumers who understand the precise meaning of the terms, or the meaning of one term, whether precise or in the allusive sense, the marks will be conceptually different. From the perspective of those consumers who do not understand their meaning, the conceptual factor is of minimal importance in the comparison [of the signs].'

87 It may be observed, first of all, that the Board of Appeal did not reach a clear conclusion that there is a conceptual difference between the signs for the relevant public.

88 Next, it should be noted that, first, as the Board of Appeal found, the meaning of the verbal elements of the signs will not be understood immediately by the average French consumer, in particular on account of the technical and specialised fields in which those terms are used. Admittedly, as the Board of Appeal states, it is possible that the average consumer perceives the word 'quantum' as a scientific term. However, that does not imply that he will ascribe to it a particular meaning.

89 Nevertheless, as the intervener rightly stated at the hearing, it is also appropriate, in that respect, to attach some importance to the objective circumstances in which the marks may be present on the market (see *BUDMEN*, cited in paragraph 74 above,

paragraph 57, and Joined Cases T-117/03 to T-119/03 and T-171/03 *New Look* v *OHIM — Naulover (NLSPORT, NLJEANS, NLACTIVE and NLCollection* [2004] ECR II-3471, paragraph 49), in particular the circumstances in which watches and clocks are marketed Those goods are generally sold through a salesperson who, in particular, will lavish advice on the buyer and will probably explain the technical details and design of the goods in question. In those circumstances, it is possible for the average consumer to be aware of the meaning of the verbal element 'quantième' in the earlier mark, which is particularly used in the watch and clock trade.

90 That is also the reason why, on the conceptual level, the results of the survey cited above, produced by the applicant, cannot be accorded as much importance as the latter claims. Although it is true that, of the number of persons questioned who ascribed a meaning to both words, more than 69% of the replies for the word 'quantième' and more than 45% of the replies for the word 'quantum' referred to the notion of quantity, that survey, carried out at the home of each person questioned, did not take account of the objective circumstances in which the respective marks are present, or may be present, on the market.

91 It follows that whilst as a general rule the public concerned will not immediately attribute a precise meaning to the verbal elements of the marks, it may be able to ascribe a meaning to the verbal element of the earlier mark, having regard to the objective circumstances in which the goods protected by the marks are marketed. There is therefore some conceptual difference between the signs.

92 It follows from all those considerations that the signs are visually and phonetically similar and present conceptual differences.

— Likelihood of confusion

93 In this case the Board of Appeal considered that there was no likelihood of confusion between the marks on the basis of the reasoning set out in paragraphs 39 and 40 of the contested decision.

94 Its analysis was set out as follows:

'39. ... [A]lthough the goods in the application are identical or similar in nature and purpose to [the goods covered by the earlier mark], and in addition those that are accessories complement [those goods] in nature and purpose, from the circumstances of the case it is clear that since watches bearing the earlier mark are only sold through the E. Leclerc chain and watches bearing other marks are not sold there, goods [of both marks] will not be sold alongside one another or in the same department stores.

40. Taking into account the circumstances under which the goods bearing the earlier mark have been marketed and the fact that watches [and watch] straps and bands bearing the earlier mark may only be sold to the end consumer in the E. Leclerc department stores, the Board does not consider that the visual and phonetic similarities between the marks and their possible common conceptual allusion to the notion of a quantity will lead the average consumer, were he to see the mark applied for on "watches, clocks, watch straps, watch chains/bracelets, watch bands, cases for watches and for clocks" in outlets other than the E. Leclerc stores, to consider that those goods originate from the opponent undertaking or an undertaking connected to it.'

95 That reasoning cannot be upheld.

96 According to settled case-law, assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between the goods or services covered. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the signs (see, by analogy, Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 17, and, as regards application of Regulation No 40/94, *GIORGIO BEVERLY HILLS*, cited in paragraph 59 above, paragraph 32).

97 In this case, it is not disputed that the goods covered by the marks are in part identical and in part similar. It follows that, in order to remove the likelihood of confusion, that identity and similarity must be offset by a high degree of difference between the signs. As was noted above, the signs are visually and phonetically similar, whereas they present a certain conceptual difference.

98 It is true that, according to case-law, a conceptual difference between the marks at issue may be such as to counteract to a large extent the visual and aural similarities between those signs (*BASS*, cited in paragraph 60 above, paragraph 54). However, 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.

99 However, in this case, as the Court has observed, the relevant public cannot have an immediate grasp of the specific meaning either of the verbal element 'quantième' of the earlier mark or of the verbal element 'quantum' of the mark applied for.

100 In those circumstances, the conceptual difference between the signs is not such as to counteract to a large extent the visual and phonetic similarities found between those same signs.

101 The Board of Appeal considered, however, that the particular circumstances in which the goods covered by the earlier mark were marketed made it possible to rule out any likelihood of confusion between the marks.

102 In that regard, as a matter of principle and as the applicant and OHIM submit, that criterion must not be considered when examining the likelihood of confusion.

103 According to case-law, in the global assessment of the likelihood of confusion the respective weight to be given to the visual, phonetic or conceptual aspects may vary on the basis of the objective circumstances in which the marks may be present on the market (see *BUDMEN*, cited in paragraph 74 above, paragraph 57, and *NLSPORT, NLJEANS, NLACTIVE* and *NLCollection*, cited in paragraph 89 above, paragraph 49). It should be noted in that respect that the 'usual' circumstances in which the goods covered by the marks are marketed must be taken as a benchmark, that is, those which it is usual to expect for the category of goods covered by the marks. In this case, for watches and watch bands or straps, those conditions generally include purchase through a salesperson, without the consumer having direct self-service access to those goods.

104 Consideration of the objective circumstances in which the goods covered by the marks are marketed is fully justified. The examination of the likelihood of confusion which the OHIM authorities are called on to carry out is a prospective examination. Since the particular circumstances in which the goods covered by the marks are marketed may vary in time and depending on the wishes of the proprietors of the

trade marks, the prospective analysis of the likelihood of confusion between two marks, which pursues an aim in the general interest, that is, the aim that the relevant public may not be exposed to the risk of being misled as to the commercial origin of the goods in question, cannot be dependent on the commercial intentions, whether carried out or not, and naturally subjective, of the trade mark proprietors.

105 On the other hand, the OHIM authorities are permitted to take into account the objective conditions under which the goods are marketed, in particular in order to determine the respective weight to be given to the visual, phonetic and conceptual aspects of the marks. Thus, if the goods covered by a given mark are only sold on oral request, the phonetic aspects of the sign in question are bound to have greater significance for the relevant public than the visual aspects (see, to that effect, *NLSPORT, NLJEANS, NLACTIVE* and *NLCollection*, cited in paragraph 89 above, paragraph 49).

106 In that respect, the Court cannot accept the intervener's argument that the Board of Appeal did indeed take into consideration, in this case, the objective circumstances in which the applicant's goods are marketed in so far as those goods are covered by a category of marks which is *sui generis*, namely private labels or store brands. That claim fails to have regard, first, to the fact that the goods bearing the earlier mark are not present on the shelves of E. Leclerc shopping centres but in specialised points of sale which may be situated in the shopping arcade surrounding those centres, and, secondly, the fact that, including in shopping centres, store brands coexist on the market with other brands, covering identical or similar goods, of other proprietors.

107 It follows that by taking into consideration in the assessment of the likelihood of confusion between the marks the particular circumstances in which the goods covered by the earlier mark are marketed, the temporal effect of which is bound to be limited and necessarily dependent solely on the business strategy of the proprietor of the mark, the Board of Appeal erred in law.

108 For all of those reasons, the Board of Appeal should not have discounted the existence of a likelihood of confusion between the respective marks on the part of the average French consumer.

109 That assessment is not undermined by the argument put forward by OHIM and the intervener that the earlier mark can enjoy only limited protection because its distinctiveness is weak.

110 Although it is true that the more distinctive the earlier mark, the greater will be the likelihood of confusion (Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 24), in this case the identity and similarity of the goods covered by the respective marks, combined with the visual and phonetic similarity of the signs they consist of, without those similarities being offset to a large extent by the conceptual difference between those signs, suffice to create a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94 on the part of the average French consumer. Since likelihood of confusion is the specific prerequisite for protection of the earlier mark, that protection applies irrespective of whether the earlier mark has only weak distinctiveness.

111 Finally, as regards the alleged absence of likelihood of confusion in that proportion of the relevant public made up of professionals, it must be pointed out that the accessories referred to in Class 14 among the goods in respect of which registration of the mark is applied for are not strictly limited to use by those specialists and cannot be dissociated from other goods in respect of which the Community trade mark is applied for. Accordingly, the finding that there is a likelihood of confusion on the part of the average French consumer suffices for there to be a likelihood of confusion between the marks on the part of the relevant public.

112 The second plea, alleging infringement of Article 8(1)(b) of Regulation No 40/94, must therefore be upheld and the applicant's claim for annulment allowed, without the need to examine the first plea relied on by it.

113 It follows that there is no need to adjudicate on the applicant's second head of claim in which refusal of registration of the trade mark applied for is sought, since under Article 63(6) of Regulation No 40/94 OHIM must, in any event, take the measures necessary to comply with the judgment of the Court.

Costs

114 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. In this case, the applicant applied for OHIM to be ordered to pay the costs of these proceedings. Since OHIM has been unsuccessful, the applicant's claims must therefore be allowed and OHIM ordered to pay the costs incurred by the applicant in the proceedings before the Court.

115 The applicant also applied for the intervener to be ordered to pay the costs incurred by it in the administrative proceedings before OHIM. Under Article 136(2) of the Rules of Procedure, costs necessarily incurred by the parties for the purposes of the proceedings before the Board of Appeal are to be regarded as recoverable costs. However, that does not apply to costs incurred for the purposes of the proceedings before the Opposition Division. Accordingly, the applicant's request that the intervener, having been unsuccessful, be ordered to pay the costs of the administrative proceedings before OHIM can be allowed only as regards the costs necessarily incurred by the applicant for the purposes of the proceedings before the Board of Appeal.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. **Annuls the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal market (Trade Marks and Designs) of 30 January 2003 (Case R 109/2002-3);**

2. **Orders the Office for Harmonisation in the Internal Market (Trade Marks and Designs) to pay its own costs and those incurred by the applicant in the proceedings before the Court;**

3. **Orders the intervener to pay its own costs and those incurred by the applicant in the proceedings before the Board of Appeal.**

Legal Mengozzi Wiszniewska-Białecka

Delivered in open court in Luxembourg on 12 January 2006.

E. Coulon H. Legal

Registrar President