JUDGMENT OF THE COURT (First Chamber)

12 January 2006 *

In Case C-361/04 P,

APPEAL under Article 56 of the Statute of the Court of Justice brought on 18 August 2004,

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, advocaat,

appellants,

* Language of the case: German.

the other parties to the proceedings being:

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

defendant at first instance,

DaimlerChrysler AG, represented by S. Völker, Rechtsanwalt,

intervener at first instance,

THE COURT (First Chamber),

composed of P. Jann, President of the Chamber, K. Schiemann (Rapporteur), N. Colneric, K. Lenaerts and E. Juhász, Judges,

Advocate General: D. Ruiz-Jarabo Colomer,
Registrar: K. Sztranc, Administrator,

having regard to the written procedure and further to the hearing on 14 July 2005,

after hearing the Opinion of the Advocate General at the sitting on 8 September 2005,

gives the following

Judgment

1 By their appeal, Mr Claude Ruiz-Picasso, Mrs Paloma Ruiz-Picasso, Mrs Maya Widmaier-Picasso, Mrs Marina Ruiz-Picasso and Mr Bernard Ruiz-Picasso request the Court to set aside the judgment of the Court of First Instance of the European Communities of 22 June 2004 in Case T-185/02 *Ruiz-Picasso and Others* v *OHIM — DaimlerChrysler (PICARO)* [2004] ECR II-1739 (hereinafter 'the judgment under appeal') with which that Court dismissed their action against the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 18 March 2002 (Case R 247/2001-3) rejecting the opposition lodged by the 'Picasso estate' against the application for registration of the word mark PICARO (hereinafter 'the contested decision').

Legal context

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

'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.'

3 Article 9(1)(b) of that regulation provides:

'A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

(b) any sign where, because of its identity with or similarity to the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark'.

4 Articles 8(1)(b) and 9(1)(b) of Regulation No 40/94 are formulated in terms essentially identical to those of Articles 4(1)(b) and 5(1)(b) respectively 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).

Background to the dispute

5 On 11 September 1998, DaimlerChrysler AG (hereinafter 'DaimlerChrysler') submitted to OHIM an application for registration as a Community trade mark of the word sign PICARO in respect of goods and services in Class 12 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 corresponding to the following description: 'Vehicles and parts therefore, omnibuses'.

6 On 19 August 1999, the Picasso estate, which is an estate in co-ownership under Article 815 et seq. of the French Civil Code, the co-owners of which are the appellants in these appeal proceedings, lodged an opposition against that application for registration alleging the existence of a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94. In this connection, that estate relied on the earlier Community word mark PICASSO registered in respect of goods in Class 12, corresponding to the following description: 'Vehicles; apparatus for locomotion by land, air or water, motor cars, motor coaches, trucks, vans, caravans, trailers' (hereinafter 'the earlier mark').

7 Since the Opposition Division of OHIM rejected that opposition by decision of 11 January 2001, the Picasso estate lodged an appeal against that rejection.

8 By the contested decision, the Third Board of Appeal of OHIM dismissed that appeal essentially on the grounds that, in view of the high level of attention of the relevant public, the marks at issue were not similar at either a phonetic or a visual level and that the conceptual impact of the earlier mark was, furthermore, such as to counteract any possible phonetic and/or visual similarity between those marks.

The procedure before the Court of First Instance and the judgment under appeal

9 By application lodged at the Registry of the Court of First Instance on 13 June 2002, the appellants, under the collective name 'Picasso estate', brought an action to have the contested decision annulled.

10 The Court of First Instance held that, notwithstanding the use of that collective name, the action had to be considered as having been brought by the five co-owners acting as natural persons and that on that basis it was admissible. However, since it considered that the pleas put forward by the appellants were unfounded, the Court dismissed the action.

11 As regards, in particular, the plea in law relating to infringement of Article 8(1)(b) of Regulation No 40/94, the Court of First Instance, after finding that the goods covered by the application for registration of the trade mark and by the earlier mark were partly identical and partly similar, held as follows in paragraphs 54 to 62 of the judgment under appeal:

'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 [Case T-292/01 *Phillips-Van Heusen* v *OHIM — Pash Textilvertrieb und Einzelhandel (BASS)* [2003] ECR II-4335, 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 [Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273], 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 ([Case C-251/95 *SABEL* [1997] ECR I-6191], 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.'

The appeal

12 In their appeal, as a basis for which they are relying on a single plea in law comprising four parts regarding infringement of Article 8(1)(b) of Regulation No 40/94, the appellants request the Court to set aside the judgment under appeal, annul the contested decision and order OHIM to pay the costs.

13 OHIM and DaimlerChrysler contend that the appeal should be dismissed and that the appellants should be ordered to pay the costs.

The first part of the plea in law

Arguments of the appellants

14 The appellants maintain that the Court of First Instance misapplied Article 8(1)(b) of Regulation No 40/94 in paragraphs 56 to 58 of the judgment under appeal, in particular as regards the criterion of 'similarity to the earlier trade mark' to which that provision refers.

15 According to them, the Court of First Instance wrongly considered that the meaning which attaches to a famous name such as PICASSO, by virtue of the fact that it is clear and specific and therefore capable of being grasped immediately by the relevant public, can be the origin of such a conceptual difference between two signs that the consequence is the counteraction of the visual and phonetic similarities which also exist between those signs.

16 First, they claim that the conceptual difference between two signs cannot be found to be increased on account of the fact that the meaning of one of them is clear and specific so that it can be grasped immediately by the public concerned. That fact is therefore irrelevant in assessing whether that conceptual difference can have the effect of counteracting visual and phonetic similarities between the signs at issue.

17 Secondly, the importance to be attributed to any visual, aural or conceptual similarities between one mark and another must, as is apparent from paragraph 27 of Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, be assessed having regard to the category of goods to which the mark relates and the circumstances in which they are marketed. It follows from this that the meaning which the name of a famous individual may have outside the field of those goods is irrelevant for the purposes of such an assessment. The Court of First Instance therefore wrongly took that meaning as its basis in order to conclude that there was a counteraction of the visual and phonetic similarities observed between the signs at issue, without taking into consideration the category of goods or the state of the market.

Findings of the Court

18 As is apparent both from the tenth recital in the preamble to Directive 89/104 and the seventh recital in the preamble to Regulation No 40/94, the assessment of the likelihood of confusion depends on numerous elements and, in particular, on the

recognition of the trade mark on the market, on the association which can be made with the used or registered sign and on the degree of similarity between the trade mark and the sign and between the goods or services identified. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case (see to that effect, regarding Directive 89/104, *SABEL*, paragraph 22).

19 Furthermore, that global appreciation of the visual, aural or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components (see, in particular, *SABEL*, paragraph 23).

20 By stating in paragraph 56 of the judgment under appeal that, where the meaning of at least one of the two signs at issue is clear and specific so that it can be grasped immediately by the relevant public, the conceptual differences observed between those signs may counteract the visual and phonetic similarities between them, and by subsequently holding that that applies in the present case, the Court of First Instance did not in any way err in law.

21 As OHIM rightly maintains, such a finding is, in this case, entirely part of the process designed to ascertain the overall impression given by those signs and to make a global assessment of the likelihood of confusion between them.

22 It must be borne in mind that, in paragraph 54 of the judgment under appeal, the Court of First Instance found that the two signs at issue are visually and phonetically similar, but that the degree of similarity in the latter respect is low. It also held in paragraph 55 of that judgment that those signs are not similar from a conceptual point of view.

23 Thereafter, the Court of First Instance ruled, in paragraph 56 et seq. of the judgment under appeal, on the overall impression given by those signs and concluded, following a factual assessment which it is not for the Court to review in an appeal where there is no claim as to distortion of the facts, that there was a counteraction of the visual and phonetic similarities on account of the particularly obvious and pronounced nature of the conceptual difference observed in the present case. In doing so, the Court of First Instance, in its overall assessment of the likelihood of confusion and as is apparent from paragraph 59 of that judgment, took account in particular of the fact that the degree of attention of the relevant public is particularly high as regards goods like motor vehicles.

24 In paragraph 61 of the judgment, the Court of First Instance also ruled on whether the mark PICASSO has a highly distinctive character capable of heightening the likelihood of confusion between the two marks for the goods concerned.

25 Thus, it is only following consideration of various elements enabling it to make an overall assessment of the likelihood of confusion that the Court of First Instance concluded, in paragraph 62 of the judgment under appeal, that 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 concerned come from the same undertaking or, as the case may be, from economically linked undertakings, so that there is no likelihood of confusion between those marks.

26 As to the remainder, it need only be observed that it is as a result of misreading the judgment under appeal that the appellants claim that the Court of First Instance failed to take into account the category of goods concerned in its assessment of the similarity between the signs at issue.

27 It is apparent from paragraphs 55 and 57 of that judgment that the Court of First Instance considered in particular, also following factual assessments which it is not for the Court to review in the context of an appeal, that, confronted with the word sign PICASSO, the relevant public inevitably sees in it a reference to the painter and that, given the painter's renown with that public, that particularly rich conceptual reference is such as greatly to reduce the resonance with which, in this case, the sign is endowed as a mark, among others, of motor vehicles.

28 It follows from the foregoing that the first part of the plea in law is unfounded.

The second part of the plea in law

29 By the second part of the plea in law, the appellants claim that the Court of First Instance infringed Article 8(1)(b) of Regulation No 40/94 in incorrectly applying the rule according to which the greater its distinctive character, either per se or because of the reputation it possesses on the market, the broader the protection which a mark enjoys (*SABEL*, paragraph 24, *Canon*, paragraph 18, and *Lloyd Schuhfabrik Meyer*, paragraph 20).

30 In this connection, they note that, in determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, an overall assessment must be made of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, in particular, *Lloyd Schuhfabrik Meyer*, paragraph 22).

31 According to them, the sign PICASSO, which does not contain any element descriptive of motor vehicles, is highly distinctive per se. In confining itself to considering, in paragraph 61 of the judgment under appeal, the sign PICASSO without relating it to the goods concerned, the Court of First Instance failed to consider the inherent distinctive qualities of that mark, that is its greater or lesser ability to identify those goods as coming from a particular undertaking.

32 In that regard, it is enough to note that, as the Advocate General correctly observed in point 47 of his Opinion, it is apparent by implication but nevertheless clear from paragraph 57 in conjunction with paragraph 61 of the judgment under appeal that the Court of First Instance did consider, after a factual assessment which may not be reviewed by the Court in the context of an appeal, that the sign PICASSO is devoid of any highly distinctive character per se with respect to motor vehicles.

33 It follows that the second part of the plea in law must be rejected.

The third and fourth parts of the plea in law

Arguments of the appellants

34 By the third and fourth parts of the plea in law, which must be considered together, the appellants claim that the Court of First Instance misapplied Article 8(1)(b) of Regulation No 40/94 by holding, in paragraphs 59 and 60 of the judgment under appeal, that, for the purposes of assessing the likelihood of confusion in the context

of an opposition to an application for registration, account must be taken of the level of attention of the average consumer at the time when he prepares and makes his choice between different goods or services.

35 According to the appellants, such an interpretation is too restrictive since it fails to have regard to the rule formulated by the Court in paragraph 57 of *Arsenal Football Club*, according to which the mark must be protected against possible confusion not only at the time of purchase of the product concerned, but also before or after such a purchase. Furthermore, contrary to the finding also made by the Court of First Instance, such a rule must operate in the same way whether the assessment of the likelihood of confusion is made under Article 8(1)(b) of Regulation No 40/94, as in the present case, or under Article 9(1)(b) of that regulation, namely with a view to establishing a possible infringement of trade mark rights as a result of the use of a sign.

Findings of the Court

36 According to consistent case-law, the perception of marks in the mind of the average consumer of the category of goods or services in question plays a decisive role in the global assessment of the likelihood of confusion (see, inter alia, *Lloyd Schuhfabrik Meyer*, paragraph 25).

37 Thus, in particular, in order to assess the degree of similarity between the marks concerned, it is necessary to determine the degree of visual, aural or conceptual similarity between them and, where appropriate, to evaluate the importance to be attached to those different elements, taking account of the category of goods or services in question and the circumstances in which they are marketed (*Lloyd Schuhfabrik Meyer*, paragraph 27).

38 In that context, the Court has already held that, for the purpose of an overall assessment of the likelihood of confusion, it must be borne in mind inter alia 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*, paragraph 26).

39 Therefore, the Court of First Instance was fully entitled to hold, in paragraph 59 of the judgment under appeal, that, for the purposes of assessing, as provided for in Article 8(1)(b) of Regulation No 40/94, whether there is any likelihood of confusion between marks relating to motor vehicles, account must be taken of the fact that, in view of the nature of the goods concerned and in particular their price and their highly technological character, the average consumer displays a particularly high level of attention at the time of purchase of such goods.

40 Where it is established in fact that the objective characteristics of a given product mean that the average consumer purchases it only after a particularly careful examination, it is important in law to take into account that such a fact may reduce the likelihood of confusion between marks relating to such goods at the crucial moment when the choice between those goods and marks is made.

41 As to the fact that the relevant public is also likely to perceive such goods and the marks relating to them in circumstances unconnected with any act of purchase and to display, where appropriate, a lower level of attention on such occasions, the Court of First Instance was also fully entitled to observe, again in paragraph 59 of the judgment under appeal, that the existence of such a possibility does not prevent the taking into account of the particularly high level of attention exhibited by the average consumer when he prepares and makes his choice between different goods in the category concerned.

42 First, it is clear that, whatever the goods and marks at issue, there will always be situations in which the public faced with them will grant them only a low degree of attention. However, to require that account be taken of the lowest degree of attention which the public is capable of displaying when faced with a product and a mark would amount to denying all relevance, for the purpose of an assessment of the likelihood of confusion, to the criterion relating to the variable level of attention according to the category of goods, noted in paragraph 38 of this judgment.

43 Second, as observed by OHIM, the authority called upon to assess whether there is a likelihood of confusion cannot reasonably be required to establish, for each category of goods, the consumer's average amount of attention on the basis of the level of attention which he is capable of displaying in different situations.

44 Nor does *Arsenal Football Club* militate against the foregoing analysis.

45 It must be noted that in that judgment the Court was called upon to rule on whether Article 5(1)(a) of Directive 89/104 was to be interpreted as precluding the sale and offer for sale of goods when they were marked with a sign identical to a mark registered by a third party in respect of the same goods.

46 After concluding that that was indeed the case, the Court stated that the fact that a sign to be found at the place of sale of the goods at issue drew consumers' attention to the fact that those goods did not come from the proprietor of the mark did not affect such a conclusion. It is against that particular background that the Court, in paragraph 57 of *Arsenal Football Club*, referred in particular to the fact that even on the assumption that that type of notice may be relied upon by the interested party as

a defence, it was possible, in the case which gave rise to that judgment, that some consumers, in particular if they came across the goods after they had been sold and taken away from the place of sale, might interpret the sign affixed to those goods as designating the proprietor of the mark concerned as the undertaking of origin of the goods.

47 In doing so, the Court did not in any way express a general rule from which it could be inferred that, for the purposes of an assessment of the likelihood of confusion within the meaning of Article 5(1)(b) of Directive 89/104 or Article 8(1)(b) of Regulation No 40/94, there is no need to refer specifically to the particularly high level of attention displayed by consumers when purchasing a certain category of goods.

48 Finally, it must be stated that, by asserting in paragraph 60 of the judgment under appeal 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, as regards the use of a sign identical to the trade mark, in *Arsenal Football Club*, the Court of First Instance did not, contrary to the appellants' submission, in any way hold that the concept of likelihood of confusion under Articles 8(1)(b) and 9(1)(b) of Regulation No 40/94 must be interpreted differently.

49 It follows from the foregoing that the third and fourth parts of the plea in law cannot be upheld.

50 Since none of the parts of the single plea in law relied on by the appellants in support of their appeal is well founded, that appeal must, consequently, be dismissed.

Costs

51 Under Article 69(2) of the Rules of Procedure which applies to appeal proceedings pursuant to Article 118 of those rules, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. As OHIM and DaimlerChrysler have applied for costs against the appellants and the appellants have been unsuccessful in their plea in law, they must be ordered to pay the costs.

On those grounds, the Court (First Chamber) hereby:

1. Dismisses the appeal;

2. Orders Mr Claude Ruiz-Picasso, Mrs Paloma Ruiz-Picasso, Mrs Maya Widmaier-Picasso, Mrs Marina Ruiz-Picasso and Mr Bernard Ruiz-Picasso to pay the costs.

[Signatures]