JUDGMENT OF THE GENERAL COURT (Fifth Chamber)

19 May 2011 *

In Case T-580/08,

PJ Hungary Szolgáltató kft (PJ Hungary kft), established in Budapest (Hungary), represented by H. Granado Carpenter and C. Gutiérrez Martínez, lawyers,

applicant,

v

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

defendant,

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

Pepekillo, SL, established in Algeciras (Spain), represented by J. Garrido Pastor, lawyer,

* Language of the case: Spanish.

ACTION brought against the decisions of the First Board of Appeal of OHIM of 30 April and 24 September 2008 (both given in Case R 722/2007-1), concerning, respectively, the claim for *restitutio in integrum* by Pepekillo, SL, and the opposition proceedings between PJ Hungary Szolgáltató kft (PJ Hungary kft) and Pepekillo.

THE GENERAL COURT (Fifth Board),

composed of S. Papasavvas, President, V. Vadapalas (Rapporteur) and K. O'Higgins, Judges,

Registrar: E. Coulon,

having regard to the application lodged at the Registry of the Court of First Instance on 24 December 2008,

having regard to the response of OHIM lodged at the Registry of the Court on 30 April 2009,

having regard to the response of the intervener lodged at the Registry of the Court on 31 March 2009,

having regard to the reply lodged at the Registry of the Court on 9 July 2009,

in the absence of a request from the parties, within one month from notification of the closure of the written procedure, for a date to be set for a hearing, having therefore decided, upon the report of the Judge-Rapporteur and pursuant to Article 135a of the Rule of Procedure, to rule on the action without an oral procedure,

having regard to the change in the composition of the Chambers of the General Court,

gives the following

Judgment

Background of the case

1 On 20 November 2003, Mrs M. S. L. filed an application for registration of a Community trade mark with 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 (replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1)).

2 The mark for which registration was sought is the word sign PEPEQUILLO,

3 The goods and services in respect of which registration was sought are in Classes 18, 25 and 35 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of Registration of Marks of 15 June 1957, as revised and amended, and correspond, for each of those classes, to the following description:

— Class 18: 'Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery';

— Class 25: ‘Clothing, footwear, headgear’;

— Class 35: ‘Commercial retailing of any object; commercial management assistance in relation to franchises; promotion and selling via computer networks; import-export agency services’.

4 The application for the Community trade mark was published in Community Trade Marks Bulletin No 36/2004 of 6 September 2004.

5 The application was subsequently transferred to the intervener, Pepekillo, SL.

6 On 11 December 2004, a third-party company filed a notice of opposition under Article 42 of Regulation No 40/94 (now Article 41 of Regulation No 207/2009) against registration of the mark applied for in respect of the goods and services referred to in paragraph 3 above.

7 The opposition was based on the following earlier marks:

— registration in Spain under number 1627317 of the word mark PEPE in 1997;

— registration in Spain under number 1719159 of the following figurative mark:



— Community registration under number 345496 of the word mark PEPE on 20 October 1998;

— registration in Spain under number 1290744 of the word mark PEPE JEANS in 1991;

— Community registration under number 1807379 of word mark PEPE JEANS on 3 August 2001;

— registration in Spain under numbers 1905641, 1769728 and 1769576 in 1995 and 1996 of the following figurative marks:

— the figurative mark represented below:



— the figurative mark represented below:



— Community registration under number 287029 on 16 July 1998 of the figurative mark represented below:



— other registrations, particularly in Spain, which include the words 'pepe jeans' or the word 'pepe', such as the marks PEPE JEANS PORTOBELLO (number 1789013), PEPE JEANS WEST ELEVEN (number 2222218), PEPE JEANS Est.73 W11 (numbers 2181476 and 2181477), PEPE JEANS M2 (number 2096733), PEPE BETTY (number 1193156), PEPECO (number 1652022), marks PEPE JEANS VINTAGE (Community registration under number 3342649), PEPE CLOTHING (number 1293444), PEPE F4 (number 1704783), PEPE M3 (number 1704784), PEPE 2XL (number 1172266), PEPE M99 (number 1704781).

8 The earlier marks designate the following products:

— for the registration in Spain under number 1627317, the goods in class 18 and corresponding to the following description: 'Leather and imitations of leather; labels of leather, travelling bags, backpacks, briefcases, wallets, pocket wallets, pouches, umbrellas, parasols, walking sticks.'

— for the registration in Spain under number 1719159, the goods in class 25 and corresponding to the following description: 'Ready-made garments of all kinds.'

— for the Community registration under number 345496, the goods in classes 18 and 25 and corresponding, for each of those classes, to the following description:

  — class 18: 'Bags, handbags, backpacks, satchels, haversacks, knapsacks, rucksacks, valises, holdalls, cases, suitcases, travelling bags, purses, pocket wallets, pouches, umbrellas, parasols';

  — class 25: 'Articles of clothing; belts; jeans; footwear and headgear'.

— for the registration in Spain under number 1290744. the products in class 25 and corresponding to the following description: 'Clothing, footwear, headgear'.

— for the Community registration under number 1807379, the products in classes 3 and 18 and corresponding, for each of those classes, to the following description:

  — class 3: 'Pefumery, essential oils, cosmetics, hair lotions, false eyelashes, adhesives for fixing false eyelashes';

  — class 18: 'Bags, handbags, rucksacks, school satchels, valises, handbags, cases, suitcases, travelling bags, purses, pocket wallets, umbrellas, parasols'.

— for the registrations in Spain under numbers 1905641, 1769728 and 1769576, the goods in classes 3, 18 and 25 and corresponding, for each of those classes, to the following description:

  — class 3: 'Pefumery, essential oils, cosmetics, hair lotions, false eyelashes, adhesives for fixing false eyelashes'

  — class 18: 'Leather and imitations of leather, labels in leather, handbags, travelling bags, travel articles, parasols, walking sticks, satchels and backpacks, all in leather';

  — class 25: 'Clothing, footwear (with the exception of orthopaedic footwear), headgear'

— for the Community registration under number 287029, the goods in classes 18 and 25 and corresponding, for each of those classes, to the following description:

  — class 18: 'bags, handbags, backpacks, satchels, haversacks, knapsacks, rucksacks, valises, holdalls, cases, suitcases, travelling bags, purses, backpacks, wallets, school bags, pocket wallets, pouches, umbrellas, parasols';

  — class 25: 'articles of clothing; belts, jeans; footwear and headgear'.

— for the registrations in Spain under numbers 2181476, 2181477 and 1704783, the goods in classes 18 and 25 and corresponding, for each of those classes, to the following description:

  — Class 18: 'Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips and saddlery';

  — Class 25: 'Clothing, footwear (with the exception of orthopaedic footwear), headgear'

— for the registrations in Spain under numbers 1704781, 1704784 and 2222218, the goods in class 25 and corresponding to the following description: 'Clothing, footwear (with the exception of orthopaedic footwear), headgear'

— for the registrations in Spain under numbers 1172266, 1193156 1293444 and 1652022, the goods in class 25 and corresponding to the following description: 'Clothing, footwear, headgear'

— for the registration in Spain under number 1789013, the goods in class 25 and corresponding to the following description: 'Clothing, sport footwear (with the exception of orthopaedic footwear), headgear'.

— for the registration in Spain under number 2096733, the goods in class 25 and corresponding to the following description: 'Ready-made clothing; belts (clothing); jeans; footwear, and headgear'.

— for the Community registration under number 3342649, the goods in classes 18 and 25 and corresponding, for each of those classes, to the following description:

  — class 18: 'Goods of leather and imitations of leather; goods made from these materials, not included in other classes; animal skins, trunks and suitcases; umbrellas, parasols and walking sticks; whips and saddlery; bags, purses, backpacks, wallets, school bags, tote bags, cases in class 18, briefcases, pocket wallets';

  — class 25: 'articles of clothing, ready-made garments, belts, jeans, footwear and headgear'.

9 Those registrations were subsequently transferred to the applicant, PJ Hungary Szolgáltató kft (PJ Hungary kft).

10 The grounds relied on in support of the opposition were those referred to in Article 8(1)(b) and (5) of Regulation No 40/94 (now Article 8(1)(b) and (5) of Regulation No 207/2009).

11 On 9 March 2007 the Opposition Division allowed the opposition in relation to all the goods and services concerned and refused to register the mark applied for on the ground that, by using it, the intervener would take advantage of the repute of the earlier marks PEPE and PEPE JEANS.

12 On 10 May 2007, the intervener filed a notice of appeal with OHIM, pursuant to Articles 57 to 62 of Regulation No 40/94 (now Articles 58 to 64 of Regulation No 207/2009), against the decision of the Opposition Division.

13 The intervener filed the grounds of its appeal with OHIM on 13 July 2007, that is to say, one day after the time limit of 12 July 2007 for presenting them. By a communication of 19 July 2007 from the Registry, OHIM informed the intervener that the grounds of its appeal had been received after the time limit and that the appeal was likely to be dismissed as inadmissible.

14 Then, on 12 September 2007, the intervener sent OHIM an application for *restitutio in integrum* pursuant to Article 78 of Regulation No 40/94 (now Article 81 of Regulation No 207/2009, stating that it had acted with care and that the delay in lodging the grounds of the appeal could not be imputed to it as it was due to the courier service.

15 By decision of 30 April 2008 ('*restitutio in integrum* decision'), the First Board of Appeal of OHIM granted the intervener's application for *restitutio in integrum* and consequently decided that 'the grounds of the appeal must be deemed to have been presented within the time limit set by Regulation No 40/94'.

16 By decision of 24 September 2008 ('decision on the substance'), the First Board of Appeal of OHIM also allowed the intervener's appeal, annulling the decision of the Opposition Division and dismissing the applicant's opposition. In particular, the Board of Appeal found, first, that there was no likelihood of confusion, in accordance with Article 8(1)(b) of Regulation No 40/94 and, secondly, that the provisions of Article 8(5) of Regulation No 40/94 were not applicable in the present case as the opposing marks were not similar.

17 In particular, the Board of Appeal considered that the marks were different in the visual, phonetic and conceptual respects, that it had not been shown that the earlier signs formed a family of marks (beyond a 'registration' family) and, finally, that the argument relating to the awareness and the particularly distinctive character of the earlier signs could not succeed in the present case.

Forms of order sought by the parties

18 The applicant claims that the Court should:

— annul the *restitutio in integrum* decision;

— annul the decision on the substance;

— order OHIM to pay the costs of the present proceedings and those relating to the administrative procedure before OHIM.

19 OHIM and the intervener contend that the Court should:

— dismiss the application;

— order the applicant to pay the costs.

20 In the reply, the applicant claims that the Court should order the intervener to pay the costs.

Law

The documents produced for the first time before the Court

21 In an annex to the application, the applicant produced a copy of an article published on 22 April 2008 in a Spanish daily paper concerning the ten words most frequently used in standard Spanish and referring in particular to the word 'quillo', which is abbreviation of 'chiquillo'.

22 That document, produced for the first time before the Court, cannot be taken into account. The purpose of actions before the General Court is to review the legality of decisions of the Boards of Appeal of OHIM for the purposes of Article 63 of Regulation No 40/94 (now Article 65 of Regulation No 207/2009), so it is not the Court's function to review the facts in the light of documents produced for the first time before it. Accordingly the abovementioned document must be excluded, without it being necessary to assess its probative force (see, to that effect, Case C-346/04 *Sadas* v *OHIM - LTJ Diffusion (ARTHUR ET FELICIE)* [2005] ECR II-4891, paragraph 19, and the case-law cited).

The first head of claim

23 In support of its first head of claim seeking the annulment of the *restitutio in integrum* decision, the applicant relies on a single plea alleging infringement of Article 78 of Regulation No 40/94.

Arguments of the parties

24 The applicant submits that the intervener did not act with all the care required by Article 78 of Regulation No 40/94 and that therefore the Board of Appeal was not justified in granting its application for *restitutio in integrum*.

25 According to the applicant, first, the intervener took the maximum period available to it to lodge the appeal against the Opposition Division's decision; secondly, the intervener did not mention to the courier service, or give it full details of, the addressee; third, the intervener did not check that the communication had been received and,

fourth, it did not lodge the statement of the grounds of the appeal by fax in spite of its delay in sending it.

26 Therefore, as OHIM observes in its statement in reply, the care taken by the intervener was minimal, whereas Article 78(1) of Regulation No 40/94 requires all due care to be taken by the person claiming *restitutio in integrum*.

27 The applicant adds that, if OHIM and the intervener argue that there was an error on the part of the courier service to explain the delay in lodging the grounds of appeal, it must borne in mind that the intervener's representative had a greater duty of care as he should then have sent the grounds of appeal by fax and should have filled in correctly the delivery form for the statement of grounds which was handed to the courier service.

28 Finally, the intervener's representative should have carried out the most elementary checks of the accuracy of the information in the delivery form for the statement of grounds which was handed to the courier service, particularly as he was under an obligation with regard to showing the correct address and instructions to the courier service.

29 OHIM claims that the application for the annulment of the *restitutio in integrum* decision should be declared inadmissible or, in any case, dismissed as unfounded.

30 The intervener disputes the applicant's arguments.

Findings of the Court

31 The application for *restitutio in integrum* is governed by Article 78 of Regulation No 40/94 which states that one of the conditions for granting *restitutio in integrum* is that the applicant must take 'all due care required by the circumstances'.

32 It is therefore necessary to determine whether, in the present case, the intervener in fact took all due care required by the circumstances to comply with the time limit for lodging the appeal against the decision of the Opposition Division.

33 On that point it must be observed that, first, the period allowed to the intervener for lodging the grounds of appeal had practically expired because the intervener called in the courier service on the day before the period expired and, secondly, the offices of OHIM, the intervener and its legal adviser were in different cities, i.e. in Alicante (Spain), Algeciras (Spain), Cadiz (Spain) and Madrid (Spain).

34 Regarding, first of all, the applicant's argument that the intervener took the maximum period available for lodging the appeal, this must be dismissed because time limits are, in principle, laid down in order to be used to the full (judgment of 20 June 2006 in Case T-251/04 *Greece* v *Commission*, not published in the ECR, paragraph 53).

35 Secondly, with regard to the alleged failure to show the address of OHIM on the delivery form for the statement of grounds which was handed to the courier service, it must be observed that, as the Board of Appeal found on sight of the evidence

produced by the intervener (paragraph 25 of the *restitutio in integrum* decision), the delivery form was filled in by the courier service, and not by the intervener.

36 With regard to the OHIM decision to which the intervener refers in paragraph 9 of its reply, namely the decision of the Fourth Board of Appeal of 6 April 2005 in Case R 636/2003-4 *SimpleTech, Inc.*, that decision is not relevant to the present case because in that case the intervener's representative had given the old address of OHIM. That is not so in the present case and the Board of Appeal rightly found, at paragraph 25 of the *restitutio in integrum* decision, that 'the carrier (and not the sender) filled in the delivery form, so that no error can be imputed to the [intervener]'.

37 Thirdly, with regard to the applicant's argument based on the intervener's failure to check that its communication had been received, it must be observed that, as the Board of Appeal correctly noted at paragraph 21 of the *restitutio in integrum* decision, the intervener chose the 'appropriate means of service' in so far as the service to which it subscribed, namely SEUR 10, assured it that the statement of the grounds of appeal would be delivered at 10 a.m. the next day.

38 In other words, the intervener chose a service which assured it that the grounds of appeal would be delivered within the time limit. It therefore appears legitimate for the intervener not to have checked that the document was delivered, particularly as the intervener's representative habitually worked with that courier service, as the applicant observes in paragraph 5 of the application. Therefore the intervener's representative had sufficient confidence in the courier service not to check that the statement of the grounds of appeal had been delivered within the time limit.

39 Fourth, with regard to the applicant's claim based on the fact that the statement of grounds was not sent by fax, is it sufficient to observe that that is not obligatory.

40 Finally, although, in paragraph 20 of its statement in reply, OHIM states that 'the intervener has shown the minimum care required by the circumstances' of the present case, there are grounds for thinking that that is a slip of the pen because not only does OHIM state, in paragraph 21 of the statement in reply, that the intervener took all the necessary care, but the Board of Appeal adopts the same position in allowing *restitutio in integrum* (see, to that effect, paragraph 15 of the *restitutio in integrum* decision).

41 It follows that the single plea alleging infringement of Article 78 of Regulation No 40/94 is unfounded and must be dismissed. Therefore the first head of claim must be dismissed, with no need to give a ruling on admissibility.

The second head of claim

42 In support of its second head of claim seeking annulment of the decision on the substance, the applicant puts forward two pleas in law alleging, first, infringement of Article 8(1)(b) of Regulation No 40/94 and, second, infringement of Article 8(5) of Regulation No 40/94.

First plea: infringement of Article 8(1)(b) of Regulation No 40/94

— Arguments of the parties

43 The applicant submits that, in the decision on the substance of the case, the Board of Appeal infringed, by erroneous interpretation, Article 8(1)(b) of Regulation No 40/94 in finding that there was no likelihood of confusion between the PEPEQUILLO mark applied for and the family of earlier PEPE marks of which the applicant is the proprietor.

44 OHIM and the intervener submit that the decision on the substance of the case correctly applied Article 8(1)(b) in so far as the earlier marks and the mark applied for are not similar and therefore there is no likelihood of confusion in the market.

Comparison of the signs

45 First of all, in relation to a visual comparison of the signs in question, the applicant claims that a comparison should be made between the PEPEQUILLO mark applied for and the family of earlier PEPE marks.

46 The comparison shows that the word 'pepe' is an integral part of the mark applied for, of which it forms the 'dominant part', namely the beginning of the mark. Consequently the two signs are similar since the word 'pepe' alone dominates the image which the relevant public is likely to remember of the PEPEQUILLO mark applied for.

47 In addition, contrary to the assertion of the Board of Appeal in the decision on the substance, although 'pepe' is a common nickname in Spain, it is highly distinctive for two reasons. First, it has not been refused registration on any ground such as the generic or descriptive character of the mark and, secondly, the repute of the PEPE mark confers upon that word a highly distinctive character.

48 The degree of similarity between the signs in question is therefore 50 %, given that the PEPEQUILLO mark incorporates the whole word 'pepe'.

49 Secondly, with regard to a conceptual comparison of the signs in question, a distinction must be made according to the relevant market. Consequently, for the public represented by the average Community consumer, with the exception of the average Spanish consumer, a comparison is unnecessary because the words 'pepe' and 'quillo' are devoid of any meaning for the average Community consumer. So far as the public represented by the average Spanish consumer is concerned, on the other hand, the said signs are conceptually identical with regard to the word 'pepe'. As for 'quillo', it is a familiar and affectionate abbreviation of 'chiquillo', which means 'child' or 'little boy' and is very common in Spain.

50 Therefore, as it is common knowledge in Spain that 'quillo' is an abbreviation of 'chiquillo', the average Spanish consumer would perceive the mark PEPEQUILLO as meaning 'pepe the kid', 'little pepe' or 'the boy pepe'.

51 Consequently the signs in question have a high degree of similarity from the visual, phonetic and conceptual viewpoints and an average degree of similarity from the graphic viewpoint.

52 OHIM and the intervener contend that, contrary to the applicant's assertions, the signs in question are not similar.

53 In asserting that the word 'pepe' is the dominant element of PEPEQUILLO, the applicant is arbitrarily dividing the sign into two parts, 'pepe' and 'quillo', and thereby claiming that the sign becomes a derivative of the forename Pepe. However, no reason based on logical or linguistic arguments permits the conclusion that consumers would naturally identify the words 'pepe' and 'quillo' in the overall impression created by the mark applied for and not, for example, the words 'pe' and 'pequillo'.

54 Furthermore, according to OHIM, while a visual comparison of the signs in question permits the conclusion that there is a certain similarity because the sign PEPE is 'entirely encompassed' in the first part of the mark applied for, it must be found, the signs being relatively brief, that the central elements are as important as the beginning and end elements of the signs.

55 The intervener considers that the structure of the signs in question is unquestionably different because PEPEQUILLO consists of four syllables, while the earlier signs have no more than three.

56 In addition, although it may have recognised the repute of the earlier mark PEPE, the intervener submits that that is not inconsistent with the fact that the word 'pepe' has, at least in Spain, little distinctive character in any case because it is the diminutive of the forename José.

57 The repute of the word 'pepe' in relation to clothing and jeans does not automatically mean that all the signs in question, whether simple or composite, that contain the word 'pepe' are similar, even if it appears in their initial part.

58 With regard to a conceptual comparison of the signs in question, the average Community consumer, for whom such a comparison is not relevant, must be differentiated from the average Spanish consumer. In the latter case, first, it must be observed that the applicant is not justified in splitting the sign PEPEQUILLO. It is a simple sign with no particular meaning, which Mrs M.S.L. created and invented.

59 Secondly, even if it could be accepted that 'quillo' is an abbreviation of 'chiquillo' and if, in actual fact, 'pepe' and 'quillo', taken separately, could have their own meaning, it could still not be concluded that they necessarily have a meaning when they are put together.

60 Finally, from the phonetic viewpoint, the tonic stress does not fall on the same syllables because in the case of PEPE it falls on the first syllable, and in the case of PEPEQUILLO on the third.

The likelihood of confusion

61 The applicant claims that, at paragraph 24 of the decision on the substance, the Board of Appeal seriously erred in finding that the PEPE family of marks was only a registration family as their use on the market had never been proved.

62 On that point the applicant submits that several documents which it produced before OHIM during the opposition stage, such as official certificates of the biggest chambers of commerce, judicial and administrative decisions and press reports prove not only the repute, but also the intensity of use of the PEPE family of marks.

63 In addition, the Opposition Division itself recognised, in the decision of 9 March 2007 (pages 9 and 10), that proof of the existence of a family of marks in Spain had been adduced.

64 Consequently there is a manifest likelihood that the average consumer will think that the PEPEQUILLO mark which has been applied for is derived from the principal PEPE mark and that it designates a specific range of goods which forms 'part of the PEPE family of marks'.

65 Therefore the Board of Appeal manifestly erred in ignoring the distinctive character of the PEPE mark, particularly as its repute had been recognised by the intervener and OHIM. Consequently the Board of Appeal failed in its obligation to state the reasons for its decision, as required by Article 73 of Regulation No 40/94 (now Article 75 of Regulation No 207/2009).

66 With regard to the assessment of the likelihood of confusion concerning the repute of the family of earlier marks, OHIM and the intervener submit that it is sufficient to note that proof of the existence of that family, apart from registration, has not been adduced by the applicant. As none of the earlier marks has been used on the market, it is not possible for average European consumers to think that PEPEQUILLO, the mark applied for, forms part of the PEPE family of marks.

67 In addition, the alleged reputation in Spain of the PEPE sign, or even of the PEPE family of marks, is not sufficient for average Spanish consumers to be able to associate the signs in question in so far as, in view of what has been said, it appears unlikely that those consumers could, in an unnatural way, identify in the mark applied for an element similar to the 'earlier right in relation to which the force of attraction of the reputation could have effect'.

— Findings of the Court

68 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. The likelihood of confusion includes the likelihood of association with the earlier trade mark. Moreover, under Article 8(2)(a)(ii) of Regulation No 40/94 (now Article 8(2)(a)(ii) of Regulation No 207/2009), 'earlier trade marks' means trade marks registered in a Member State, with a date of application for registration which is earlier than the date of application for registration of the Community trade mark.

69 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 from economically-linked undertakings constitutes a likelihood of confusion. According to the same case-law, the likelihood of confusion must be assessed globally, according to the relevant public's perception of the signs and of the goods or services concerned and account being taken of all factors relevant to the circumstances of the case, in particular the interdependence between the similarity of the signs and that of the goods or services designated (see Case T-162/01 *Laboratorios RTB* v *OHIM - Giorgio Beverly Hills (GIORGIO BEVERLY HILLS*) [2003] ECR II-2821, paragraphs 30 to 33 and the case-law cited).

70 For the purposes of applying Article 8(1)(b) of Regulation No 40/94, a likelihood of confusion presupposes both that the marks at issue are identical or similar and that the goods or services which they cover are identical or similar. Those conditions are cumulative (see Case T-316/07 *Commercy* v *OHIM - easyGroup IP Licensing (easyHotel*) [2009] ECR II-43, paragraph 42, and the case-law cited).

71 With regard to the relevant public, it must be observed, in agreement with the parties to the present action, that since the products in question are general consumer goods, the relevant public is composed of average Community consumers, including average Spanish consumers (see Case T-129/01 *Alejandro* v *OHIM - Anheuser-Busch (BUDMEN)*) [2003] ECR II-2251, paragraph 41]. The average consumer of the category of goods concerned is deemed to be reasonably well-informed and reasonably observant and circumspect.

72 As regards a comparison of the goods at issue, the parties do not dispute the Board of Appeal's finding, at paragraph 15 of the contested decision, that those goods are identical or similar.

Comparison of the signs

73 It should be recalled that the global assessment of the likelihood of confusion, in relation to the visual, phonetic or conceptual similarity of the signs in question, must be based on the overall impression they produce, bearing in mind, in particular, their distinctive and dominant components. The perception of the marks by the average consumer of the goods or services in question plays a decisive role in the global assessment of the likelihood of confusion. In this regard, the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (see Case C-334/05 P *OHIM* v *Shaker* [2007] ECR I-4529, paragraph 35, and the case-law cited).

74 It is true that the average consumer, perceiving a word sign, will break it down into word elements which, for him, have a concrete meaning or which resemble words known to him (Case T-356/02 *Vitakraft-Werke Wührmann* v *OHIM - Krafft (VITAKRAFT)* [2004] ECR II-3445, paragraph 51, and Case T-256/04 *Mundipharma* v *OHIM - Altana Pharma (RESPICUR)* [2007] ECR II-449, paragraph 57).

75 Moreover, as regards the visual comparison, it must be recalled, first of all, that there is nothing to prevent a determination as to whether there is any visual similarity between a word mark and a figurative mark, since the two types of mark have graphic form capable of creating a visual impression (see Case T-359/02 *Chum* v *OHIM - Star TV (STAR TV)* [2005] ECR II-1515, paragraph 43 and the case-law cited).

76 In the present case, at paragraph 20 of the decision on the substance of the case, the Board of Appeal states that 'the PEPEQUILLO mark differs [from the earlier PEPE mark] both visually and phonetically because it is much longer and the tonic stress fall on the [third] syllable'.

77 It must be observed that the word 'pepe' appears at the beginning of the sign PEPEQUILLO. Furthermore, although PEPEQUILLO differs from the earlier sign PEPE because of the last two syllables, which are longer than the first two, and from all the earlier signs by reason of the fact that it is a relatively long word, whereas the other earlier signs are generally short words, like PEPE, or two words, like PEPE JEANS, it must nevertheless be noted that that is not decisive enough to exclude any visual similarity because, according to the settled case-law, the consumer generally pays greater attention to the beginning of a mark than to the end (Case T-133/05 *Meric* v *OHIM - Arbora and Ausonia (PAM-PIM'S BABY-PROP* [2006] ECR II-2737, paragraph 51, and Case T-109/07 *L'Oréal* v *OHIM - Spa Monopole (SPA THERAPY)* [2009] II-675, paragraph 30). Moreover, among the earlier signs, PEPECO consists of the word

'pepe' to which is attached the suffix 'co', which gives it a structure similar to that of PEPEQUILLO. Therefore the visual impression left by the mark applied for is similar to that left by the earlier marks.

78 Consequently, it must be recognised that, visually, there is an average degree of similarity between the signs in question.

79 Regarding a phonetic comparison of the signs in question, the fact that the number of syllables is different is not sufficient to conclude that there is no phonetic similarity (Case T-131/09 *Farmeco* v *OHIM - Allergan (BOTUMAX)* [2010] not published in the ECR, paragraph 39, and the case-law cited). In the present case, the first two syllables of the signs are identical and are pronounced in the same way. It is true that the tonic stress falls on the third syllable in PEPEQUILLO and on the first in the earlier signs, but that is not sufficient to conclude that there is no phonetic similarity at all.

80 Consequently it must be found that there is at least a low degree of phonetic similarity in the signs in question.

81 So far as the conceptual similarity of the signs in question is concerned, it is necessary to differentiate, on the one hand, between the average Community public (with the exception of the average Spanish consumer), the section of the relevant public for whom such comparison is not relevant in so far as 'pepe' and 'quillo' have no meaning, and, on the other hand, the average Spanish consumer, for whom they may have a meaning.

82 Although PEPEQUILLO is, in itself, devoid of meaning because it is not a common name, the average Spanish consumer might divide it into two words which do have a meaning for him, namely 'pepe' and 'quillo', in accordance with the case-law cited at paragraph 74 of the present judgment. These two words, taken separately, have an exact meaning for Spanish consumers: 'pepe' is the diminutive of the forename José and 'quillo' is the familiar abbreviation of 'chiquillo'. Therefore, although the current diminutives of 'Pepe' are 'pepito' and 'pepillo', as the Board of Appeal points out at paragraph 20 of the decision on the substance of the case, there is a possibility that the average Spanish consumer will think that PEPEQUILLO means 'Pepe the kid'.

83 It follows that the average Spanish consumer may be led to think that a play on words has been used to form the mark applied for from the diminutive Pepe, as is the case in relation to the earlier marks. It must therefore be concluded that the signs in question are conceptually similar.

84 It must therefore be found that the signs at issue are visually, phonetically and conceptually similar.

The likelihood of confusion

85 A global assessment of the likelihood of confusion implies some interdependence between the factors taken into account and, in particular, the similarity of the trade marks and the similarity of the goods or services concerned. Accordingly, a low degree of similarity between those goods or services may be offset by a high degree of similarity between the marks, and vice versa (Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 17, and Joined Cases T-81/03, T-82/03 and T-103/03 *Mast-Jägermeister* v *OHIM - Licorera Zacapaneca* (*VENADO* with frame and Others) [2006] ECR II-5409, paragraph 74).

86 The Board of Appeal took the view that the applicant had not proved to the requisite legal standard that there was a likelihood of confusion between its earlier marks and the PEPEQUILLO mark applied for. First, there were no PEPE or PEPE JEANS families of marks on the market and, in any case, the PEPEQUILLO mark did not share the structure of the earlier marks. Secondly, the repute of the earlier marks did not mean that any mark containing the word 'pepe' would lead to confusion in the market and, furthermore, 'pepe' would have to be the dominant element of the PEPEQUILLO mark, which is not the case here.

87 As is apparent from the seventh recital in the preamble to Regulation No 40/94 (now recital 8 in the preamble to Regulation No 207/2009), an assessment of the likelihood of confusion depends on numerous factors and, in particular, on the public's recognition of the trade mark on the market in question. The more distinctive the trade mark, the greater will be the likelihood of confusion, and therefore marks with a high distinctive character, either per se or because of their recognition by the public, enjoy broader protection than marks with less distinctive character (see, by analogy, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 24; *Canon*, paragraph 18, and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 20).

88 The existence of an unusually high level of distinctiveness as a result of the public's recognition of a mark on the market necessarily presupposes that at least a significant part of the relevant public is familiar with it, without its necessarily having to have a repute within the meaning of Article 8(5) of Regulation No 40/94. It is not possible to state in general terms, for example by referring to given percentages relating to the degree of recognition attained by the mark within the relevant section of the public, that a mark has a highly distinctive character. Nevertheless, it must be acknowledged that there is a certain interdependence between the public's recognition of a mark and its distinctive character in that the more the mark is recognised by the target public, the more the distinctive character of that mark is strengthened. In order to assess whether a mark has a highly distinctive character as a result of the public's recognition of it, all the relevant facts of the case must be taken into consideration, in particular the market share held by the mark; how intensive, geographically widespread and

long-standing the use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see Case T-277/04 *Vitakraft-Werke Wührmann* v *OHIM - Johnson's Veterinary Products (VITACOAT)* [2006] ECR II-2211, paragraphs 34 and 35, and the case-law cited).

89 In the present case, the applicant produced, annexed to the application, a table showing the investments in advertising in Spain and a table showing sales figures for Spain, both surmounted by the sign PEPE JEANS LONDON, in order to prove the repute of the mark.

90 In addition, annexed to the application, the applicant produced various documents to prove the repute of the PEPE and PEPE JEANS marks. Those documents include certificates from Spanish chambers of commerce and judgments of Spanish courts.

91 Consequently the PEPE mark has a certain repute, at least in relation to the Spanish section of the relevant public, and has therefore acquired a high level of distinctiveness. According to the case-law, although the earlier mark has no distinctive character by reason of its intrinsic qualities, it may have acquired one on account of its repute (see Case T-85/02 *Díaz* v *OHIM - Granjas Castelló (CASTILLO)* [2003] ECR II-4835, paragraphs 43 and 44, and judgment of 15 September 2009 in Case T-446/07 *Royal Appliance International* v *OHIM — BSH Bosch und Siemens Hausgeräte (Centrixx)*, paragraph 58). In the present case, although 'pepe' is relatively common in Spain and, as such, has little distinctive character, the repute of the mark has enabled it to acquire

a high level of distinctiveness. In addition, the repute of the PEPE mark was expressly acknowledged by the intervener in its statement in reply and acknowledged by OHIM in various decisions annexed to the application.

92 With regard to the applicant's assertion that the repute of its earlier marks is such that there is a likelihood of confusion between the signs in question, it must be observed that, although the repute of a mark is an element to be taken into account regarding the likelihood of confusion, it does not on its own permit such likelihood to be established. It is taken into account when determining whether the similarity between the signs or between the goods and services is sufficient to give rise to a likelihood of confusion (see judgment of 11 July 2006 in Case T-247/03 *Torres* v *OHIM - Bodegas Muga (Torre Muga)*, not published in ECR, paragraph 72, and Case T-287/06 *Torres* v *OHIM - Bodegas Peñalba López (Torre Albéniz)* [2008] ECR II-3817, paragraph 75).

93 In the present case, it has been shown at paragraphs 72 and 84 that the signs in question were similar and concerned identical or similar goods. Consequently there is a likelihood of confusion which the distinctive character of the marks merely increases.

94 With regard to the likelihood of confusion in relation to the existence of a family of PEPE marks, two conditions have been laid down by the case-law which must be fulfilled in order to prove that a likelihood exists. First, the proprietor of the alleged family of marks must furnish proof of use of all the marks belonging to the family or, at the very least, of a number of marks capable of constituting a family and, secondly, the trade mark applied for must not only be similar to the marks belonging to the family, but also display characteristics capable of associating it with the family (see Case T-194/03 *Il Ponte Finanziaria* v *OHIM - Marine Enterprise Projects (BAINBRIDGE)* [2006] ECR II-445, paragraphs 126 and 127).

95 In the present case, although the applicant has proved use of the PEPE and PEPE JEANS marks, it has not succeeded in proving, as the Board of Appeal points out at paragraph 24 of the decision on the substance of the case, use of the other earlier marks belonging to the alleged family of marks, such as PEPE F4, PEPE 2XL and PEPE M99.

96 In any case, the question whether there is or is not a PEPE family of marks is not such as to cast doubt on the finding that the PEPE and PEPE JEANS marks have a distinctive character such that the similarity between the opposing signs and the identity of the goods and services in question are sufficient to create a likelihood of confusion.

97 The present plea must therefore be upheld.

The second plea: infringement of Article 8(5) of Regulation No 40/94

— Arguments of the parties

98 The applicant considers, first, that are no visual, phonetic or conceptual differences between the signs in question which would preclude the application of Article 8(5) of Regulation No 40/94 and that there is no 'due cause' for registration of the mark PEPEQUILLO.

99 Consequently there is a manifest and real likelihood that the mark applied for may take unfair advantage of the reputation of the PEPE marks by causing consumers to believe that the PEPEQUILLO sign is another trade mark of the PEPE family of trade marks.

100 Secondly, the Board of Appeal did not assess similarity or identity in relation to Article 8(5) of Regulation No 40/94 and merely discussed the applicability of Article 8(1). However, Article 8(5) requires a connection between the opposing signs and not a likelihood of confusion, as the intervener observed in its statement in reply.

101 Therefore the Board of Appeal has not given sufficient reasons for its decision and has also infringed Article 8(5) of Regulation No 40/94 by stating that the likelihood of confusion between the earlier marks and the sign PEPEQUILLO was non-existent, so that the condition of similarity between the signs, as laid down in Article 8(5), is not fulfilled.

102 OHIM and the intervener submit that Article 8(5) has not been infringed in so far as the earlier marks and the PEPEQUILLO sign are not similar.

103 Furthermore, a connection between the marks at issue has not been proved by the applicant, which has not explained to what extent there is a likelihood of damage to the distinctive character of its earlier marks or a likelihood of damage to its reputation or, in addition, a likelihood of unfair advantage being taken of its reputation or of the distinctive character of its earlier marks.

— Findings of the Court

104 Under Article 8(5) of Regulation No 40/94, upon opposition by the proprietor of an earlier trade mark within the meaning of Article 8(2), the trade mark applied for may also not be registered where it is identical with, or similar to, the earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where, in the case of an earlier Community trade mark, the trade mark has a repute in the Community and, in the case of an earlier national trade mark, that mark has a repute in the Member State concerned and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

105 Article 8(5) of Regulation No 40/94 also applies where the goods or services are similar. The case-law recognises that, where a sign is used for identical or similar goods or services, a mark with a reputation must enjoy protection which is at least as extensive as where a sign is used for non-similar goods or services (see Case T-215/03 *Sigla* v *OHIM - Elleni Holding (VIPS)* [2007] ECR II-711, paragraph 32, and, by analogy, Case C-292/00 *Davidoff* [2003] ECR I-389, paragraphs 24 to 26, and Case C-408/01 *Adidas-Salomon and Adidas Benelux* [2003] ECR I-12537, paragraphs 19 to 22).

106 For an earlier mark to be afforded the broader protection under Article 8(5) of Regulation No 40/94, a number of conditions must therefore be satisfied. First, the earlier trade mark which is claimed to have a repute must be registered. Secondly, that mark and the mark applied for must be identical or similar. Thirdly, it must have a repute in the Community, in the case of an earlier Community trade mark, or in the Member State concerned, in the case of an earlier national trade mark. Fourthly, the use without due cause of the mark applied for must lead to the risk that unfair advantage might be taken of the distinctive character or the repute of the earlier trade mark or

that it might be detrimental to the distinctive character or the repute of the earlier trade mark. As those conditions are cumulative, failure to satisfy one of them is sufficient to render that provision inapplicable (see *VIPS*, paragraphs 34 and 35; Case T-150/04 *Mülhens* v *OHIM - Minoronzoni (TOSCA BLU)* [2007] ECR II-2352, paragraphs 54 and 55).

107 In the present case, the marks PEPE and PEPE JEANS which are said to have a reputation are the subject of a national as well as a Community registration (see paragraph 7 above). Furthermore, as the Court found at paragraph 84 above, the signs in question are similar.

108 In view of the evidence adduced by the applicant and as the Court has found at paragraphs 89 to 91 above, the earlier marks have a reputation at least in Spain.

109 Therefore the question that arises is whether the use of the mark applied for is likely to lead to the risk that unfair advantage might be taken, without due cause, of the distinctive character or the repute of the earlier trade mark or that it might be detrimental to the distinctive character or the repute of the earlier trade marks.

110 On that point, the applicant considers that there is a risk that the mark applied for may take unfair advantage of the repute of the PEPE marks even if there is no 'due cause' for the registration of the PEPEQUILLO mark.

111 It must be observed that the concept of the unfair advantage taken of the distinctive character or the repute of the earlier mark by the use without due cause of the mark

applied for encompasses instances where there is clear exploitation and 'free-riding on the coat-tails' of a famous trade mark or an attempt to trade upon its reputation. In other words, this concerns the risk that the image of the mark with a reputation or the characteristics which it projects will be transferred to the goods covered by the mark applied for, with the result that the marketing of those goods can be made easier by that association with the earlier mark with a reputation (see *VIPS*, paragraph 40, and the case-law cited).

112 In addition, as the applicant observes (see paragraph 100 of the judgment), the likelihood of confusion referred to in Article 8(1) of Regulation No 40/94 must be distinguished from the association between the signs in question, referred to by Article 8(5).

113 While the likelihood of confusion is defined as the likelihood that the public may think that the goods or services designated by the mark applied for originate from the same undertaking as those of the earlier mark or from economically-linked undertakings, on the other hand, in the cases referred to by Article 8(5), the public concerned makes an association, that is to say, sees a connection, between the marks at issue, but without confusing them. Therefore, the existence of a likelihood of confusion is not a condition for the application of that provision (see *VIPS*, paragraph 41, and the case-law cited).

114 Accordingly the risk that the use without due cause of the mark applied for takes unfair advantage of the distinctive character or the repute of the earlier trade mark continues to exist where the consumer, without necessarily confusing the commercial origin of the product or service in question, is attracted by the mark applied for itself and buys the product or service covered by it on the ground that it bears that mark, which is identical or similar to an earlier mark with a repute (*VIPS*, paragraph 42).

115 Finally, the objective of Article 8(5) of Regulation No 40/94 is, notably, to enable the proprietor of an earlier mark with a repute to oppose the registration of marks which are likely either to be detrimental to the repute or the distinctive character of the earlier mark, or to take advantage of that repute or distinctive character. In that connection, it should be made clear that the proprietor of the earlier mark is not required to demonstrate actual and present harm to his mark. He must however adduce prima facie evidence of a future risk, which is not hypothetical, of unfair advantage or detriment (*VIPS*, paragraph 46, and the case-law cited).

116 In the present case, the applicant states that the likelihood arises from the fact that consumers are led to think that the mark applied for is another mark of the family of PEPE marks.

117 As found at paragraphs 94 and 95 above, in view of the facts of the present case, it is not possible to find that a family of PEPE marks exists. Nevertheless, the repute of the earlier PEPE marks in relation to articles of clothing and other clothing accessories has been well established.

118 Therefore consumers will buy a product of the PEPEQUILLO brand not only because they wish to buy jeans or a bag, but also because they wear that brand which is similar to earlier PEPE marks with a reputation.

119 The goods covered by the mark applied for are similar. For that reason and having regard to the similarity of the signs in question, Spanish consumers may see a connection between the earlier PEPE marks and the mark applied for.

120 Consequently the PEPEQUILLO mark is likely to take unfair advantage of the repute of the earlier marks by attracting consumers who seek to purchase goods bearing a trade mark similar to the earlier PEPE marks of repute.

121 The present plea must therefore be upheld.

122 Consequently the second head of claim seeking the annulment of the decision on the substance of the case must be allowed.

Costs

123 Pursuant to Article 87(2) of the Rules of Procedure of the General Court, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Where there are several unsuccessful parties, the Court shall decide how the costs are to be shared. In the circumstances of the present case, as OHIM and the intervener have substantially failed in their pleas, it must be decided that they are to bear their own costs and those of the applicant, each of them bearing one half.

124 The applicant has claimed that OHIM should be ordered to pay the costs of the administrative proceedings before OHIM. In that connection, it should be recalled that, 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 is not the case with regard to the costs incurred for the purposes of proceedings before the Opposition Division. Accordingly, the applicant's request that OHIM, having been partly 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 (see Case T-344/07 *02 (Germany)* v *OHIM (Homezone)* [2010] ECR II-153, paragraph 84).

On those grounds,

THE GENERAL COURT (Fifth Chamber)

hereby:

1. **Annuls the decision of the First Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 24 September 2008 (Case R 722/2007-1);**

2. **Dismisses the action as to the remainder;**

3. **Orders OHIM to bear its own costs, one half of the costs of PJ Hungary Szolgáltató kft (PJ Hungary kft), and the costs necessarily incurred by PJ Hungary kft for the purposes of the proceedings before the First Board of Appeal of OHIM;**

4. Orders Pepekillo, SL, to meet its own costs and one half of the costs of PJ Hungary kft.

Papasavvas Vadapalas O'Higgins

Delivered in open court in Luxembourg on 19 May 2011.

[Signatures]