JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)
22 June 2004 *

In Case T-185/02,

Claude Ruiz-Picasso, residing in Paris (France),

Paloma Ruiz-Picasso, residing in London (United Kingdom),

Maya Widmaier-Picasso, residing in Paris,

Marina Ruiz-Picasso, residing in Geneva (Switzerland),

Bernard Ruiz-Picasso, residing in Paris,

represented by C. Gielen, lawyer,

applicants,

* Language of the case: German.

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

defendant,

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

DaimlerChrysler AG, established in Stuttgart (Germany), represented by S. Völker, lawyer, with an address for service in Luxembourg,

APPEAL against the decision of the Third Board of Appeal of OHIM of 18 March 2002 (Case R 0247/2001-3) relating to opposition proceedings between the Picasso estate and DaimlerChrysler AG,

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

composed of: N.J. Forwood, President, J. Pirrung and A.W.H. Meij, Judges,
Registrar: D. Christensen, Administrator,

having regard to the written procedure and further to the hearing on 11 November 2003,

gives the following

Judgment

Background to the dispute

1 On 11 September 1998 the intervener filed an application, in German, with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) for a Community trade mark, pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

2 The mark for which registration was sought is the word sign PICARO.

3 The goods and services in respect of which the mark was sought to be registered fall within Class 12 of the Nice Agreement on the international classification of goods and services for the purposes of the registration of marks of 15 June 1957, as revised and amended, corresponding to the following description: 'Vehicles and parts therefor; omnibuses'.

4 On 25 May 1999 the application for the trade mark was published in the *Community Trade Marks Bulletin*.

5 On 19 August 1999 the Picasso estate, an estate in co-ownership under Article 815 et seq. of the French Civil Code, the co-owners being the applicants, raised an opposition under Article 42(1) of Regulation No 40/94 against registration of the mark applied for, for all classes of goods referred to in the application. The ground of the opposition was the likelihood of confusion referred to in Article 8(1)(b) of Regulation No 40/94. The opposition was based on the existence of Community trade mark No 614 867 owned by the Picasso estate ('the earlier mark'). The earlier mark, namely the word mark PICASSO, was filed on 1 August 1997 and registered on 26 April 1999 for goods within Class 12 of the Nice Agreement, described as follows: 'Vehicles; apparatus for locomotion by land, air or water, motor cars, motor coaches, trucks, vans, caravans, trailers'.

6 By decision of 11 January 2001, the Opposition Division rejected the opposition on the ground that there was no likelihood of confusion between the marks at issue.

7 On 7 March 2001 the Picasso estate appealed to OHIM pursuant to Article 59 of Regulation No 40/94, seeking for the decision of the Opposition Division to be set aside and the application for the trade mark to be rejected.

8 By decision of 18 March 2002, notified to the applicants on 17 April 2002 (Case R 247/2001-3, 'the contested decision'), the Third Board of Appeal of OHIM dismissed the appeal. It considered essentially that, in view of the high degree of attention of the relevant public, the marks at issue were not phonetically or visually similar. It further considered that the conceptual impact of the earlier mark was such as to counteract any phonetic and/or visual similarity between the marks at issue.

Procedure and forms of order sought by the parties

9 By an application in English lodged with the Registry of the Court on 13 June 2002, the applicants, acting under the name 'Picasso estate' ('succession Picasso'), brought the present action.

10 Since the intervener objected, within the period laid down for that purpose by the Court Registry, to English becoming the language of the case, German, as the language in which the application for the Community trade mark had been drafted, was adopted as language of the case in accordance with the second subparagraph of Article 131(2) of the Rules of Procedure of the Court.

11 Upon hearing the report of the Judge-Rapporteur, the Court (Second Chamber) decided to open the oral procedure and, as measures of organisation of procedure provided for in Article 64 of the Rules of Procedure, put questions to the applicants and OHIM, which were answered within the period laid down for that purpose.

12 The parties presented argument and answered the Court's questions at the hearing on 11 November 2003.

13 The applicants claim that the Court should:

— set aside the contested decision;

— allow the opposition and reject the application for the trade mark;

— order the intervener to pay the costs.

14 OHIM contends that the Court should:

— dismiss the application;

— order the applicants to pay the costs.

15 The intervener contends that the Court should:

— dismiss the application;

— order the applicants to pay the costs.

Admissibility of the action

Arguments of the parties

16 The intervener submits that the action is inadmissible, since the Picasso estate is neither a natural nor a legal person. The application does not indicate what type of

legal person that entity belongs to, and it did not annex to the application any proof of its legal existence, contrary to the requirements of Article 44(5) of the Rules of Procedure.

17 In reply to the Court's written questions the applicants stated that, although a co-ownership within the meaning of Article 815 et seq. of the French Civil Code does not have legal personality, it is a separate entity from its members which can be a creditor or debtor and has the right to bring legal proceedings. In the alternative, the applicants said that it should be considered that the action was brought on behalf of the five co-owners. Moreover, statements were produced which conferred power on Mr Claude Ruiz-Picasso to perform, on behalf of the other four heirs, all acts intended to preserve their rights as regards the work and name of Pablo Picasso.

18 OHIM stated that the Picasso estate was registered in the register of Community trade marks as the owner of the earlier mark, and that it therefore had capacity to be a party to the opposition proceedings by virtue of Article 8(2)(a)(ii) in conjunction with Article 42(1)(a) of Regulation No 40/94.

Findings of the Court

19 To show that the Picasso estate has capacity to bring proceedings as an entity independent of its members, the applicants referred solely to the provisions of Article 815 et seq. of the French Civil Code. On being invited by the Court to supplement their statements on this point and to provide proof, in accordance with Article 44(5) of the Rules of Procedure, of the legal existence of that entity, they confined themselves to referring once again to Article 815 et seq. of the French Civil Code. Instead of producing additional elements which could demonstrate, to satisfy

the requirements of Article 44(5) of the Rules of Procedure, the autonomy and liability, even limited, of the Picasso estate and could prove that the authority granted to their lawyer had been properly conferred by a representative of that entity, authorised for the purpose, the co-owners provided, in the alternative, their addresses, the powers four of them had conferred on Claude Ruiz-Picasso, and the authority issued by him.

20 In those circumstances, the fact that the Picasso estate was registered as the owner of the earlier mark and on that basis took part in the opposition proceedings and the proceedings before the Board of Appeal is not enough for it to be considered that the action brought in its name complies with the requirements of Article 44 of the Rules of Procedure.

21 Contrary to the submissions of the intervener, that does not mean that the action is inadmissible. The expression 'the Picasso estate' designates collectively the five co-owners who, as natural persons, are not subject to the requirements in Article 44(5) of the Rules of Procedure. It must therefore be considered that the action was brought by the five co-owners.

22 The fact that the co-owners chose to bring these proceedings under the collective name 'the Picasso estate' does not affect their admissibility. The identity of the persons who are acting under that collective description is not in doubt. Furthermore, in the circumstances of the present case, no legitimate interest of the other parties to the dispute prevents the Court from rectifying, of its own motion, the name of the applicant for the purposes of the present judgment.

Substance

23 The applicants put forward two pleas in law in support of their application, alleging, first, breach of Article 8(1)(b) of Regulation No 40/94 and, second, failure to comply with the procedural principles laid down in Article 74(1) in fine of Regulation No 40/94, in that the Board of Appeal went beyond the bounds of the dispute between the parties to the opposition proceedings. The second plea should be examined first.

Second plea in law: breach of procedural principles, in that the Board of Appeal went beyond the bounds of the dispute between the parties to the opposition proceedings

Arguments of the parties

24 The applicants submit that the assumption as to the high degree of attention of the relevant public in paragraph 15 of the contested decision and the suppositions as to the impact of the earlier mark on the market and the perception of that mark by the relevant public in paragraphs 19 to 21 of that decision are not based on any elements put forward by the parties to the opposition proceedings. According to the applicants, the Board of Appeal was not entitled to base its decision on assumptions and suppositions not relied on by the parties.

25 OHIM replies that the Board of Appeal did not infringe Article 74(1) in fine of Regulation No 40/94 by basing its decision on facts which it introduced itself into

the proceedings. On the contrary, according to OHIM, the Board of Appeal properly carried out a legal assessment of well-known facts on which the Opposition Division had already based its decision.

26 The intervener submits that OHIM is entitled to base its decisions on well-known facts even if they have not been relied on by a party to the proceedings. In its view, the fact that cars are goods sold at high prices and the fact that, when buying a car, an especially large number of factors influence the consumer's decision are well known.

Findings of the Court

27 According to Article 74 of Regulation No 40/94, 'in proceedings relating to relative grounds for refusal of registration, [OHIM] shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought'.

28 That provision restricts the examination carried out by OHIM in two ways. It relates, first, to the factual basis of decisions of OHIM, that is, the facts and evidence on which those decisions may be validly based (see, to that effect, Case T-232/00 *Chef Revival USA* v *OHIM — Massagué Marín (Chef)* [2002] ECR II-2749, paragraph 45), and, second, to the legal basis of those decisions, that is, the provisions which the jurisdiction hearing the case is obliged to apply. Thus the Board of Appeal, when hearing an appeal against a decision terminating opposition proceedings, may base its decision only on the relative grounds for refusal which the party concerned has relied on and the related facts and evidence it has presented (Case T-308/01 *Henkel* v *OHIM — LHS (UK) (KLEENCARE)* [2003] ECR II-3253, paragraph 32).

29 However, the restriction of the factual basis of the examination by the Board of Appeal does not preclude it from taking into consideration, in addition to the facts expressly put forward by the parties to the opposition proceedings, facts which are well known, that is, which are likely to be known by anyone or which may be learnt from generally accessible sources.

30 It must be borne in mind, at the outset, that the legal rule stated in Article 74(1) in fine of Regulation No 40/94 constitutes an exception to the principle of examination of the facts by OHIM of its own motion, laid down in limine by that provision. That exception must therefore be given a strict interpretation, defining its extent so as not to exceed what is necessary for achieving its object.

31 The object of the rule of law stated in Article 74(1) in fine of Regulation No 40/94 is to relieve OHIM of the task of investigating the facts itself in the context of proceedings between parties. That object is not compromised if OHIM takes well-known facts into account.

32 On the other hand, Article 74(1) in fine of Regulation No 40/94 cannot have the purpose of compelling the opposition division or Board of Appeal consciously to adopt a decision on the basis of factual hypotheses which are manifestly incomplete or contrary to reality. Nor is it intended to require the parties to opposition proceedings to put forward before OHIM every well-known fact which might possibly be relevant to the decision to be adopted. To interpret that provision as ruling out the taking into consideration of well-known facts of the authority's own motion would encourage the parties to include in their pleadings, as a precaution, detailed accounts of generally known facts, and would thus risk making opposition proceedings much more burdensome.

33 It must be examined, in the light of the above considerations, whether the Board of Appeal went beyond the bounds of the dispute between the parties by taking account of the various matters referred to in this plea.

34 First, the appellants criticise paragraph 15 of the contested decision, which states that the average consumer's level of attention is likely to vary according to the category of the goods in question and that 'it is here presumed that the relevant consumer shall pay particular care and attention when buying such products' (namely vehicles and parts therefor and omnibuses). Second, the applicants criticise the Board of Appeal for taking into consideration, in paragraph 19 of the contested decision, the conceptual impact of the name 'Picasso' on the market addressed and for stating that 'it might be imagined that the majority of European consumers will link the term "PICASSO" to the most famous painter in the world in the XX century, Pablo Picasso'. Third, the applicants take the view that the Board of Appeal could not base itself on the assertions in paragraphs 20 and 21 of the contested decision that 'the inherent distinctive character of the sign "PICASSO" is so high that any perceptible difference may be apt to exclude any likelihood of confusion on the side of the consumers concerned' and that 'the relevant consumer, when confronted with the name "PICASSO" and the trade mark which incorporates it, will never perceive the trade mark "PICARO" in association with the Spanish artist as referred to in the trade mark "PICASSO"'.

35 In the passages from the contested decision set out above, the Board of Appeal did not introduce new facts, whether well known or not, but specified and applied the criterion which, according to settled case-law, is relevant for assessing whether there is a likelihood of confusion between the marks concerned, namely the presumed perception by the average consumer, reasonably observant and circumspect, of the category of goods or services in question (Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 23; Case C-210/96 *Gut Springenheide and Tusky* [1998] ECR I-4657, paragraph 31; and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraphs 25 and 26). That was thus an essential part of the Board of Appeal's reasoning. The applicants cannot claim that, by using that criterion necessary for its assessment of the likelihood of confusion, the Board of Appeal went beyond the bounds of the dispute between the parties.

36 As regards the second point mentioned above, it should be added that the Picasso estate itself indicated, on page 3 of the pleading setting out the grounds of its appeal to the Board of Appeal of OHIM:

'[OHIM] firstly notes that PICASSO will be recognised by the European consumers as a famous Spanish painter. The Appellant shares this point of view.'

37 In those circumstances, the applicants cannot criticise the Board of Appeal for taking into consideration in the contested decision that presumed perception of the public, expressly confirmed by the Picasso estate in the pleading cited above. In this respect, the plea is thus also wrong in fact.

38 Consequently, the second plea is unfounded.

First plea in law: breach of Article 8(1)(b) of Regulation No 40/94

Arguments of the parties

39 The applicants put forward six arguments in support of this plea.

40 First, the applicants criticise the Board of Appeal for basing its decision on the assumption that the average consumer is especially careful and attentive when buying motor vehicles and parts therefor. They submit that that assumption relates only to the time of purchase, whereas, confronted with the goods in question bearing the marks at issue in situations other than that of sale, for example when seeing those vehicles on the road, even attentive consumers could be led to believe that those goods were in some way the same or that there were economic or other links between their commercial origins. The Board of Appeal thus failed to take account of the 'post-sale confusion' theory, although that is generally recognised in trade mark law, in particular in the judgment of the Court of Justice in Case C-206/01 *Arsenal Football Club* [2002] ECR II-10273. The applicants stress in this connection that the concept of likelihood of confusion includes the likelihood of indirect confusion. Further, they complain that the Board of Appeal did not state the reasons on which it based its assumption as to the particular carefulness and attentiveness of the relevant public.

41 Second, they state that the marks at issue are similar visually and phonetically. They observe that the visual, phonetic and conceptual similarity between two marks must be assessed on the basis of a comparison of the marks, without taking the composition of the relevant public into account, since that factor becomes relevant only in the overall assessment of the likelihood of confusion.

42 Third, the applicants challenge the argument that the conceptual impact of the name 'Picasso' prevails over the phonetic and visual similarity between the marks at issue. They point out that the word mark PICASSO has no meaning in relation to the goods concerned, namely motor vehicles. They submit that the Board of Appeal should have examined the likelihood of confusion solely with respect to those goods, and that it is not material to take into account the meanings the sign may have outside the context of motor vehicles. At the hearing, they added that taking the approach that the meaning of the term 'Picasso' is understood as such and always taken to refer to the painter, not to the vehicles, could have the consequence of

denying the capacity of that mark to enable the goods to be distinguished, whereas it had in fact been registered by OHIM. Moreover, that approach restricted the protection of the PICASSO mark in that it could be relied on only against strictly identical signs, since the semantic content of the word would always counteract the visual and phonetic similarities which that word mark could have with slightly different signs.

43 Moreover, the applicants assert that the fact that two marks are similar with respect to one only of the relevant criteria, such as the visual or phonetic criterion, may suffice to establish the existence of a likelihood of confusion.

44 Fourth, the applicants submit that the contested decision disregards the rule that a likelihood of confusion must be found to exist all the more easily if the earlier mark is distinctive. They submit that the word sign PICASSO has a high intrinsic distinctive character, with the fact that that sign is also the name of a famous painter not, in their opinion, being relevant in this respect.

45 Fifth, they consider that, in paragraph 21 of the contested decision, the Board of Appeal wrongly looked only at the question whether the relevant public, when confronted with the earlier mark, would be inclined to think of the mark applied for. In their view, it should have considered, conversely, whether that public, when confronted with the mark applied for, would be liable to perceive a link with the earlier mark. They submit that that is the case here, in view of the similarity of the marks at issue.

46 Sixth and last, the applicants submit that the Board of Appeal misunderstood the argument that the intervener's intention was to take advantage of the earlier mark and deliberately create confusion between the marks at issue. They acknowledge that the opposition is based on Article 8(1)(b), not on Article 8(5) of Regulation No

40/94, but point out that that argument falls within context in which the Picasso estate, in the appeal proceedings, had submitted that when filing the application for the mark the intervener was aware that products were to be launched under the earlier mark.

47 OHIM and the intervener consider that the plea is unfounded, since the difference between the marks at issue is sufficient to exclude a likelihood of confusion between them.

Findings of the Court

48 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 shall not 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.

49 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.

50 That case-law also states that the likelihood of confusion must be assessed globally, according to the perception by the relevant public of the signs and the goods or services in question, and taking into account all factors relevant to the

circumstances of the case, in particular the interdependence between similarity of the signs and similarity of the goods or services designated (see Case T-162/01 *Laboratorios RTB* v *OHIM — Giorgio Beverly Hills (GIORGIO BEVERLY HILLS)* [2003] ECR II-2821, paragraphs 31 to 33 and the case-law cited).

51 In the present case, the earlier mark within the meaning of Article 8(2)(a) of Regulation No 40/94 is a Community trade mark. Account must consequently be taken, for assessing the conditions mentioned in the preceding paragraph, of the point of view of the public in the whole of the Community. In view of the character of the goods designated by the earlier mark, the relevant public consists of the final consumers.

52 It is common ground that the goods referred to in the application for the trade mark and those designated by the earlier mark are partly identical and partly similar.

53 It must therefore be examined whether the degree of similarity between the signs in question is sufficiently great for it to be considered that there exists a likelihood of confusion between the marks. As follows from consistent case-law, the global assessment of the likelihood of confusion must, as far as concerns the visual, phonetic or conceptual similarity of the marks in question, be based on the overall impression given by the marks, bearing in mind inter alia their distinctive and dominant components (Case T-292/01 *Phillips-Van Heusen* v *OHIM — Pash Textilvertrieb und Einzelhandel (BASS)* [2003] ECR II-4335, paragraph 47 and the case-law cited). In this respect, the applicants' argument that the similarity between two signs is to be assessed without taking the composition of the relevant public into account, that being relevant only at the stage of the global assessment of the likelihood of confusion, must be rejected. The analysis of the similarity between the signs in question constitutes an essential element of the global assessment of the likelihood of confusion. It must therefore, like that assessment, be done in relation to the perception of the relevant public.

54 As regards visual and phonetic similarity, the applicants rightly point out that the signs at issue each consist of three syllables, contain the same vowels in corresponding positions and in the same order, and, apart from the letters 'ss' and 'r' respectively, also contain the same consonants, which moreover occur in corresponding positions. Finally, the fact that the first two syllables and the final letters are identical is of particular importance. On the other hand, the pronunciation of the double consonant 'ss' is quite different from that of the consonant 'r'. It follows that the two signs are visually and phonetically similar, but the degree of similarity in the latter respect is low.

55 From the conceptual point of view, the word sign PICASSO is particularly well known to the relevant public as being the name of the famous painter Pablo Picasso. The word sign PICARO may be understood by Spanish-speaking persons as referring inter alia to a character in Spanish literature, whereas it has no semantic content for the (majority) non-Spanish-speaking section of the relevant public. The signs are not thus similar from the conceptual point of view.

56 Such conceptual differences can in certain circumstances counteract the visual and phonetic similarities between the signs concerned. For there to be such a counteraction, at least one of the signs at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it immediately (*BASS*, cited in paragraph 53 above, paragraph 54).

57 The word sign PICASSO has a clear and specific semantic content for the relevant public. Contrary to the applicants' submissions, the relevance of the meaning of the sign for the purposes of assessing the likelihood of confusion is not affected in the present case by the fact that that meaning has no connection with the goods concerned. The reputation of the painter Pablo Picasso is such that it is not plausible to consider, in the absence of specific evidence to the contrary, that the sign

PICASSO as a mark for motor vehicles may, in the perception of the average consumer, override the name of the painter so that that consumer, confronted with the sign PICASSO in the context of the goods concerned, will henceforth disregard the meaning of the sign as the name of the painter and perceive it principally as a mark, among other marks, of motor vehicles.

58 It follows that the conceptual differences separating the signs at issue are, in the present case, such as to counteract the visual and phonetic similarities noted in paragraph 54 above.

59 In the context of the global assessment of the likelihood of confusion, it must also be taken into account that, in view of the nature of the goods concerned and in particular their price and their highly technological character, the degree of attention of the relevant public at the time of purchase is particularly high. The possibility raised by the applicants that members of the relevant public may also perceive the goods concerned in situations in which they do not pay such attention does not prevent that degree of attention from being taken into account. A refusal to register a trade mark because of the likelihood of confusion with an earlier mark is justified on the ground that such confusion is liable to have an undue influence on the consumers concerned when they make a choice with respect to the goods or services in question. It follows that account must be taken, for the purposes of assessing the likelihood of confusion, of the level of attention of the average consumer at the time when he prepares and makes his choice between different goods or services within the category for which the mark is registered.

60 It should be added that the question of the degree of attention of the relevant public to be taken into account for assessing the likelihood of confusion is different from the question whether circumstances subsequent to the purchase situation may be relevant for assessing whether there has been a breach of trade mark rights, as was accepted, in the case of the use of a sign identical to the trade mark, in *Arsenal Football Club* (cited in paragraph 40 above), relied on by the applicants.

61 Moreover, the applicants are wrong to rely, in the present case, on the case-law which states that trade marks which have a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character (*SABEL*, cited in paragraph 35 above, paragraph 24, and Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 18). That the word sign PICASSO is well known as corresponding to the name of the famous painter Pablo Picasso is not capable of heightening the likelihood of confusion between the two marks for the goods concerned.

62 In the light of all the above elements, the degree of similarity between the marks at issue is not sufficiently great for it to be considered that the relevant public might believe that the goods in question come from the same undertaking or, as the case may be, from economically linked undertakings. The Board of Appeal was therefore right to consider that there was no likelihood of confusion between them.

63 With respect, finally, to the argument, put forward in the pleading setting out the grounds of appeal before OHIM, that the selection of the mark applied for by the intervener could only serve the purpose of taking undue advantage, in a fraudulent manner, of the commercial success of the earlier mark, the Board of Appeal rightly considered that that argument could have been material only in the context of Article 8(5) of Regulation No 40/94, on which the opposition was not based.

64 The first plea in law must therefore also be rejected.

65 It follows that the application must be dismissed in its entirety.

Costs

66 Under Article 87(2) of the Rules of Procedure, 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 applicants have been unsuccessful, they must be ordered to pay the costs incurred by OHIM and the intervener, who have so applied.

On those grounds,

THE COURT OF FIRST INSTANCE (Second Chamber)

hereby:

1. Dismisses the action;

2. Orders the applicants to pay the costs.

Forwood Pirrung Meij

Delivered in open court in Luxembourg on 22 June 2004.

H. Jung
Registrar

J. Pirrung
President