JUDGMENT OF THE COURT OF FIRST INSTANCE (Eighth Chamber)

12 November 2009 *

In Case T-438/07,

Spa Monopole, compagnie fermière de Spa SA/NV, established in Spa (Belgium), represented by L. De Brouwer, E. Cornu, É. De Gryse, D. Moreau, J. Pagenberg, A. von Mühlendahl and S. Abel, lawyers,

applicant,

v

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

defendant,

* Language of the case: German.

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

De Francesco Import GmbH, established in Nuremberg (Germany), represented by D. Terheggen and H. Lindner, lawyers,

ACTION brought against the decision of the Second Board of Appeal of OHIM of 13 September 2007 (Case R 1285/2006-2), relating to opposition proceedings between De Francesco Import GmbH and Spa Monopole, compagnie fermière de Spa SA/NV,

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

composed of M.E. Martins Ribeiro, President, S. Papasavvas and N. Wahl (Rapporteur), Judges,

Registrar: T. Weiler, Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 30 November 2007,

having regard to the response of OHIM lodged at the Court Registry on 4 June 2008,

having regard to the response of the intervener lodged at the Court Registry on 20 May 2008,

further to the hearing on 25 March 2009,

gives the following

Judgment

Background to the dispute

1 On 27 July 2001, the intervener, De Francesco Import GmbH, filed an application for registration of a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) under 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 trade mark for which registration was sought is the word sign SpagO.

3 The goods in respect of which registration was sought are in Class 33 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: 'alcoholic beverages (except beers)'.

4 The Community trade mark application was published in *Community Trade Marks Bulletin* No 18/2002 of 4 March 2002.

5 On 4 June 2002, the applicant, Spa Monopole, compagnie fermière de Spa SA/NV, filed a notice of opposition, under Article 42 of Regulation No 40/94 (now Article 41 of Regulation No 207/2009), to registration of the mark applied for in relation to all the goods covered by the application.

6 The opposition was based on the earlier word mark SPA, registered at the Benelux Trade Marks Office in respect of 'mineral and aerated waters and other non-alcoholic drinks; syrups and other preparations for making beverages', in Class 32.

7 By decision of 28 July 2006, the Opposition Division of OHIM upheld the opposition based on Article 8(5) of Regulation No 40/94 (now Article 8(5) of Regulation No 207/2009). For reasons of economy of procedure, the Opposition Division confined its examination of the opposition to the word mark SPA registered at the Benelux Trade Marks Office. The Opposition Division found that the marks in question were sufficiently similar, given that they shared the element 'spa'. As regards the alcoholic beverages covered by the mark applied for, it considered that use of that mark could be detrimental to the repute of the earlier mark due to the harmful effect alcohol can have on health.

8 On 28 September 2006, the intervener brought an appeal against the Opposition Division's decision.

9 By decision of 13 September 2007 ('the contested decision'), the Second Board of Appeal of OHIM annulled the decision of the Opposition Division. It considered

that there was no likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94 (now Article 8(1)(b) of Regulation No 207/2009), since there was only a low degree of similarity, first, between the goods in Class 32 and those in Class 33 and, second, between the marks at issue. As regards Article 8(5) of Regulation No 40/94, the Board of Appeal repeated the findings of the Opposition Division, which acknowledged the reputation enjoyed by the SPA trade mark in the Benelux countries in respect of mineral waters. However, the Board of Appeal found that there was only a low degree of similarity between the marks at issue, that that similarity was not sufficient for the relevant section of the public to establish a link between the marks and that use of the mark applied for would not be detrimental to the repute of the earlier mark.

Forms of order sought by the parties

10 The applicant claims that the Court should:

— annul the contested decision;

— order OHIM to pay the costs.

11 OHIM and the intervener contend that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

12 In support of its action, the applicant relies on a single plea in law, alleging infringement of Article 8(5) of Regulation No 40/94.

13 The applicant submits, in essence, that the Board of Appeal erred in finding that the similarity of the signs at issue was not sufficient for the relevant consumer to establish a link between the marks and in concluding that use of the contested mark for alcoholic drinks was not detrimental to the repute or the commercial potential of the earlier mark for mineral water.

14 The Court notes that it is apparent from the wording of Article 8(5) of Regulation No 4 0/94 that its application is subject to the following three conditions: first, that the marks at issue are identical or similar; secondly, that the earlier mark cited in opposition has a reputation and, thirdly, that there is a risk that 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 mark. Those three conditions are cumulative and failure to satisfy one of them is sufficient to render that provision inapplicable (Case T-67/04 *Spa Monopole* v *OHIM - Spa-Finders Travel Arrangements (SPA-FINDERS)* [2005] ECR II-1825, paragraph 30).

15 It should also be pointed out that, according to case-law, the types of damage referred to in Article 8(5) of Regulation No 40/94, where they occur, are the consequence of a

certain degree of similarity between the marks at issue, by virtue of which the relevant section of the public makes a connection between the marks, that is to say, it establishes a link between them, even though it does not confuse them (see, by analogy, Case C-252/07 *Intel Corporation* [2008] ECR I-8823, paragraph 30 and the case-law cited).

16 The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case, in particular, the degree of similarity between the marks at issue; the nature of the goods or services for which the marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public; the strength of the earlier mark's reputation and the existence of a likelihood of confusion on the part of the public (see *Intel Corporation*, paragraphs 41 and 42 and the case-law cited).

17 It is in the light of those considerations that it is necessary to assess whether the contested decision is lawful.

18 In the present case, the Board of Appeal was correct in stating, at paragraph 24 of the contested decision, that the relevant public was the general public in the Benelux countries. In fact, both the goods covered by the earlier mark, which is registered in the Benelux countries, and those covered by the trade mark applied for are everyday consumer goods.

19 With regard to the reputation of the earlier mark, it is common ground that that mark enjoys a reputation in the Benelux countries for mineral waters.

20 As regards the requirement that the marks at issue must be identical or similar, in order for there to be a degree of similarity there must be elements of visual, phonetic or conceptual similarity (Case C-408/01 *Adidas-Salomon and Adidas Benelux* [2003] ECR I-2537, paragraph 28).

21 In the present case, the Board of Appeal concluded, at paragraphs 44 and 45 of the contested decision, that, taking account of the visual and phonetic similarities of the first three letters of the signs at issue and the visual and phonetic differences introduced by the element 'go', there was a low degree of similarity between the signs. That similarity, it found, is not sufficient for the relevant consumer to establish a link between the signs.

22 That conclusion must be upheld.

23 Admittedly, the consumer normally attaches more importance to the first part of words (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). However, that argument cannot hold in all cases (see judgment of 16 May 2007 in Case T-158/05 *Trek Bicycle* v *OHIM – Audi (ALL TREK)*, not published in the ECR, paragraph 70 and the case-law cited) and does not, in any event, cast doubt on the principle that the assessment of the similarity of marks must take account of the overall impression created by them.

24 In the present case, given that the signs at issue are short, the relevant public will concentrate on the word as a whole. It should be noted in that connection that, given

that the sign of the mark applied for is small and simple in structure, it is unlikely that the average consumer will break the sign SpagO down into two words – 'spa' and 'go'.

25 Moreover, it is apparent from the documents before the Court that, in accordance with the last sentence of Rule 3(1) of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1), as amended, the mark applied for is composed of the word element 'spago', with capital letters at the beginning and the end.

26 Visually, the difference in the overall impression created by the mark applied for, on the one hand, and the shorter, earlier mark, on the other, is due to the addition of the suffix 'go' in the mark applied for. Similarly, from the phonetic point of view, while both the signs at issue begin with the element 'spa', it is possible, as a result of the addition of the element 'go' in the mark applied for, for a distinction to be made between them. In fact, the mark applied for will be pronounced as a short word, without any significant pause between the syllables, and the syllable 'spa' of that word does not have any autonomous function, but is closely linked to the second syllable 'go'.

27 Moreover, while both the signs at issue share the element 'spa', the mark applied for is a fanciful word for the relevant section of the public.

28 In that connection, as the Board of Appeal correctly stated at paragraph 44 of the contested decision, no conceptual comparison is possible. For the relevant public,

the earlier mark refers to the town of Spa (Belgium), famous for its mineral waters and thermal baths, the Belgian racing circuit of Spa-Francorchamps or its descriptive meaning of a thermal spring, such as a hammam or sauna (*SPA-FINDERS*, paragraph 44). On the other hand, the word 'spago' is an invented word, which has no meaning in any of the official languages of the Benelux countries.

29 The marks at issue are therefore only slightly similar.

30 Moreover, for the purpose of determining whether there is a link between the marks at issue, it is also necessary to take account of the nature of the goods in question. It should be noted, first, that it is possible as a result of the alcohol content of the beverages to distinguish them from water and non-alcoholic drinks. Such drinks have different characteristics. Whereas alcoholic drinks are usually consumed on special and convivial occasions, water and non-alcoholic drinks are consumed on a daily basis. Moreover, the consumption of water satisfies a vital need. The average consumer, deemed to be reasonably well informed and reasonably observant and circumspect, is aware of that distinction between alcoholic and non-alcoholic drinks, which is, moreover, necessary, since some consumers do not wish to or cannot consume alcohol. Furthermore, the price of alcoholic drinks is generally much higher than that of non-alcoholic drinks and the marketing of alcohol is, in a number of respects, more regulated, it being necessary, inter alia, to obtain a licence to sell alcohol and a minimum age restriction being imposed for the purchase of alcoholic drinks. The fact that the drinks at issue may be consumed in the same places and in a complementary fashion, in that they can be mixed or served together, and that they are often consumed by the same people and sold at similar points of sale does not affect this finding (see, to that effect, Case T-296/02 *Lidl Stiftung* v *OHIM - REWE-Zentral (LINDENHOF)* [2005] ECR II-563, paragraphs 54 to 57).

31 Accordingly, in the light of the difference in the nature of the goods covered by the marks at issue, the element 'spa' in the trade mark applied for – Spago – will not be

perceived by the average consumer in the Benelux countries as referring to the mineral waters marketed under the earlier mark.

32 The parallel which the applicant draws with cases in which applications for registration were rejected due to the reputation of the earlier mark is irrelevant.

33 First, as for the references to OHIM's decision-making practice, suffice it to note that, according to settled case-law, the legality of the decisions of Boards of Appeal must be assessed solely on the basis of Regulation No 40/94, as interpreted by the Community judicature, and not on the basis of a previous decision-making practice of those boards (see Case T-112/03 *L'Oréal* v *OHIM - Revlon (FLEXI AIR)* [2005] ECR II-949, paragraph 68 and the case-law cited).

34 Second, the mark applied for in the present case is not SPA GO or SPA-GO but SpagO – a single word. It should be observed in that connection that the representation of the mark applied for differs from that of the marks relied on by the applicant in its application, in which the element 'spa' is clearly separate, is in a dominant position and features alongside additional elements which, on the whole, are purely descriptive. Accordingly, in the case which gave rise to the judgment of 19 June 2008 in Case T-93/06 *Mülhens* v *OHIM – Spa Monopole (MINERAL SPA)*, not published in the ECR, paragraphs 29 to 39, the word 'spa' was separate from the first element and the word 'mineral' described the components of the goods in question, whereas in the present case, the word 'spago' is a neologism in which the element 'spa' is lost in the overall impression created by the mark applied for.

35 For the same reason, the applicant's argument that, since the earlier mark is reproduced in its entirety in the mark applied for, the marks at issue should be regarded as similar cannot be accepted. In this instance, contrary to the applicant's submissions, the element 'spa' is not the dominant element of the mark applied for. Even if consumers do not remember that, in the mark applied for, 's' and 'o' are written as capital letters, the relevant section of the public will, as already stated above, identify the sign SpagO as an invented word that has no meaning.

36 Although the applicant presents the earlier mark as a trade mark with a reputation, not to say a huge reputation, that does not in any way alter the finding that, in the present case, there is only a low degree of visual and phonetic similarity between that mark and the mark applied for. The criterion relating to reputation, which is well established, does not automatically imply that there is a link between the marks at issue (*Intel Corporation*, paragraph 64).

37 The Board of Appeal was therefore correct in considering that, in spite of the highly distinctive character acquired over time by the earlier mark, the similarities between the signs at issue were not sufficient for a link to be established between, on the one hand, the mark applied for in respect of alcoholic drinks and, on the other, the earlier mark for mineral waters.

38 Given that one of the three cumulative conditions for the application of Article 8(5) of Regulation No 40/94 is not met, it is unnecessary to examine whether one of the types of damage referred to in the third condition of that provision would occur.

39 It follows that the single plea in law, alleging infringement of Article 8(5) of Regulation No 40/94, is unfounded and that the action must therefore be dismissed.

Costs

40 Under Article 87(2) of the Rules of Procedure of the Court of First Instance, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since the applicant has been unsuccessful, it must be ordered to pay the costs, in accordance with the form of order sought by OHIM and the intervener.

On those grounds,

THE COURT OF FIRST INSTANCE (Eighth Chamber)

hereby:

1. Dismisses the action;

2. Orders Spa Monopole, compagnie fermière de Spa SA/NV to pay the costs.

Martins Ribeiro Papasavvas Wahl

Delivered in open court in Luxembourg on 12 November 2009.

[Signatures]