JUDGMENT OF THE COURT OF FIRST INSTANCE (Fifth Chamber)

25 March 2009 *

In Case T-402/07,

Kaul GmbH, established in Elmshorn (Germany), represented by G. Würtenberger and R. Kunze, lawyers,

applicant,

v

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

defendant,

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

* Language of the case: English.

Bayer AG, established in Leverkusen (Germany),

ACTION brought against the decision of the Second Board of Appeal of OHIM of 1 August 2007 (Case R 782/2000-2), concerning opposition proceedings between Kaul GmbH and Bayer AG,

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

composed of M. Vilaras (Rapporteur), President, M. Prek and V.M. Ciucă, Judges,

Registrar: N. Rosner, Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 6 November 2007,

having regard to the response lodged at the Court Registry on 21 February 2008,

further to the hearing on 20 November 2008,

gives the following

Judgment

Background to the case

1 On 3 April 1996, Atlantic Richfield Co. filed an application for a Community trade mark with the Office for Harmonization 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.

2 The mark in respect of which registration was sought is the word mark ARCOL.

3 The goods in respect of which registration of the mark was sought fall within Classes 1, 17 and 20 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. Among the goods in Class 1 referred to in the application for registration are 'chemical substances for preserving foodstuffs'.

4 The trade mark application was published in the *Community Trade Marks Bulletin* on 20 July 1998.

5 On 20 October 1998, the applicant, Kaul GmbH, filed an opposition, under Article 42(1) of Regulation No 40/94, to the registration of the mark applied for, with regard to the 'chemical substances for preserving foodstuffs', falling within Class 1. The opposition was based on an earlier Community trade mark, registered on 24 February 1998, bearing the number 49106. That earlier mark consists of the word mark CAPOL and covers goods described as 'chemical preparations for keeping fresh and preserving foodstuffs, namely, raw materials for smoothing and preserving prepared food products, in particular confectionery', falling within Class 1. In support of its opposition, the applicant relied on the relative ground for refusal referred to in Article 8(1)(b) of Regulation No 40/94.

6 By decision of 30 June 2000, the Opposition Division rejected the opposition on the ground that, even if the goods were identical, there could be no likelihood of confusion between the marks at issue because they were visually and phonetically different.

7 By letter of 17 July 2000, received on 24 July 2000, OHIM was informed by Bayer AG of the transfer to that company of the application for registration of the trade mark ARCOL filed by Atlantic Richfield. The transfer was entered in the Register of Community trade marks on 17 November 2000, pursuant to Article 17(5) and Article 24 of Regulation No 40/94.

8 On 24 July 2000, the applicant filed a notice of appeal under Articles 57 to 62 of Regulation No 40/94 against the Opposition Division's decision.

9 In support of its appeal, the applicant claimed in particular, as it had argued previously before the Opposition Division, that the earlier mark had a highly distinctive character for which reason it should, in accordance with the Court's case-law, benefit from increased protection. In that regard, the applicant nevertheless asserted that such a highly distinctive character resulted not only from the lack of descriptive character of the term 'capol' for the goods in question, as it had already submitted before the Opposition Division, but also from the fact that that mark had become well known through use. In order to substantiate that well-known character, the applicant

produced, in the annex to its written statement before the Board of Appeal, an affidavit by its managing director, and a list of its customers.

10 By decision of 4 March 2002, notified to the applicant on 25 March 2002 ('the 2002 decision'), the Third Board of Appeal of OHIM dismissed the appeal. The Third Board of Appeal found the goods covered by the requested and earlier trade marks to be identical and having compared the two signs at issue from a visual, phonetic and conceptual standpoint, then carried out a global assessment of the likelihood of confusion, finding, inter alia, that it could not take into account the supposedly highly distinctive character of the earlier mark, linked to the fact that it was well known, since such a factor and the evidence mentioned above seeking to substantiate it were introduced for the first time in support of the appeal brought before it.

11 On 24 May 2002, the applicant brought an action before the Court of First Instance against the 2002 decision, registered as Case T-164/02. In support of its action, the applicant relied upon four pleas in law alleging, first, breach of the obligation to examine the evidence adduced by it before the Board of Appeal, second, infringement of Article 8(1)(b) of Regulation No 40/94, third, infringement of the principles of procedural law acknowledged in the Member States and the procedural rules applicable before OHIM, and, fourth, breach of the duty to state reasons.

12 In its judgment in Case T-164/02 *Kaul* v *OHIM — Bayer (ARCOL)* [2004] ECR II-3807, the Court of First Instance accepted the first plea in law and annulled the 2002 decision, without ruling on the other pleas in the action. In essence, the Court considered that, in the 2002 decision, the Third Board of Appeal had infringed Article 74 of Regulation No 40/94, by refusing to consider the factual evidence adduced by the applicant for the first time before it in order to prove the highly distinctive character of the earlier mark resulting from the use, claimed by the applicant, of that mark on the market.

13 On 25 January 2005, OHIM appealed to the Court of Justice against the judgment in *ARCOL*, cited in paragraph 12 above. In Case C-29/05 P *OHIM* v *Kaul* [2007] ECR I-2213, the Court of Justice allowed the appeal and set aside the judgment in *ARCOL*. Giving final judgment itself in the matter, the Court then annulled the 2002 decision.

14 The Court of Justice found that the Third Board of Appeal had refused, in the 2002 decision, to take into account the facts and evidence submitted by the applicant in support of its appeal, by holding, essentially, that the taking into account of such information was automatically precluded since those facts and that evidence had not been submitted earlier before the Opposition Division within the time-limit set by that division. According to the Court of Justice, that reasoning infringes Article 74(2) of Regulation No 40/94, which grants the Board of Appeal, when presented with facts and evidence which are submitted late, a discretion as to whether or not to take account of such information when making the decision which it is called upon to give. Since, instead of exercising the discretion which it thus has, the Third Board of Appeal had wrongly considered itself to be lacking any discretion as to whether to take account or not of the facts and evidence at issue, the Court held that the 2002 decision had to be annulled (*OHIM* v *Kaul*, cited in paragraph 13 above, paragraphs 67 to 70).

15 By decision of 19 June 2007, communicated to the parties to the proceedings before OHIM on 22 June 2007, the Presidium of the Boards of Appeal of OHIM reallocated the case to the Second Board of Appeal.

16 By decision of 1 August 2007 ('the contested decision'), notified to the applicant on 6 September 2007, the Second Board of Appeal of OHIM dismissed the applicant's appeal and upheld the decision of the Opposition Division which had rejected the opposition. In essence, the Second Board of Appeal, after finding that the marks at issue could not, in any way, be regarded as similar by the relevant public, made up of manufacturers of food and confectionery products, came to the conclusion that one of the conditions for the application of Article 8(1)(b) of Regulation No 40/94 was not satisfied and that the Opposition Division had been correct to reject the opposition. Having regard to that conclusion, the Second Board of Appeal found that the facts and evidence presented by the applicant for the first time at the appeal stage before the

Board of Appeal in support of its argument that the earlier mark had acquired a highly distinctive character resulting from its use on the market were irrelevant, because such an argument, even if it were proved, could not have any bearing on the application of Article 8(1)(b) of Regulation No 40/94 in the present case.

Forms of order sought by the parties

17 The applicant claims that the Court should:

— annul the contested decision;

— uphold the opposition;

— order OHIM to pay the costs.

18 OHIM contends that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

The first plea in law, alleging infringement of Article 63(6) and Article 74(2) of Regulation No 40/94

19 The applicant claims that the Board of Appeal disregarded the operative part and the reasoning of *OHIM* v *Kaul*, cited in paragraph 13 above, by not exercising at all, or not exercising correctly, its discretion, deriving from Article 74(2) of Regulation No 40/94, as to whether or not to take account of the facts and evidence relied upon for the first time before it. According to the applicant, if the Board of Appeal had correctly applied the guidance given by the Court of Justice in that judgment, it would have had to rule in the applicant's favour.

20 OHIM disputes the applicant's arguments.

21 According to settled case-law, a judgment annulling a measure, such as *OHIM* v *Kaul*, cited in paragraph 13 above, takes effect *ex tunc* and thus has the effect of retroactively eliminating the annulled measure from the legal system (Joined Cases 97/86, 99/86, 193/86 and 215/86 *Asteris and Others* v *Commission* [1988] ECR 2181, paragraph 30; Joined Cases T-481/93 and T-484/93 *Exporteurs in Levende Varkens and Others* v *Commission* [1995] ECR II-2941, paragraph 46; and Case T-171/99 *Corus UK* v *Commission* [2001] ECR II-2967, paragraph 50).

22 According to the same case-law, in order to comply with a judgment annulling a measure and to implement it fully, the institution that is the author of the measure is required to have regard not only to the operative part of the judgment but also to the grounds constituting its essential basis, in so far as they are necessary to determine the exact meaning of what is stated in the operative part. It is those grounds which, on the one hand, identify the precise provision held to be illegal and, on the other, indicate the specific reasons which underlie the finding of illegality contained in the operative part and which the institution concerned must take into account when replacing the annulled measure (order of the Court of Justice in Case C-8/99 P *Gómez de Enterría y Sanchez* v *Parliament* [2000] ECR I-6031, paragraphs 19 and 20; see Case T-324/02 *McAuley* v *Council* [2003] ECR-SC I-A-337 and II-1657, paragraph 56 and case-law cited).

23 In the present case, following annulment of the 2002 decision, the appeal brought by the applicant before the Board of Appeal again became pending. In order to comply with its obligation under Article 63(6) of Regulation No 40/94 to take the measures necessary to comply with the Court's judgment, OHIM had to ensure that the appeal led to a new decision of a Board of Appeal. That was indeed what occurred because the case was reallocated to the Second Board of Appeal, which adopted the contested decision.

24 The applicant does not contest the lawfulness of the reallocation of the case to the Second Board of Appeal. It nevertheless argues that the latter confined itself to declaring that the 2002 decision was well founded and that the facts and evidence which the applicant had submitted for the first time at the appeal stage before the Board of Appeal were irrelevant and, therefore, inadmissible, without exercising its discretion under Article 74(2) of Regulation No 40/94 to decide whether or not to take those facts and evidence into account.

25 In order to examine this argument it should be recalled that, 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'.

26 According to settled case-law, the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion. According to the same case-law, the likelihood of confusion must be assessed globally, according to the perception which the relevant public has of the signs and the goods or services in question, taking into account all factors relevant to the circumstances of the case, including the interdependence between the similarity of the signs and that of the goods and services covered (order of the Court of Justice of 24 April 2007 in Case C-131/06 P *Castellblanch* v *OHIM*, not published in the ECR, paragraph 55; 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).

27 In addition, the more distinctive the earlier mark, the greater will be the likelihood of confusion. Therefore, marks with a highly distinctive character, either per se or because of the recognition they possess on the market, enjoy broader protection than marks with a less distinctive character. The distinctive character of the earlier trade mark, and in particular its reputation, must therefore be taken into account when assessing whether there exists a likelihood of confusion (see judgment of 17 April 2008 in Case C-108/07 P *Ferrero Deutschland* v *OHMI and Cornu,* not published in the ECR, paragraphs 32 and 33 and the case-law cited).

28 While it is the case that, under the principle of the interdependence between the factors taken into account in a global assessment of the likelihood of confusion, and in particular between the similarity of the trade marks and that of the goods or services covered, a lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa (judgment of 15 March 2007 in Case C-171/06 P *T.I.M.E. ART* v *OHIM*, not published in the ECR, paragraph 35), the Court of Justice has held that, for the purposes of applying Article 8(1)(b) of Regulation No 40/94, the likelihood of confusion presupposes both that the mark applied for and the earlier mark are identical or similar, and that the goods or services covered in the application for registration are identical or similar to those in respect of

which the earlier mark was registered. Those conditions are cumulative (Case C-106/03 P *Vedial* v *OHIM* [2004] ECR I-9573, paragraph 51, and Case C-234/06 P *Il Ponte Finanziaria* v *OHIM* [2007] ECR I-7333, paragraph 48).

29 It follows that, where the goods or the services covered by the trade marks at issue are identical, if those trade marks, considered individually, do not display the minimum degree of similarity required for it to be possible to establish a likelihood of confusion solely on the basis of the highly distinctive character of the earlier mark or solely because the goods or services covered by the earlier marks and those covered by the trade mark applied for are identical, the opposition must be rejected, without the principle of interdependence in the global assessment of the likelihood of confusion precluding such a result (see *Il Ponte Finanziaria* v *OHIM*, paragraphs 50 and 51).

30 In the present case, in paragraphs 30 to 35 of the 2002 decision, the Third Board of Appeal carried out a global assessment of the likelihood of confusion and concluded that 'despite the identity of the goods, … in view of the important visual and phonetic differences between the marks, which clearly outweigh in importance the visual and phonetic similarities which [the applicant] argues exist, the fact that the market is highly specialised and given the likely expertise of the typical consumer', there was no likelihood of confusion between the marks at issue in the case.

31 As the case-law referred to in paragraphs 26 and 27 above indicates, the global assessment of the likelihood of confusion between two marks necessitates the taking into account of all factors relevant to the case, including whether the earlier mark is highly distinctive. Having decided, in the 2002 decision, to carry out a global assessment of the likelihood of confusion between the marks at issue, the Third Board of Appeal, as follows from *OHIM* v *Kaul*, cited in paragraph 13 above, at paragraphs 67 to 70, had first of all to examine the admissibility of the applicant's new argument relating to the well-known character of the earlier mark, which it raised for the first time at the appeal stage before the Board of Appeal, and of the items of evidence offered in support of that argument.

32 The error of law which led to the annulment of the 2002 decision in *OHIM* v *Kaul*, cited in paragraph 13 above, was made by the Third Board of Appeal precisely during that preliminary examination. As the Court held in that judgment, the Third Board of Appeal, instead of exercising, for the purposes of possibly taking into account the facts and evidence relating to the well-known character claimed for the earlier mark, the discretion conferred on it by Article 74(2) of Regulation No 40/94, wrongly concluded, in paragraphs 10 to 12 of the 2002 decision, that it enjoyed no such discretion, which led it to disregard the facts and evidence raised before it by the applicant for the first time at the stage of the appeal against the decision of the Opposition Division.

33 The Second Board of Appeal, to which the case was reallocated following the annulment of the 2002 decision, dismissed, after re-examination, the applicant's appeal against the decision of the Opposition Division, on the ground that the earlier mark and the mark applied for could not in any way be regarded as identical or similar by the relevant public and that, therefore, there was no likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94 in the instant case (paragraphs 26 to 28 of the contested decision).

34 Without prejudice to the examination of the conclusion of the Second Board of Appeal with regard to the absence of any similarity between the marks at issue, a conclusion which the applicant contests in its third plea in law examined below, it must be held that, in dismissing the applicant's appeal against the decision of the Opposition Division and confirming that decision on the ground that the marks at issue were not identical or similar, the Second Board of Appeal correctly applied the case-law referred to in paragraph 28 above, to which it also refers in paragraph 26 of the contested decision.

35 In addition, and contrary to what is claimed by the applicant, the Second Board of Appeal did not confine itself, in the contested decision, to declaring that the 2002 decision did not contain any error.

36 In that regard, it should be pointed out, first, that the Second Board of Appeal considered, in paragraph 24 of the contested decision, that only the reasons given in the 2002 decision concerning the visual, phonetic and conceptual comparison of the marks at issue and reproduced in paragraph 23 of the contested decision were free of error and could consequently justify the conclusion, set out in paragraphs 25 to 28 of the contested decision, that there was no similarity between those marks.

37 It must, secondly, be noted that the Third Board of Appeal had not, in the 2002 decision, referred clearly and unequivocally to such a conclusion, as is confirmed by the fact that it went on to carry out, in paragraphs 30 to 35 of that decision, a global assessment of the likelihood of confusion, which would not have been necessary, in accordance with the case-law referred to in paragraph 29 above, if that Board of Appeal had concluded that the marks at issue, on an overall comparison, were different.

38 By contrast, the Second Board of Appeal clearly concluded, in paragraphs 26 to 28 of the contested decision, that the marks in question were neither identical nor similar. Since, following the annulment of the 2002 decision, the Second Board of Appeal had to carry out a fresh examination of the applicant's appeal against the decision of the Opposition Division, it also had to re-examine the question whether the two marks at issue were identical or similar, on which it could reach its own conclusion, independently of the position adopted by the Third Board of Appeal.

39 The Second Board of Appeal was also not bound, on that point, by the operative part or the reasoning in *OHIM* v *Kaul*, cited in paragraph 13 above, since, in that judgment, the Court did not take any position whatsoever on whether the marks at issue were similar or not. That question could only have been examined, if appropriate, in connection with a plea alleging infringement of Article 8(1)(b) of Regulation No 40/94. The Court of Justice, like the Court of First Instance before it, annulled the contested decision without examining that plea.

40 Taking into account its conclusion that the marks at issue were not in any way similar, the Second Board of Appeal found, in paragraph 25 of the contested decision, that the facts and evidence concerning the supposed well-known character of the earlier mark, submitted by the applicant for the first time at the appeal stage before the Board of Appeal '[were] irrelevant to the outcome of the opposition and so [were] inadmissible since, even if the facts alleged were fully proved, it could not have any bearing on the application of Article 8(1)(b) of [Regulation No 40/94] in this case'.

41 The applicant claims that, by thus refusing to take into account those facts and evidence, the Second Board of Appeal infringed Article 74(2) of Regulation No 40/94, as interpreted by the judgment in *OHIM* v *Kaul*, cited in paragraph 13 above.

42 The relevance of the facts and evidence submitted to OHIM by the parties to opposition proceedings outside the time-limits prescribed for that purpose constitutes one of the criteria which OHIM must take into account in order to decide, when exercising its discretion under Article 74(2) of Regulation No 40/94, whether or not to take account of such facts and evidence (see, to that effect, *OHIM* v *Kaul*, cited in paragraph 13 above, paragraph 44).

43 Consequently, the Second Board of Appeal cannot be accused of infringing the latter provision and disregarding *OHIM* v *Kaul*, cited in paragraph 13 above, when, in deciding to ignore the facts and evidence submitted by the applicant for the first time at the stage of its appeal against the decision of the Opposition Division, it took into account the complete lack of relevance of such facts and evidence for the resolution of the case.

44 In any case, the applicant's complaint relating to the alleged infringement of Article 74(2) of Regulation No 40/94 is irrelevant. Having found that there was no similarity between the mark applied for and the earlier mark, the Second Board of

Appeal was not bound to take into consideration the supposed well-known character of the earlier mark, since it was properly entitled to conclude that there was no likelihood of confusion, whatever the supposed especially distinctive character of the earlier mark (see, to that effect, judgment of 25 June 2008 in Case T-224/06 *Otto* v *OHIM — L'Altra Moda (l'Altra Moda)*, not published in the ECR, paragraph 50).

45 Consequently, even if the refusal of the Second Board of Appeal to take into consideration, in the exercise of its discretion deriving from Article 74(2) of Regulation No 40/94, the supposed well-known character of the earlier mark and the evidence supporting that was an error of law, such an error had no effect on the operative part of the contested decision, which was properly based, in law, on the conclusion that the mark applied for and the earlier mark are neither identical nor similar.

46 Finally, the applicant claims that the statement by the Second Board of Appeal, in paragraph 30 of the contested decision, that 'the error of law committed by the Third Board of Appeal with the infringement of Article 74(2) [of Regulation No 40/94] was, after all, not sufficient to warrant the annulment of [the 2002 decision]' shows that the Second Board of Appeal did not take into account the guidance given in *OHIM* v *Kaul*, cited in paragraph 13 above.

47 That argument cannot be accepted. Admittedly, paragraph 30 of the contested decision appears to disregard the fact that the Court of Justice, having found that the reasoning of the 2002 decision was vitiated by an error of law concerning the application of Article 74(2) of Regulation No 40/94, was not entitled itself to reject the opposition for a reason, namely the lack of any similarity between the marks at issue, which was not stated in the 2002 decision.

48 While Article 63(3) of Regulation No 40/94 states that the Court of Justice 'has jurisdiction to annul or to alter the contested decision', that paragraph must be read in the light of the preceding paragraph, according to which '[t]he action may be brought on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of [Regulation No 40/94] or of any rule of law relating to their application or misuse of power' and in the context of Articles 229 EC and 230 EC (Case T-163/98 *Procter & Gamble* v *OHIM (BABY-DRY)* [1999] ECR II-2383, paragraphs 50 and 51, and Case T-373/03 *Solo Italia* v *OHIM — Nuova Sala (PARMITALIA)* [2005] ECR II-1881, paragraph 25).

49 It follows that the Court of First Instance and the Court of Justice, where it sets aside the judgment of the Court of First Instance and gives judgment itself on the action, carry out a review of the legality of the decisions of OHIM bodies. If they hold that such a decision, called into question in an action before them, is vitiated by illegality, they must annul it. They may not dismiss the action while substituting their own reasoning for that of the competent OHIM body which is the author of the contested act (see, to that effect and by analogy, Case C-164/98 P *DIR International Film and Others* v *Commission* [2000] ECR I-447, paragraph 38).

50 Nevertheless, it must be pointed out that the Second Board of Appeal was not called upon to rule either on the substance of the 2002 decision, which retroactively disappeared from the legal system after being annulled by the Court of Justice, or on the question whether that annulment was justified. The Second Board of Appeal was called upon to rule only on the applicant's appeal against the decision of the Opposition Division. Only that part of the reasoning of the contested decision which refers to the opposition filed by the applicant therefore constitutes the essential basis of its operative part, in which the Second Board of Appeal dismissed the applicant's appeal.

51 By contrast, the considerations concerning whether the annulment of the 2002 decision by the Court of Justice was justified or not, such as those set out in paragraph 30 of the

contested decision, do not affect the operative part of that decision. Therefore, even if those considerations were vitiated by an error of law, they could not bring about the annulment of the contested decision.

52 In the light of all of the foregoing, the first plea in law must be rejected.

The second plea in law, alleging infringement of the right to be heard

53 The applicant claims that the Second Board of Appeal, in breach of Article 61(2) and Article 73, second sentence, of Regulation No 40/94, failed to give it the opportunity, before adoption of the contested decision, to submit its observations, in particular on the scope and interpretation of *OHIM* v *Kaul*, cited in paragraph 13 above.

54 OHIM contests the applicant's arguments.

55 It should be noted that, under the second sentence of Article 73 of Regulation No 40/94, the decisions of OHIM may be based only on reasons or evidence on which the parties concerned have had an opportunity to present their comments. The general principle of protection of the right to defend oneself is enshrined in the law of Community trade marks by that provision. According to that general principle of Community law, a person whose interests are appreciably affected by a decision taken by a public authority must be given the opportunity to make his point of view known. The right to be heard extends to all the matters of fact or of law which form the basis of the decision, but not to the final position which the authority intends to adopt (see Case T-317/05 *Kustom Musical Amplification* v *OHIM (Shape of a guitar)* [2007] ECR II-427, paragraphs 24, 26 and 27 and the case-law cited).

56 In the present case, it is common ground that, in the course of the proceedings which led to the adoption of the 2002 decision, the applicant had the opportunity to submit, before the Third Board of Appeal, its observations relating to all aspects of its opposition, including the supposedly similar character of the marks at issue. A summary of those observations is in fact contained in paragraph 6 of the 2002 decision.

57 Following the annulment of the 2002 decision by the Court of Justice, the case was reallocated to the Second Board of Appeal, which was called upon, after re-examination of the case, to rule on the appeal brought by the applicant against the decision of the Opposition Division, which had rejected the opposition.

58 As was pointed out during examination of the first plea in law, the Second Board of Appeal, by the contested decision, dismissed the applicant's appeal on the ground that, contrary to what was claimed by the applicant, the mark applied for and the earlier mark were neither identical nor similar.

59 There is no indication at all in the contested decision that the Second Board of Appeal, when it adopted that decision, relied on matters of law or of fact different from those available to the Third Board of Appeal when it adopted the 2002 decision and on which the applicant had been able to submit observations. That is made all the more evident by the fact that the Second Board of Appeal largely reproduced the reasoning of the 2002 decision concerning the visual, phonetic and conceptual comparison of the signs at issue.

60 While it is, admittedly, correct that the Second Board of Appeal drew from the reasoning of the 2002 decision, reproduced in its own decision, a conclusion concerning the lack of similarity between the two marks at issue, which was not, as such, contained in the 2002 decision, the fact remains that, with regard to the final position that the Second Board of Appeal intended to adopt, the latter was not in any way bound, in the light of the case-law referred to in paragraph 55 above, to hear the applicant again before adopting its decision.

61 The applicant nevertheless claims, essentially, that the judgment in *OHIM* v *Kaul*, cited in paragraph 13 above, was a new legal issue on which it should have been heard, before the contested decision was adopted.

62 In that same context, the applicant maintains that there is a presumption that where a judgment annulling a measure such as the judgment in *OHIM* v *Kaul*, cited in paragraph 13 above, can be interpreted in a number of ways, the version most favourable to the applicant should be preferred.

63 In response to that argument, it must be pointed out that, under Article 43 of the Statute of the Court, if the meaning or scope of a judgment is in doubt, it is for the Court to construe it. Therefore, there is no presumption such as that claimed by the applicant and the Second Board of Appeal was not bound to hear it concerning the interpretation of *OHIM* v *Kaul*, cited in paragraph 13 above. If the applicant or OHIM, both parties to the proceedings before the Court of Justice, believed there to be a doubt as to the interpretation of that judgment, it was for them to bring the matter before the Court.

64 With regard to the question whether, before adoption of the contested decision, the Second Board of Appeal should have heard the applicant again concerning the application of Article 74(2) of Regulation No 40/94, following the clarification as to the interpretation and application of that provision given by the judgment in *OHIM* v *Kaul*, cited in paragraph 13 above, it suffices to recall that, even if the refusal of the Second Board of Appeal to take into consideration, in the exercise of its discretion deriving from Article 74(2) of Regulation No 40/94, the facts and evidence concerning the supposedly well-known character of the earlier mark was vitiated by an error of law, such an error would have no bearing on the solution adopted in the contested decision.

65 Since, according to the case-law referred to in paragraph 55 above, the right to be heard under Article 73 of Regulation No 40/94 extends, in particular, to the matters of law which form the basis of the decision, the Second Board of Appeal was not bound to hear the applicant on the application of Article 74(2) of Regulation No 40/94, since the facts and evidence concerning the well-known character of the earlier mark, relied on on the basis of that provision, were not part of the basis of the contested decision.

66 It follows from all the foregoing that the second plea in law must be rejected.

The third plea in law, alleging infringement of Article 8(1)(b) of Regulation No 40/94

67 The applicant claims that the Board of Appeal infringed Article 8(1)(b) of Regulation No 40/94. It maintains in that regard, first, that the Board of Appeal failed to examine the facts and arguments which it raised, including those put forward during the proceedings before the Court of First Instance and the Court of Justice. The Board of

Appeal also failed to take into account the declaration by the OHIM representative, made at the hearings both before the Court of First Instance and the Court of Justice in the proceedings which led to *OHIM* v *Kaul*, cited in paragraph 13 above, that if the supposedly well-known character of the earlier mark was proved, the marks at issue would be sufficiently similar to demonstrate a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94.

68 Second, the conclusion of the contested decision that the marks at issue were not visually or phonetically similar in any way, was mistaken and disregarded the case-law concerning the enhanced protection enjoyed by marks with a highly distinctive character.

69 Third, and finally, the Board of Appeal did not sufficiently take into account the 'function of trademark protection' and the interaction between the different criteria to be taken into consideration in the assessment of the likelihood of confusion.

70 OHIM contests the applicant's arguments.

71 As a preliminary point, the complaints of the applicant alleging that the Board of Appeal disregarded, first, the case-law relating to the enhanced protection enjoyed by marks with a highly distinctive character and, second, the interdependence of the different criteria to be taken into consideration in the global assessment of the likelihood of confusion, must be rejected as irrelevant.

72 As noted in the examination of the first plea, the rejection of the opposition in this case was based on the absence of any similarity between the marks at issue and not on a global assessment of the likelihood of confusion.

73 Should, therefore, the reasons given in the contested decision, including those of the 2002 decision which were incorporated in paragraph 23 of the contested decision, reveal any error of law regarding the interdependence between the various criteria which have to be taken into account in the global assessment of the likelihood of confusion, such an error could not result in the annulment of the contested decision, which is properly based, in law, on the finding that the mark applied for and the earlier mark are neither identical nor similar.

74 With regard to the complaint alleging disregard by the Board of Appeal of the 'function of trademark protection', it should be pointed out that the applicant claims in that context that, apart from its function as an indicator of the commercial origin and of the quality of the goods or services and as an advertising tool, a trademark also fulfils a competitive function by securing a competitive advantage for the proprietor.

75 These arguments, even if correct, are not in any way capable of affecting the assessment as to whether the two marks are similar. That complaint is therefore also irrelevant.

76 With regard to the complaint alleging erroneous definition of the relevant public, to be taken into account in the assessment of the likelihood of confusion in the present case, the applicant does not contest the conclusion of the 2002 decision, reproduced in the contested decision, according to which that public is made up of producers of food and confectionery products. It challenges, rather, the assertions, made in paragraph 34 of the 2002 decision and reproduced in paragraph 23 of the contested decision, that the choice, by the specialised public concerned, of one or other of the types of goods

covered by the marks at issue 'will only minimally be affected or influenced by the marking accompanying the products and ingredients [it] uses in [its] manufacturing concerns' and,'[i]n this type of situation, before a finding of a likelihood of confusion can be arrived at there must be a high degree of similarity between the marks'.

77 That is a complaint that is therefore also irrelevant. There is no need to determine what degree of similarity of the marks at issue would, in the present case, be enough to result in a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94, it being sufficient to point out that the Board of Appeal concluded that those marks were not at all similar.

78 It suffices, therefore, in order to respond to this plea in law, to examine that latter conclusion in the contested decision, taking into account, first, the perception of the marks at issue by the public referred to above, which was correctly identified by the Board of Appeal in the contested decision, and second, the applicant's argument regarding the alleged errors committed by the Board of Appeal in the visual and phonetic comparison of those marks.

79 In paragraph 27 of the 2002 decision, reproduced in paragraph 23 of the contested decision, the Board of Appeal first carried out a visual comparison of the two marks at issue. In that regard, the Board of Appeal pointed out that the fact that those marks both consisted of five letters was no more than a 'likely coincidence'. In addition, it added that, although those marks shared the letter 'a' and the ending 'ol', they 'clearly differ[ed]' visually.

80 The applicant contests those considerations, which it regards as empty and meaningless. In its view, the Board of Appeal, disregarding the case-law, failed to explain why the fact that the marks at issue had the same number of letters had no influence on the assessment of their similarity.

81 That argument cannot be upheld. The fact that two word marks have the same number of letters is not, as such, of any particular significance for the public targeted by those marks, even for a specialised public such as that in the present case. Since the alphabet is made up of a limited number of letters, which, moreover, are not all used with the same frequency, it is inevitable that many words will have the same number of letters and even share some of them, but they cannot, for that reason alone, be regarded as visually similar.

82 In addition, the public is not, in general, aware of the exact number of letters in a word mark and, consequently, will not notice, in the majority of cases, that two conflicting marks have the same number of letters.

83 What matters in the assessment of the visual similarity of two word marks is, rather, the presence, in each of them, of several letters in the same order. Thus, the Board of Appeal rightly did not attach particular importance to the presence, in the two marks at issue, of the letter 'a', that being the first letter in the mark applied for, followed by the letters 'rc', whereas it is the second letter in the earlier mark, situated between two different letters, namely 'c' and 'p'.

84 By contrast, the ending 'ol' of the marks at issue constitutes, as the Board of Appeal accepted, a common element of the marks. However, since that group of letters comes at the end of those marks and is preceded, in each, by completely different groups of letters (respectively, 'arc' and 'cap'), the Board of Appeal concluded, correctly, that that

ending was not capable of calling into question the conclusion that those marks, considered as a whole, were not visually similar.

85 That is all the more true because, as the Court of First Instance has repeatedly held, the consumer generally pays greater attention to the beginning of a mark than to the end (see Case T-133/05 *Meric* v *OHIM — Arbora & Ausonia (PAM-PIM'S BABY-PROP)* [2006] ECR II-2737, paragraph 51, and *l'Altra Moda*, cited in paragraph 44 above, at paragraph 43).

86 With regard, next, to the phonetic comparison between the two marks at issue, in paragraph 28 of the 2002 decision, reproduced in paragraph 23 of the contested decision, the Board of Appeal reviewed various likely pronunciations of the mark applied for, before concluding that the pronunciation of the marks at issue in the Member States would vary, even though those marks would each have two syllables.

87 Those considerations must be accepted. Contrary to what is claimed by the applicant, the Board of Appeal cannot be criticised for basing its decision on the 'likely' pronunciations of the mark applied for. Since it is an invented term which does not correspond to any existing word in a Community language, as long as it has not been registered and used to describe goods, it can only be a matter of its likely pronunciation by the public concerned.

88 Moreover, while the applicant criticises the competent OHIM bodies for not having examined the pronunciation of the two marks at issue in all the languages of the Member States of the Community, it did not specify the language or languages, supposedly ignored by the Board of Appeal, in which the two marks would be pronounced in such as way as to justify or prove a phonetic similarity between them.

89 The fact, also relied upon by the applicant, that the marks at issue both have the same number of syllables (two), is of no particular importance for the perception of the marks at issue by the public in general and, in particular, by the relevant specialised public and cannot, as such, lead to the conclusion that those marks are phonetically similar.

90 In those circumstances, and taking into account the fact that, whatever the exact pronunciation of the initial distinctive group of letters 'arc' in the mark applied for, it will in any case differ considerably from that of the initial group of letters 'cap' in the earlier mark, the presence, at the end of the two marks, of the group of letters 'ol', which is likely to be pronounced in the same way in both cases, does not suffice to make those marks, taken as a whole, phonetically similar.

91 Finally, as stated in paragraph 29 of the 2002 decision, reproduced in the contested decision, neither of the two marks has a meaning linking it to a particular concept and, consequently, they cannot be conceptually similar. That conclusion is not, moreover, contested by the applicant.

92 On the basis of the foregoing findings and arguments, it must be held that the Second Board of Appeal did not infringe Article 8(1)(b) of Regulation No 40/94 when it found, in paragraphs 26 to 28 of the contested decision, that the marks at issue were not in any way identical or similar and that, therefore, that provision was not applicable, even if the goods covered by the marks were identical.

93 With regard to the applicant's complaint that the Board of Appeal failed to respond to its arguments, including those put forward before the Community Courts in the proceedings which led to the judgment in *OHIM* v *Kaul*, cited in paragraph 13 above, the applicant has completely failed to specify the arguments supposedly ignored by the Second Board of Appeal.

94 In that regard, it should be pointed out that, in any case, the Second Board of Appeal, when adopting the contested decision, had to take into account only the arguments contained in the observations submitted by the applicant before the various OHIM bodies. By contrast, the arguments put forward by the applicant during the proceedings before the Community Courts were not addressed to OHIM and the Board of Appeal was not obliged to take them into consideration or to respond specifically to them in its decision.

95 With regard to the arguments put forward by the applicant before the OHIM bodies, it is evident from reading the file relating to the proceedings before the Board of Appeal, forwarded to the Court of First Instance pursuant to Article 133(3) of the Rules of Procedure of the Court of First Instance, that, in the notice of opposition which it submitted, in its observations before the Opposition Division, and in the statement containing the grounds of its appeal to the Board of Appeal, the applicant put forward arguments concerning the relevant public, the identical or similar character of the goods covered by the marks at issue, the similar character of those marks and the supposedly highly distinctive character of the earlier mark.

96 Those questions and the arguments of the applicant pertaining to them were examined by the Board of Appeal in the contested decision. The applicant's complaint must therefore be rejected as unfounded.

97 The applicant's complaint relating to the disregard, by the Board of Appeal, of the position supposedly adopted by the OHIM representative during the proceedings before the Community Courts must also be rejected.

98 Decisions concerning registration of a sign as a Community trade mark which the Boards of Appeal are called on to take under Regulation No 40/94 are adopted in the

exercise of circumscribed powers and are not a matter of discretion. Accordingly, the question whether a sign may be registered as a Community trade mark must be assessed solely on the basis of that regulation, as interpreted by the Community Courts, and not on the basis of a previous practice of OHIM (see Case T-304/06 *Reber* v *OHIM — Chocoladefabriken Lindt & Sprüngli (Mozart)* [2008] ECR II-1927, paragraph 45 and the case-law cited).

99 Those considerations are all the more valid as regards a declaration supposedly made by the OHIM representative before the Community Courts, particularly because, in the light of the independence of the President and members of the Boards of Appeal of OHIM, laid down in Article 131(4) of Regulation No 40/94, they are not bound by the position adopted by OHIM in a dispute before the Community Courts.

100 Consequently, even if the OHIM representative did in fact make the declaration alleged by the applicant, the Board of Appeal was not bound by it and did not have to explain, in the contested decision, the grounds on which it disregarded it.

101 It follows from all the foregoing considerations that the present plea is not well founded and must be rejected and that, in consequence, the action must be dismissed in its entirety.

Costs

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

On those grounds,

THE COURT OF FIRST INSTANCE (Fifth Chamber)

hereby:

1. Dismisses the action;

2. Orders Kaul GmbH to pay the costs.

Vilaras Prek Ciucă

Delivered in open court in Luxembourg on 25 March 2009.

[Signatures]