JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)

22 June 2005 *

In Case T-34/04,

Plus Warenhandelsgesellschaft mbH, established in Mühlheim (Germany), represented by B. Piepenbrink, lawyer,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by G. Schneider, acting as Agent,

defendant,

* Language of the case: German.

the other parties to the proceedings before the OHIM Board of Appeal having been

Joachim Bälz and **Friedmar Hiller,** residing in Stuttgart (Germany),

ACTION brought against the decision of the Second Board of Appeal of OHIM of 25 November 2003 (Case R 620/2002-2) concerning opposition proceedings between Tengelmann Warenhandelsgesellschaft and Bälz and Hiller,

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

composed of H. Legal, President, P. Lindh and V. Vadapalas, Judges,

Registrar: C. Kristensen, Administrator,

having regard to the application lodged at the Court Registry on 28 January 2004,

having regard to the response lodged at the Court Registry on 18 June 2004,

having regard to the written procedure and further to the hearing on 24 February 2005,

gives the following

Judgment

Background to the dispute

1 On 26 September 2000, Joachim Balz and Friedmar Hiller filed an application for a Community figurative 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 The trade mark for which registration was sought is the sign reproduced below:



3 The goods in respect of which registration of the trade mark was sought are various goods in Classes 3, 25, 28, 32, 33 and 34 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

4 The application for the Community trade mark was published in *Community Trade Marks Bulletin* No 43/01 of 14 May 2001.

5 By letter of 6 August 2001 Tengelmann Warengesellschaft lodged an opposition against the application for registration, alleging the existence of a likelihood of confusion, in terms of Article 8(1)(b) of Regulation No 40/94, between the sign sought and its earlier German word mark POWER, registered on 14 April 1994 for the goods 'tobacco; smokers' articles, namely snuff boxes, cigar and cigarette holders, cigar and cigarette cases, ashtrays, all of the aforementioned not of precious metal or its alloys or plated with them; pipe racks; pipe cleaners; cigar cutters; pipes; lighters; pocket machines for rolling cigarettes; cigarette paper; cigarette filters; matches' covered by Class 34.

6 The opposition was directed against some of the goods specified in the application for the Community trade mark, namely 'tobacco, smokers' articles, matches' which are covered by Class 34.

7 The opposition was rejected on 27 May 2002 by the Opposition Division on the ground that there was no likelihood of confusion between the two signs under consideration.

8 On 25 July 2002, the opponent disputed this decision before the Second Board of Appeal of OHIM, claiming that the overall impression produced by the sign applied for was determined by the distinctive element 'power' whereas its other elements lacked distinctive character. The opponent submitted that, as the dominant element 'power' was present in both marks, the opposition should have been upheld.

9 Plus Warengesellschaft mbH was entered in the German Register of trade marks as the new proprietor of the earlier national mark POWER on 1 October 2003.

10 In its decision of 25 November 2003 (hereinafter the 'contested decision'), the Second Board of Appeal of OHIM dismissed the appeal on the ground that there was no likelihood of confusion in the relevant territory because of the visual, aural and conceptual differences between the two conflicting signs. It considered that, contrary to the view taken by the opponent, the verbal element 'Turkish' of the sign sought and its figurative element, which consists of a lion's head, could not be overlooked and that, even if the lion's head alluded to the idea of strength, it was not a straightforward transposition of that idea. Moreover, the Second Board of Appeal stated that the element 'Turkish' could not be neglected either as it was important at a visual and aural level and that the overall meaning of the terms 'Turkish power' differed from that of the term 'power'.

Procedure and forms of order sought by the parties

11 It is in those circumstances that the applicant, who is the transferee of the right in the earlier national mark, has brought this action against the decision of the Board of Appeal.

12 The applicant claims that the Court should:

— annul the contested decision;

— in the alternative, give it the opportunity to supplement in writing, within a reasonable period of time, the items which the Court considers inadequate as regards the facts and their legal consequences;

— order OHIM to pay the costs.

13 During the hearing of the oral arguments, the applicant withdrew a head of claim which it had previously submitted and by which it requested that the Court order cancellation of the trade mark applied for.

14 OHIM contends that the Court should:

— dismiss the application;

— order the applicant to pay the costs.

Admissibility of the action

15 OHIM points out that the applicant, although transferee of the earlier national mark, was not party to the proceedings before the Board of Appeal. However, OHIM is of the opinion that Article 63(4) of Regulation No 40/94 should be interpreted as meaning that the concept of 'parties to proceedings before the Board of Appeal' for

whom appeal lies to the Court of First Instance also covers persons claiming through the proprietor of a mark conflicting with a sign in respect of which registration as a Community trade mark has been applied for.

16 It is established, and moreover not disputed, that the transfer of the national mark to the applicant by its former proprietor, Tengelmann Warenhandelsgesellschaft, took place in the course of the proceedings before OHIM. This means that the applicant has replaced the transferor as party to the proceedings before the Board of Appeal.

17 In those circumstances, the applicant has standing to bring proceedings to annul the contested decision.

The merits

The first plea: breach of Article 8(1)(b) of Regulation No 40/94

Arguments of the parties

18 The applicant points out that the goods 'tobacco, smokers' articles and matches' belonging to Class 34 which are designated in the application for registration and the goods designated by the earlier mark are partially identical or very similar.

19 The term 'power' is the sole element of the earlier mark and the mark has a distinctive character which is reinforced by its widespread use as a trade mark. The earlier mark is not used simply to describe the goods, in so far as the circle of consumers and economic operators targeted is not led to consider the term 'power' as indicating a quality of the smokers' goods at issue, unlike terms such as 'full flavour', 'light' or 'gold'.

20 The term 'power' is also the sole characteristic element of the sign sought as, in accordance with German and English grammatical rules, only nouns, and not adjectives, are used to designate things. The English adjective 'Turkish' is therefore irrelevant in a comparison of the signs because it only indicates to customers that the goods involved are Turkish in origin and it cannot be perceived by the target public as identifying the undertaking they come from.

21 When the goods designated are not marketed in self-service shops, a buyer is required to say the name of the mark, which is the simplest way of naming the goods. However, when the two conflicting signs are compared aurally, the graphical representation of the sign sought plays no part.

22 The image of a lion's head placed between the terms 'Turkish' and 'power' does not, in itself, influence the general visual impression created by the sign sought because it only serves to reinforce the meaning of the element 'power', which is known to the customers concerned as the applicant's mark.

23 Having regard both to the resemblance between the two conflicting signs, which are identical as regards their dominant element, and to the general impression which they have on the German public, there is thus a likelihood of confusion, given that the public could believe that the goods in question come from the same undertaking or from economically-linked undertakings.

24 OHIM submits, firstly, that as the earlier mark is protected in Germany, it is appropriate to refer to the way in which the conflicting signs are perceived by the German public which was rightly regarded by the Board of Appeal as being reasonably well-informed and reasonably observant and circumspect.

25 Secondly, OHIM points out that the goods mentioned in the opposition, namely 'tobacco, smokers' articles, matches', are all protected by the earlier mark and that the goods covered by the conflicting signs are therefore identical.

26 Thirdly, OHIM observes that an assessment of the similarity between the conflicting signs should be based on their visual, aural and conceptual correspondence and that they should be examined as a whole, their distinctive and dominant components being decisive.

27 The word 'power', which is the only element constituting the earlier mark, does not describe any of the goods covered. Although it took the view that the distinctive character of this element was relatively slight in view of the goods covered, the Board of Appeal presumed in favour of the opponent that the opponent's mark was of an average distinctive character.

28 The sign sought is composed of the elements 'Turkish' and 'power' and the figurative element which separates them represents a lion's head. An assessment of the distinctive elements of this sign should be based on the fact that the element 'power', the figurative element (the lion's head) and the adjective 'Turkish' are all distinctive and not descriptive and that this sign, regarded as a whole, creates a different impression than that created by the mark POWER.

29 In paragraph 26 of the contested decision the Board of Appeal admitted that part of the German public might view the word 'Turkish' as an indication of the geographical origin of the goods. However, it also observed that, on the whole, 'Turkish Power' carries a semantic meaning which is different from that of the word 'power' on its own. The word 'Turkish' cannot therefore be overlooked in the course of an assessment of similarity.

30 The applicant wrongly claims that only nouns, and not adjectives, may characterise a mark. The argument that adjectives are, by definition, always used for descriptive purposes is correct only in so far as their grammatical function is concerned. On the other hand, an adjective used in a mark is not inherently descriptive. Whether an adjective is descriptive in terms of trade mark law depends on its meaning and on the goods and services covered by the mark.

31 In paragraph 26 of the contested decision, the Board of Appeal held that German consumers saw the combination 'Turkish Power' as a composite whole with connotations other than a straightforward reference to products of Turkish origin sold under the trade mark 'Power'. Owing to the close connection between its two components, the syntagma 'Turkish Power' has an evocative effect which is independent of the word 'power' in that it evokes a feeling connected with a perception of Turkish culture and history.

32 A mark called 'Indian Summer' which related to drinks would, from a conceptual point of view, be altogether different from a mark for the same goods named 'Summer'. The applicant cannot rely on the case which gave rise to the judgment of the Court of First Instance of 18 February 2004, Case T-10/03 *Koubi* v *OHIM — Flabesa (CONFORFLEX)* [2004] II-719, precisely because in that case there was no obvious overall concept inherent in the word 'conforflex'. 'Conforflex' had no meaning of its own as the consumer directly associated the element 'confor' with the goods.

33 In visual terms, only the element 'power' of the sign sought is identical to the earlier mark. Experience has shown that elements placed at the beginning of semi-figurative marks have an increased importance as the public's attention is generally drawn to these elements.

34 The Board of Appeal pointed out that the figurative element of the sign sought which is made up of a large roaring lion's head with an elaborate mane, was not solely an irrelevant and complete transposition of the concept of strength. The roaring lion expresses a certain aggressiveness and the style and elaborate nature of the head give the sign sought a character of its own which goes beyond the message conveyed by the word 'power'. In this respect, the addition of a roaring lion's head also confers on the sign sought a specific evocative meaning which is different from that of 'power' considered in isolation.

35 The two conflicting signs can be distinguished in conceptual terms as the word 'power', in itself, has a meaning and impact which is different from that of the syntagma 'Turkish Power' coupled with a lion's head. The fact that the element 'power' is contained in both signs cannot establish a conceptual similarity by itself.

36 On the whole, there are thus, at the very most, some visual and aural similarities between the two conflicting signs.

37 It is apparent from an examination of these particular aspects that the goods are identical and that the signs match as regards the verbal element 'power'. On the other hand, the sign sought includes a term with its own particular distinctive character, there are differing conceptual perceptions as regards the two signs and there is a distinctive figurative element.

38 OHIM thus concludes that there is no risk of confusion.

Findings of the Court

39 The likelihood that the public might believe that the goods designated by the two conflicting signs come from the same undertaking or from economically-linked undertakings constitutes a likelihood of confusion in terms of Article 8(1)(b) of Regulation No 40/94, and that likelihood must be assessed globally, taking into account all factors relevant to the circumstances of the case.

40 That global assessment implies that there is some interdependence between the factors taken into account and in particular the similarity between the trade marks and between the goods or services covered, a lesser degree of similarity between these goods or services being capable of being offset by a greater degree of similarity between the marks, and vice versa (Case T-388/00 *Institut für Lernsysteme* v *OHIM — Educational Services (ELS)* [2002] ECR II-4301, paragraph 46).

41 The global assessment of the likelihood of confusion based on the overall impression created by the conflicting signs must, in particular, take into account their distinctive and dominant components (see, by way of analogy, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 23, and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 25).

42 The more distinctive the earlier mark, the greater will be the likelihood of confusion (see, by way of analogy, *Lloyd Schuhfabrik Meyer*, cited above, paragraph 20).

43 In general terms, two marks are similar when, from the point of view of the relevant public, they are at least partially identical as regards one or more relevant aspects (Case T-6/01 *Matratzen Concord* v *OHIM — Hukla Germany (MATRATZEN)* [2002] ECR II-4335, paragraph 30), namely the visual, aural and conceptual aspects.

44 In this case, the goods covered by the opposition, namely 'tobacco, smokers' articles, matches' are designated by the two conflicting signs. The goods at issue must thus be regarded as identical, as OHIM has indeed pointed out in its response.

45 The earlier national mark POWER is registered in Germany, which thus constitutes the relevant territory for the purpose of the application of Article 8(1)(b) of Regulation No 40/94.

46 As the earlier mark is protected in Germany, it is appropriate to refer to the German public's perception in order to assess the likelihood of confusion. In this respect, the Opposition Division and the Board of Appeal observed, and this was not disputed by the applicant, that purchasers of goods belonging to Class 34 generally exhibit a greater degree of care during their transactions because of their loyalty to marks.

47 It is in the light of these observations that it is appropriate to consider whether the Board of Appeal erred in law in holding that there were sufficient differences between the figurative sign sought and the earlier word mark to exclude a likelihood of confusion on the part of the relevant German public, having regard to the goods designated by the two conflicting signs.

48 It is common ground that the relevant German public is able to understand both the verbal element 'power' which is common to both conflicting signs and the term 'Turkish' which is specific to the sign sought.

49 The earlier national mark is a word mark, whilst the competing sign is covered by an application for registration as a figurative Community mark made up of the two terms 'Turkish' and 'power' separated by a roaring lion's head with an elaborate mane.

50 The word 'power' is both the only element of the earlier mark and one of the three components of the sign sought.

51 Having regard to the identical nature of the goods in issue, the Court of First Instance finds that there would be a likelihood of confusion on the part of the relevant German public if the element common to both signs ('power') were to be regarded as the dominant element of the sign sought.

52 The two conflicting signs are easily distinguished in visual terms in that the sign sought is the only one which appears as a complex sign, which combines the syntagma 'Turkish Power' and a figurative element in the form of a roaring lion's head with an elaborate mane.

53 On account of its central position, this figurative element gives the sign sought a visual structure which is completely different from that of the earlier national mark.

54 The figurative element, by virtue of its size, originality and elaborate nature, even overshadows the verbal elements of the sign sought, so that the two signs display very marked differences from a visual point of view.

55 This discrepancy is further accentuated by the addition to the element 'power' of the term 'Turkish', which serves as a counterpoint to 'power' in that it is situated at the beginning of the sign sought and next to the graphical element, contrasting with the position occupied by 'power' at the end of the sign sought.

56 The placing of the element 'Turkish' at the beginning of the sign sought means that it is seen immediately by the relevant public, thus relegating the element 'power' to the background of the visual image retained by the persons concerned.

57 The two conflicting signs also contain appreciable aural differences. Although, naturally, the figurative element plays no part from this perspective, the verbal element 'Turkish' of the sign sought nevertheless incontestably contributes to the phonetic differentiation of the two opposing signs.

58 Further, the applicant has not proven that the relevant German public completely omits the verbal element 'Turkish' when it asks for the sign sought. The marked similarity which exists between this verbal element in English and its German equivalent is, on the contrary, such as to make it even easier for those concerned to memorise and say, as it is the very first constitutive element of the sign sought which is seen.

59 When the goods in question are purchased in sales outlets other than self-service shops, the act of purchase of necessity involves the pronunciation of the two phonetic components of the sign sought, as the applicant has, indeed, already pointed out.

60 In conceptual terms, the placing of the adjective 'Turkish' before the noun 'power' follows naturally from the rules of English grammar so that, contrary to the claim made by OHIM, the element 'Turkish' will not necessarily be conceptualised first by the relevant public, whose language contains the same rule.

61 Furthermore, the Board of Appeal itself admitted that the conflicting signs showed a similarity in terms of meaning in that they both contain the concept of strength, so that some purchasers might perceive the element 'Turkish' as an indication of the geographical origin of the goods in question.

62 Nevertheless, the figurative element showing the lion's head is, by virtue of its abovementioned characteristics, of such a kind as to neutralise, to a great extent, the relative conceptual similarity of the two conflicting signs arising from their common component 'power'.

63 In fact, the roaring lion's head adds a distinct connotation of aggression to the concept of strength conveyed by the earlier national mark's verbal element 'power'.

64 Furthermore, as OHIM legitimately pointed out in its pleadings, 'Turkish Power' has an evocative effect which is independent of the term 'power' in that the syntagma associates the goods designated with Turkish culture and history as far as the relevant German public is concerned.

65 The Board of Appeal was thus entitled to hold that the figurative element of the sign sought did not amount to a straightforward transposition of the concept of strength.

66 Furthermore, the abovementioned visual and phonetic differences between the two conflicting signs help to attenuate the effect of the relative conceptual similarity stemming from the presence of the common element 'power'.

67 In particular, the degree of conceptual similarity between two signs is of less importance where the relevant public sees the name of a mark on the good which it buys.

68 The importance of conceptual similarity between two signs is also attenuated where, as in the present case, the relevant public has to pronounce the whole of the syntagma making up the sign when wishing to purchase the goods concerned through distribution channels other than self-service shops.

69 This is particularly the case where the relevant public, as has been pointed out above, must, in the present case, be regarded as one demonstrating loyalty towards its habitual marks and, consequently, a greater degree of care at the time of choosing the goods in question.

70 To that extent, the Board of Appeal did not err in its assessment when it observed that, as a whole, the meaning of the sign 'Turkish Power' differed from that of 'power', the sole verbal element of the earlier national mark.

71 It is not therefore evident that the element 'power' constitutes the dominant component of the sign sought, as maintained by the applicant, nor that it determines the overall impression given by the latter to the point that there is a clear likelihood of confusion on the part of the relevant German public.

72 It follows from all the foregoing considerations that, in spite of the identical nature of the goods covered by the two conflicting signs and the presence of their common verbal element 'power', the Board of Appeal could, as a matter of law, hold that the relevant German public, which is circumspect, shows a high degree of care and is loyal towards its habitual marks, was not likely to believe that the goods in question came from the same undertaking or from economically-linked undertakings, having regard also to the visual, phonetic and conceptual differences noted between the two conflicting signs.

73 In those circumstances, the Board of Appeal's assessment of the likelihood of confusion cannot be called into question by the distinctive nature of the earlier national mark which the applicant claims to be apparent from its sales figures.

74 Moreover, it is not apparent from the file relating to the proceedings before OHIM that OHIM's departments had the sales figures of cigarettes under the mark POWER, cited by the applicant in its application with a view to establishing the reputation of the national mark. Furthermore, some of the figures produced relate to reference periods subsequent to the lodging of the statement of grounds for the action brought before the Board of Appeal.

75 In those circumstances these statistics can affect the legality of the contested decision only if OHIM should have taken them into consideration of its own motion (Case T-247/01 *eCopy* v *OHIM (ECOPY)* [2002] ECR II-5301, paragraph 46).

76 However, that does not apply in this case because, under Article 74(1) of Regulation No 40/94, in proceedings relating to relative grounds for refusal of registration, as in the present case, OHIM's examination is restricted to the facts, evidence and arguments provided by the parties.

77 The first plea, relating to the misapplication of Article 8(1)(b) of Regulation No 40/94, must therefore be rejected.

The second plea: deprivation of the applicant's intellectual property rights

78 The applicant submits that the Community has no jurisdiction to deprive it of its intellectual property rights by exposing its earlier mark to imitations and to infringements in the form of a borrowing of its sign by the sign sought.

79 The applicant is unlawfully precluded, in breach of its domestic law, from exercising the intellectual property rights which it lawfully acquired in its State of establishment.

80 OHIM contends that the allegation is irrelevant since the administrative proceedings are intended to ascertain whether the Community trade mark sought may be registered and do not concern the validity of the earlier national mark.

81 It is enough for the Court of First Instance to point out that the applicant's earlier national mark would, under no circumstances, be deprived of validity by the registration of the sign sought as a Community trade mark.

82 It is apparent from the foregoing that the registration in question is not liable to create a likelihood of confusion for the German public between the figurative Community trade mark sought and the earlier national word mark.

83 The applicant therefore wrongly claims that it is deprived of the intellectual property rights attached to its earlier national mark.

84 Consequently, the applicant's second plea must be rejected.

85 It follows from all of the foregoing considerations that the application must be dismissed in its entirety.

86 As the Court considers itself to be sufficiently informed, there is no need to rule on the alternative claims made by the applicant.

Costs

87 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.

88 Since the applicant has been unsuccessful, and OHIM has applied for costs, the applicant must be ordered to pay the costs.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. Dismisses the application;

2. Orders the applicant to pay the costs.

Legal Lindh Vadapalas

Delivered in open court in Luxembourg on 22 June 2005.

H. Jung H. Legal

Registrar President