JUDGMENT OF THE COURT OF FIRST INSTANCE (Fourth Chamber)
23 October 2002 *

In Case T-388/00,

Institut für Lernsysteme GmbH, established in Hamburg (Germany), represented by J. Schneider and A. Buddee, lawyers, with an address for service in Luxembourg,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by A. von Mühlendahl, A. di Carlo and O. Waelbroeck, acting as Agents,

defendant,

* Language of the case: English.

the other party to the proceedings before the Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) being

ELS Educational Services, Inc., established in Culver City, California (United States),

ACTION brought against the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) of 18 October 2000 (Case R 074/2000-3),

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

composed of: M. Vilaras, President, V. Tiili and P. Mengozzi, Judges,

Registrar: D. Christensen, Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 30 December 2000,

having regard to the response lodged by the Office for Harmonisation in the Internal Market (Trade Marks and Designs) at the Registry of the Court on 15 May 2001,

further to the hearing on 27 February 2002,

gives the following

Judgment

Legal background

1 Paragraphs (1)(b) and (2)(a)(ii) of Article 8 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended, provides as follows:

'1. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:

...

(b) 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.

For the purposes of paragraph 1, "Earlier trade marks" means:

(a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the Community trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:

...

(ii) trade marks registered in a Member State, or, in the case of Belgium, the Netherlands or Luxembourg, at the Benelux Trade Mark Office;

...'

2 Article 42(1)(a) and (3) of Regulation No 40/94 provides as follows:

'1. Within a period of three months following the publication of a Community trade mark application, notice of opposition to registration of the trade mark may be given on the grounds that it may not be registered under Article 8:

(a) by the proprietors of earlier trade marks referred to in Article 8(2) as well as licensees authorised by the proprietors of those trade marks, in respect of Article 8(1) and (5);

...

3. Opposition must be expressed in writing and must specify the grounds on which it is made. It shall not be treated as duly entered until the opposition fee has been paid. Within a period fixed by the Office, the opponent may submit in support of his case facts, evidence and arguments.'

3 Article 43(1)(2)(3) and (5) of Regulation No 40/94 provides as follows:-

'1. In the examination of the opposition the Office shall invite the parties, as often as necessary, to file observations, within a period set them by the Office, on communications from the other parties or issued by itself.

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

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

...

5. If examination of the opposition reveals that the trade mark may not be registered in respect of some or all of the goods or services for which the Community trade mark application has been made, the application shall be refused in respect of those goods or services. Otherwise the opposition shall be rejected.'

4 Rule 22(1) of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1) provides as follows:

'(1) Where, pursuant to Article 43(2) or (3) of the Regulation, the opposing party has to furnish proof of use or show that there are proper reasons for non-use, the Office shall invite him to provide the proof required within such period as it shall specify. If the opposing party does not provide such proof before the time limit expires, the Office shall reject the opposition.'

Background to the dispute

5 On 1 April 1996 ELS Educational Services, Inc. (hereinafter 'ELS') filed an application for a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) under Regulation No 40/94.

6 The trade mark in respect of which registration was sought was the acronym 'ELS' (hereinafter 'the mark claimed').

7 The goods and services in respect of which registration of the trade mark was sought were in Classes 16, 35 and 41 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 descriptions for each class:

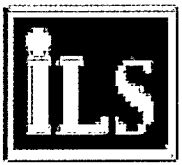
Class 16: 'Educational textbooks and printed materials namely student workbooks, catalogues, teaching manuals, printed instruction materials and charts and booklets designed for students seeking to learn English as a second language.'

Class 35: 'Rendering technical assistance in connection with the establishment and/or operation of language schools.'

Class 41: 'Educational services, namely providing English language instruction.'

8 On 23 January 1998 the applicant filed a notice of opposition under Article 42 of Regulation No 40/94 against the mark claimed (B 11371). The ground relied on in support of the opposition was the likelihood of confusion, within the meaning of Article 8(1)(b) of Regulation No 40/94, between the mark claimed and an

earlier mark owned by the applicant. The earlier mark in question (hereinafter 'the earlier mark') is German registration no 2005750 of the figurative sign reproduced below:



9 The goods and services in respect of which the earlier mark is registered are in Classes 9, 16 and 41 of the Nice Classification, and correspond to the following descriptions for each class:

Class 9: 'Data carriers of all kinds with programmes for educational purposes.'

Class 16: 'Educational and teaching materials (except for apparatus) in the form of printed materials.'

Class 41: 'Development and running of correspondence courses.'

10 Upon request by ELS, OHIM asked the applicant, by fax of 15 July 1998, to furnish, within two months, proof of use of the earlier mark for the purposes of Article 43(2) and (3) of Regulation No 40/94 and Rule 22(1) of Regulation No 2868/95.

11 Within the time-limit set by OHIM to prove use of the earlier mark, the applicant explicitly referred to the documents submitted in a parallel opposition procedure (B 10845), namely an affidavit of one of the applicant's directors, study booklets, the brochure for a seminar and advertising leaflets. After the expiry of that time-limit, on 24 March 1999 the applicant appended further supplementary documents (photocopies of three cassettes bearing the earlier mark) to its reply to the observations of ELS on the evidence it had filed within the time-limit.

12 By decision of 24 November 1999, the Opposition Division rejected the opposition pursuant to Article 8(1)(b) and Articles 42 and 43 of Regulation No 40/94, and Rule 22(1) of Regulation No 2868/95. The Opposition Division took the view, first of all, that the additional documents submitted as evidence of use of the earlier mark, which were produced after the expiry of the period laid down by OHIM, could not be admitted. Next, it found that the documents submitted by the applicant within the time-limit proved genuine use of the earlier mark for the services comprising 'development and running of correspondence courses', but not for 'educational and teaching materials (except for apparatus) in the form of printed materials', or for 'data carriers of all kinds with programmes for educational purposes'. The Opposition Division also found that there was no likelihood of confusion between the earlier mark and the mark claimed in relation to all the goods and services covered by the application.

13 On 21 January 2000 the applicant filed an appeal with OHIM against the decision of the Opposition Division pursuant to Article 59 of Regulation No 40/94.

14 The appeal was dismissed by decision of the Third Board of Appeal of OHIM of 18 October 2000, which was served on the applicant on 30 October 2000 (hereinafter the 'contested decision').

15 The Board of Appeal found in essence that the decision of the Opposition Division was well founded. First, it confirmed the Opposition Division's findings with regard to proof of genuine use of the earlier mark, and its rejection of the additional documents submitted after the expiry of the time-limit laid down by OHIM. Second, the Board of Appeal held that there was no likelihood of confusion between the earlier mark and the mark claimed.

Forms of order sought

16 The applicant claims that the Court should:

— annul the contested decision;

— refuse the mark claimed;

— order OHIM to pay the costs.

17 OHIM contends that the Court should:

— dismiss the applicant's application;

— order the applicant to pay the costs.

Law

Application that the mark claimed be refused

18 Under the second head of its application, the applicant is essentially asking the Court to direct OHIM to refuse to register the mark claimed.

19 It should be recalled in that connection that, under Article 63(6) of Regulation No 40/94, OHIM is to take the measures necessary to comply with the judgment of the Community Courts. Accordingly, the Court of First Instance is not entitled to issue directions to OHIM. It is for OHIM to draw the appropriate inferences from the operative part of this judgment and the grounds on which it is based. The second head of the applicant's application is therefore inadmissible (Case T-331/99 *Mitsubishi HiTec Paper Bielefeld* v *OHIM (Giroform)* [2001] ECR II-433, paragraph 33; Case T-34/00 *Eurocool Logistik* v *OHIM (EUROCOOL)* [2002] ECR II-683, paragraph 12).

The claim for annulment

20 The applicant relies on two pleas in law. By the first it alleges infringement of the procedure for producing proof of use of the earlier mark and, by the second, infringement of Article 8(1)(b) of Regulation No 40/94.

First plea: infringement of the procedure for producing proof of use of the earlier mark

— Arguments of the parties

21 The applicant contends that the Board of Appeal ought to have taken account of the additional evidence submitted on 24 March 1999, since this supplemented the evidence already submitted and in particular the affidavit of the applicant's director. It argues that in so far as it was confronted with objections by ELS it replied by submitting additional documents.

22 The applicant claims that the Board of Appeal infringed Article 43(1) of Regulation No 40/94 by rejecting the documents filed in the parallel opposition procedure B 10845 as proof of use of the earlier mark. The applicant accordingly contends that if OHIM did not deem it appropriate to make use of documents produced in separate but parallel proceedings in this case, it should have made that clear so the applicant could have responded by sending, within the time allowed, further evidence documenting the use of the earlier mark.

23 As a preliminary point, OHIM contends that it is unnecessary in the present case for the Court to decide whether additional proof of use of an earlier trade mark may be submitted after the expiry of the period provided for by Rule 22(1) of Regulation No 2868/95 because, even if the applicant had proved genuine use of the earlier mark for the goods covered by that mark, that would not have affected the substance of the contested decision.

24 Nevertheless, should the Court consider it necessary to give a decision on that point, OHIM maintains that, as the Board of Appeal rightly held, in *inter partes* proceedings additional evidence cannot be submitted after the period allowed by OHIM has expired.

25 OHIM maintains that Rule 22(1) of Regulation No 2868/95 provides for a peremptory time-limit, which does not permit the additional evidence of use of the earlier mark submitted by the applicant within the period allowed to it to reply to the observations of ELS on the applicant's evidence of that use, within the time-limit allowed by OHIM, to be admitted in application of that rule.

26 Finally, OHIM contends that the applicant has misconstrued the Board of Appeal's reasoning at paragraph 23 of the contested decision, and that the Board did take into account the evidence submitted in opposition procedure B 10845.

— Findings of the Court

27 As a preliminary point, the Court observes that the fact that the Board of Appeal did not take account of the documents produced by the applicant out of time is liable to affect the analysis of the likelihood of confusion between the marks in question. Accordingly, the applicant has *locus standi* to ask the Court, for the purposes of the plea now under consideration, to rule on the validity of the position adopted by the Board of Appeal.

28 First, Rule 22(1) of Regulation No 2868/95 provides that, where the opponent has to furnish proof of use of the mark, OHIM is to invite him to do so within such period as it specifies. By virtue of that provision, read in conjunction with

Article 43(2) of Regulation No 40/94, if evidence establishing use of the mark is not produced within the period specified by OHIM the opposition must be rejected. That peremptory nature of the time-limit laid down by the rule in question means that OHIM cannot take account of evidence that is submitted late.

29 In this case the applicant submitted documents after the period specified by OHIM under Rule 22(1) of Regulation No 2868/95 had expired. The fact that, in its comments on the evidence of use of the mark submitted by the applicant, ELS challenges that evidence, cannot have the effect of causing that period to start to run afresh and of allowing the applicant to supplement the evidence of use submitted within the period specified by OHIM. OHIM was therefore required to take account only of the documents produced within the period specified for proof to be furnished of use of the earlier mark.

30 It follows from the foregoing that the additional evidence produced by the applicant after the time-limit provided for in Rule 22(1) of Regulation No 2868/95 had expired had to be excluded.

31 Second, as regards the validity of the practice of referring to documents produced in another case, it must be held that, if an opponent of a Community trade mark application has already had to prove use of an earlier mark in earlier proceedings, he may refer to documents already filed with OHIM in those proceedings where he is called upon to provide evidence of use of that earlier trade mark on a subsequent occasion.

32 It is clear from the documents before the Court in this case that, contrary to what the applicant contends, in making its decision OHIM did take account of the documents produced by the applicant, on 24 July 1998, in Case B 10845. In Case

B 11371, and before 15 September 1998, the date on which the period specified for submission of proof of use expired, the applicant explicitly referred, in a communication of 6 August 1998, to the documents submitted in Case B 10845. From that time, those documents also formed part of the file in Case B 11371. Accordingly, they were examined once by the Opposition Division and a second time by the Board of Appeal. The Board of Appeal affirmed that none of the missing evidence in Case B 11371 had been submitted in Case B 10845 (see paragraph 23 of the contested decision).

33 In view of all of the foregoing, the plea now under consideration is rejected.

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

— Arguments of the parties

34 The applicant claims first of all that, as regards comparison of the goods and services in question, there is similarity and, in part, identity between the goods and services. The applicant maintains in that connection that the contested decision failed to apply correctly the principle that the closer the goods and services are to one another, the greater must be the distance between the marks, so as not to create confusion.

35 Second, as regards comparison of the signs in question, the applicant submits that the figurative element of the earlier mark is by nature subordinate to the word element ILS. It contends, furthermore, that the contested decision failed to take

account of the fact that, when marks are compared, this should be done from the viewpoint of an averagely attentive consumer who normally perceives trade marks one after the other rather than simultaneously, and tends not to subject the differences between the marks to careful consideration.

36 As to the phonetic analysis of the signs in question, the applicant argues that the English language is of increasing importance in Germany, and that the application for the mark in question has its origins in the English-speaking world. Thus, it claims that English pronunciation of the mark in respect of which registration is sought exactly matches the German pronunciation of the earlier mark.

37 In view of the extensive similarity between the goods and services, the applicant maintains that the slight difference between the initial letters is not sufficient to avoid a risk of confusion.

38 OHIM states that assessment of the likelihood of confusion is a complex exercise involving a measure of discretion. It further states that the Court of Justice has developed general principles which, if properly applied, will avoid arbitrary findings and lead to greater harmonisation when assessing likelihood of confusion. OHIM contends that the Board of Appeal's assessment of the likelihood of confusion between the conflicting trade marks followed the general principles laid down by the Court of Justice.

39 As regards, first of all, comparison of the goods and services in question, the Board of Appeal's findings concerning the identity and similarity of the goods and services covered by the conflicting trade marks were correct.

40 Second, as regards comparison of the signs, OHIM submits that the Board of Appeal was correct in finding that the two signs differ visually and phonetically for the following reasons:

— the first letter, the only vowel in each sign, is different;

— the conflicting signs consist of three-letter abbreviations; and

— the earlier sign has a figurative element.

41 OHIM also disputes the applicant's assertion regarding the English pronunciation of the acronym corresponding to the mark claimed and observes that, if it is true, the two signs would be pronounced in English and therefore the phonetic difference would remain.

42 OHIM contends that a conceptual comparison of the signs in question is not feasible because neither of them conveys any message in German.

43 Third, with regard to the likelihood of confusion, OHIM contends that, as was pointed out in the contested decision, the signs in question are not confusingly similar for the average consumer, and that the contested decision took account of the principle of interdependence between the similarity of the signs and that of the goods and services.

— Findings of the Court

44 According to the case-law of the Court of Justice on the interpretation of Article 4(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), which contains rules essentially identical to those in Article 8(1)(b) of Regulation No 40/94, the likelihood 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 (Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 29 and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17).

45 According to the same case-law, likelihood of confusion on the part of the public must be assessed globally, taking into account all factors relevant to the circumstances of the case (see Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 22; *Canon*, cited above, paragraph 16; *Lloyd Schuhfabrik Meyer*, cited above, paragraph 18; and Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 40).

46 That global assessment implies some interdependence between the factors taken into account and in particular similarity between the trade marks and between the goods or services covered. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa (*Canon*, cited above, paragraph 17 and *Lloyd Schuhfabrik Meyer*, cited above, paragraph 19). The interdependence of these factors is expressly mentioned in the seventh recital in the preamble to Regulation No 40/94, according to which the concept of similarity is to be interpreted in relation to the likelihood of confusion, the appreciation of which depends, *inter alia*, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services identified.

47 In addition, the perception of marks in the mind of the average consumer of the goods or services in question plays a decisive role in the global assessment of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (see *SABEL*, cited above, paragraph 23 and *Lloyd Schuhfabrik Meyer*, cited above, paragraph 25). For the purposes of that global assessment, the average consumer of the products concerned is deemed to be reasonably well informed and reasonably observant and circumspect. In addition, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks, but has to place his trust in the imperfect image of them that he has retained in his mind. It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question (*Lloyd Schuhfabrik Meyer*, cited above, paragraph 26).

48 In this case, given the nature of the goods and services concerned (educational textbooks and printed materials, namely student workbooks, catalogues, teaching manuals, printed instruction materials and charts and booklets designed for students seeking to learn English as a second language and educational services, namely providing English-language instruction), which are goods and services for everyday use, and the fact that the earlier mark on which the opposition was based is registered and protected in Germany, the targeted public in relation to which likelihood of confusion must be assessed is composed of average consumers in that Member State.

49 Pursuant to Article 8(1)(b) of Regulation No 40/94, and in the light of the foregoing considerations, it is necessary to compare, on the one hand, the goods and services concerned and, on the other, the conflicting signs.

50 As regards, first, comparison of the goods and services, it should be noted at once that, under Article 43(2) of Regulation No 40/94, where the opponent produces proof of use of the earlier mark only in respect of some of the goods or services

for which it is registered, the mark is, for the purposes of the assessment of the opposition, deemed to be registered only in respect of those goods and services. Under that provision, when comparing goods and services covered by the marks in question in the present case, only the services covered by the earlier mark in respect of which the Board of Appeal found that proof of use was submitted, that is to say 'development and running of correspondence courses', are to be taken into consideration.

51 Next, the Court points out that, according to the case-law of the Court of Justice, in assessing the similarity of the goods or services concerned, all the relevant factors pertaining to the relationship between those goods and services are to be taken into account. Those factors include, *inter alia*, their nature, their end users and their method of use and whether they are in competition with one another or are complementary (*Canon*, cited above, paragraph 23).

52 At paragraph 25 of the contested decision, the Board of Appeal upheld the finding of the Opposition Division in relation to the comparison of the goods and services concerned, namely that the services comprising 'development and running of correspondence courses' designated by the earlier mark are identical to 'educational services, namely providing English language tuition', similar to 'educational textbooks and printed materials, namely student workbooks, catalogues, teaching manuals, printed instruction materials and charts and booklets designed for students seeking to learn English as a second language', but different from 'rendering technical assistance in connection with the establishment and/or operation of language schools'.

53 First, the services comprising 'development and running of correspondence courses' designated by the earlier mark are, as educational services, included in the general category, designated by the trade mark application, of 'educational services, namely providing English language instruction'. The Board of Appeal was therefore right in holding them to be identical.

54 Second, the Board of Appeal considers that services comprising 'development and running of correspondence courses' identified by the earlier mark are similar to 'educational textbooks and printed materials namely student workbooks, catalogues, teaching manuals, printed instruction materials and charts and booklets designed for students seeking to learn English as a second language' designated by the mark claimed.

55 It must be observed that, in order to supply services involving the 'development and running of correspondence courses', it is both helpful and usual to make use of 'educational textbooks and printed materials namely student workbooks, catalogues, teaching manuals, printed instruction materials and charts and booklets designed for students seeking to learn English as a second language'. Thus, undertakings offering any kind of course often hand out those products to pupils as support learning materials.

56 Accordingly, given the close link between the goods and services in question as regards their end users, and also the fact that the products complement the services, the Board of Appeal was right in holding the goods and services to be similar.

57 Third, with respect to comparison of the services of 'development and running of correspondence courses' designated by the earlier mark with those of 'rendering technical assistance in connection with the establishment and/or operation of language schools' identified by the mark claimed, the Board of Appeal simply found that the services in question were different (paragraph 25 of the contested decision), without giving any reasons. That finding is liable to have consequences in this case, namely partial registration of the mark in respect of the services in question, if all the other criteria which must be taken into account in determining whether there is a likelihood of confusion are met.

58 In those circumstances, the Court holds that the Board of Appeal failed to fulfil its obligation under Article 73 of Regulation No 40/94, which provides that 'Decisions of the Office shall state the reasons on which they are based'.

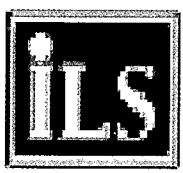
59 In addition, it must be borne in mind that the statement of reasons on which a decision adversely affecting a person is based must provide that person with the information necessary in order to know whether that decision is well founded and enable the Community Courts to exercise their power of judicial review. Accordingly, the fact that a statement of reasons is lacking or is inadequate, thereby hindering that review, constitutes a matter of public interest which may, and even must, be raised by the Community Court of its own motion (Case 18/57 *Nold* v *High Authority* [1959] ECR 41 and Case C-166/95 P *Commission* v *Daffix* [1997] ECR I-983, paragraphs 23 and 24).

60 Consequently, the contested decision must, in so far as it finds that the services 'development and running of correspondence courses' identified by the earlier mark and those comprising 'rendering technical assistance in connection with the establishment and/or operation of language schools' identified by the mark claimed are different, be annulled for infringement of essential procedural requirements.

61 Accordingly, in making the global assessment of the likelihood of confusion, account is to be taken only of the identity between the services comprising 'development and running of correspondence courses' designated by the earlier mark and 'educational services, namely providing English language instructions' designated by the mark claimed, and of the similarity between the aforementioned services comprising the 'development and running of correspondence courses' and 'educational textbooks and printed materials namely student workbooks, catalogues, teaching manuals, printed instruction materials and charts and booklets designed for students seeking to learn English as a second language' designated by the mark claimed.

62 Second, as regards comparison of the signs, it must be observed that, according to the case-law of the Court of Justice, the global assessment of the likelihood of confusion must, as regards the visual, aural or conceptual similarity of the marks in question, be based on the overall impression created by them, bearing in mind, in particular, their distinctive and dominant components (*SABEL*, cited above, paragraph 23 and *Lloyd Schuhfabrik Meyer*, cited above, paragraph 25). Furthermore, the Court of Justice has held that it is possible that mere aural similarity between trade marks may create a likelihood of confusion (see *Lloyd Schuhfabrik Meyer*, cited above, paragraph 28). It is therefore necessary to compare the conflicting signs in this case at the visual, aural and conceptual levels.

63 As regards, first, visual comparison, the following two signs must be examined:



Earlier mark

ELS

Mark claimed

64 The earlier mark is composed of a figurative sign containing the acronym ILS in white letters, the first letter being lower case and the second two letters upper case. The three letters are of the same size and appear on a black background in a rectangular frame with a white border. The mark claimed comprises the letters ELS.

65 OHIM considers that the difference in the first letter, which is the only vowel in a sign composed purely of an acronym of three letters, is considerable and that the figurative aspect of the earlier mark strengthens that impression.

66 It must first of all be observed that the word elements of the conflicting marks comprise acronyms of the same length, namely three letters. The only dissimilarity between the acronyms concerns the first letter: 'i' in the earlier mark and capital 'E' in the mark claimed. The next two letters in both acronyms, the 'L' and the 'S', are in the same sequence and position. As a result of the fact that two of the three letters are identical and in the same sequence, the difference in a single letter does not constitute a significant visual difference.

67 Second, the visual dissimilarity between the signs is not created by the figurative component of the earlier mark. In application of the principle laid down by the Court of Justice and referred to at paragraph 62 above, when comparing the signs, account must be taken in particular of their dominant elements. It is clear in the present case that the figurative element is secondary to the dominant element of the earlier mark, namely the letters ILS.

68 It follows that there is a visual similarity between the earlier mark and the mark claimed.

69 As regards, next, aural comparison, the Board of Appeal affirms that the marks may be distinguished in German either on the basis of pronunciation of the acronym as one word or on the basis of the spelling of the acronym, given the difference in the first letter (paragraph 29 of the contested decision). The

applicant argues that the English pronunciation of the acronym corresponding to the marks claimed is identical to the German pronunciation of the earlier mark. OHIM contests that latter argument, claiming that if both acronyms are pronounced in English, the aural difference remains.

70 It must first of all be observed that the manner in which the acronyms in question are pronounced, as a one-word acronym or letter by letter, is irrelevant to the assessment of the aural comparison of those acronyms.

71 With regard to the pronunciation of the two acronyms in question in the language of the targeted public, which is German, it must be observed that the vowel phonemes 'E' and 'I' are pronounced similarly and that the consonant phonemes 'L' and 'S' are pronounced exactly the same in each sign.

72 In addition, in determining the aural perception of the signs by the targeted public, account must be taken of all relevant factors and the specific circumstances of the case. In that respect, it is conceivable the targeted public may be addressed, with a view to offering it English courses, by pronouncing the mark claimed as it is in English, a pronunciation which, moreover, is identical to the German pronunciation of the earlier mark. Accordingly, irrespective of their knowledge of languages, the targeted public, not knowing that the mark claimed has been pronounced in English, is likely to confuse it with the earlier mark.

73 There is therefore aural similarity between the earlier mark and the mark claimed.

74 Finally, as OHIM correctly pointed out, it is not possible to make a conceptual comparison of the conflicting marks in this case because the signs have no meaning in the language of the targeted public, which is German.

75 Therefore, having regard, first, to the identity between the services comprising 'development and running of correspondence courses' designated for the earlier mark and 'educational services, namely providing English language instruction' designated by the mark claimed, and to the similarity between the services 'development and running of correspondence courses' and 'educational textbooks and printed materials namely student workbooks, catalogues, teaching manuals, printed instruction materials and charts and booklets designed for students seeking to learn English as a second language' designated by the mark claimed, and second, to the similarity between the signs in question, the differences between those signs are not sufficient to dispel the likelihood of confusion in the mind of the targeted public.

76 In the context of the global assessment of the likelihood of confusion, the fact that the educational services in question are not provided on a daily or weekly basis (paragraph 31 of the contested decision) increases the possibility that the targeted public might be misled by its imprecise recollection of the configuration of the marks. In that connection, it should be borne in mind that the targeted public has to place its trust in the imperfect image of the marks retained by it (see paragraph 47 above).

77 Application of the principle of the interdependence of the various factors confirms that conclusion. There may be a likelihood of confusion, notwithstanding a lesser degree of similarity between the trade marks, where the goods or services covered by them are very similar and the earlier mark is highly distinctive (see *Lloyd Schuhfabrik Meyer*, cited above, paragraph 21). In this case, as has

already been found, the services 'developing and running correspondence courses' covered by the earlier mark are identical to 'educational services, namely providing English language instruction' designated by the Community trade mark application. As a consequence of that identity, the differences between the marks in question are attenuated in the global assessment of the likelihood of confusion.

78 It follows from all of the foregoing considerations that the Board of Appeal was wrong in holding that there was no likelihood of confusion between the marks in question and that it therefore infringed Article 8(1)(b) of Regulation No 40/94.

79 The contested decision must therefore be annulled in so far as it relates to the analysis of the likelihood of confusion of the mark claimed with the earlier mark in regard to services within Class 41 'development and running of correspondence courses' in respect of which genuine use of that mark has been proved.

Costs

80 Under Article 87(3) of its Rules of Procedure, the Court of First Instance may, where each party succeeds on some but fails on other heads, order that the costs be shared. In the present circumstances, since the application has only partially been upheld in this case, it is appropriate to order the defendant to bear its own costs and pay two thirds of the costs incurred by the applicant. The applicant is to bear one third of its own costs.

On those grounds,

THE COURT OF FIRST INSTANCE (Fourth Chamber)

hereby:

1. Annuls the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 18 October 2000 (Case R 074/2000-3) in so far as it relates to the analysis of the likelihood of confusion between the conflicting marks;

2. For the rest, dismisses the application;

3. Orders the defendant to bear its own costs and pay two thirds of the costs incurred by the applicant. The applicant shall bear one third of its own costs.

Vilaras Tiili Mengozzi

Delivered in open court in Luxembourg on 23 October 2002.

H. Jung
Registrar

V. Tiili
President