

JUDGMENT OF THE COURT (Second Chamber)
6 October 2005 *

In Case C-120/04,

REFERENCE for a preliminary ruling under Article 234 EC from the Oberlandesgericht Düsseldorf (Germany), made by decision of 17 February 2004, received at the Court on 5 March 2004, in the proceedings

Medion AG

v

Thomson multimedia Sales Germany & Austria GmbH,

THE COURT (Second Chamber),

composed of C.W.A. Timmermans, President of the Chamber, C. Gulmann (Rapporteur), R. Schintgen, G. Arestis and J. Klučka, Judges,

* Language of the case: German.

Advocate General: F.G. Jacobs,
Registrar: K. Sztranc, Administrator,

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

after considering the observations submitted on behalf of:

- Medion AG, by P.-M. Weisse, Rechtsanwalt, and T. Becker, Patentanwalt,
- Thomson multimedia Sales Germany & Austria GmbH, by W. Kellenter, Rechtsanwalt,
- the Commission of the European Communities, by T. Jürgensen and N.B. Rasmussen, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 9 June 2005,

gives the following

Judgment

- 1 The reference for a preliminary ruling concerns the interpretation of Article 5(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, 'the directive').

- 2 This reference has been made in the course of proceedings between Medion AG ('Medion') and Thomson multimedia Sales Germany & Austria GmbH ('Thomson') regarding the use by Thomson in the composite sign 'THOMSON LIFE' of the registered trade mark LIFE, which belongs to Medion.

Law

- 3 In relation to the protection afforded by the trade mark, the 10th recital in the preamble to the directive states:

'... the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and goods or services; ... the protection applies also in case of similarity between the mark and the sign and the goods or services; ... it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; ... the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection ...'

- 4 Article 5(1)(b) of the directive provides as follows:

'The registered 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 trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.'

- 5 This provision was transposed into German law by Paragraph 14(2)(2) of the Trade Mark Law (Markengesetz) of 25 October 1994 (BGBl. 1994 I, p. 3082).

The main proceedings and the question referred for a preliminary ruling

- 6 Medion is the owner in Germany of the trade mark LIFE, registered on 29 August 1998, for leisure electronic devices. It has a multimillion euro turnover per annum in the manufacture and marketing of these products.
- 7 Thomson belongs to one of the world's leading companies in the leisure electronic devices sector. It markets some of its products under the name 'THOMSON LIFE'.
- 8 In July 2002, Medion brought an action before the Landgericht (Regional Court) Düsseldorf for trade mark infringement. It requested that Thomson be prevented from using the sign 'THOMSON LIFE' to designate certain leisure electronic devices.

- 9 The Landgericht Düsseldorf rejected the application on the ground that there was no likelihood of confusion with the mark LIFE.
- 10 Medion appealed to the Oberlandesgericht (Higher Regional Court) Düsseldorf, seeking to have Thomson prevented from using the sign 'THOMSON LIFE' for television sets, cassette players, CD players and hi-fi systems.
- 11 That court, the referring court, states that the outcome of the litigation depends on whether there is a likelihood of confusion, within the meaning of Article 5(1)(b) of the directive, between the trade mark LIFE and the composite sign 'THOMSON LIFE'.
- 12 It maintains that, according to the current case-law of the Bundesgerichtshof (Federal Court of Justice), which is based on the theory known as the 'Prägetheorie' (theory of the impression conveyed), in order to appreciate the similarity of the sign at issue, it is necessary to consider the overall impression conveyed by each of the two signs and to ascertain whether the common component characterises the composite mark to the extent that the other components are largely secondary to the overall impression. There will be no likelihood of confusion if the common component merely contributes to the overall impression of the sign. It will not matter whether the trade mark incorporated still has an independent distinctive role ('kennzeichnende Stellung') in the composite sign.
- 13 According to the Oberlandesgericht, in the sector of the goods at issue in the proceedings before it prominence is generally given to the name of the manufacturer. More specifically, in the main proceedings the name of the manufacturer 'THOMSON' contributes in an essential manner to the overall impression conveyed by the sign 'THOMSON LIFE'. The normal distinctive character attaching to the element 'LIFE' is not sufficient to prevent the name of the manufacturer 'THOMSON' from contributing to the overall impression conveyed by the sign.

- 14 The referring court states, however, that the current case-law of the Bundesgerichtshof is not beyond debate. A different approach is favoured by some writers. It is in fact in line with the previous case-law of the Bundesgerichtshof itself, according to which likelihood of confusion must be found where the identical part has an independent distinctive role in the contested sign, is not absorbed by it, and is not relegated to the point of ceasing to call to mind the registered mark.
- 15 The Oberlandesgericht claims that if this theory is to be applied to the main proceedings it must be found that there is a likelihood of confusion as the mark LIFE still has an independent distinctive role in the mark 'THOMSON LIFE'.
- 16 Finally, it is in doubt as to how, when applying the criterion of the overall impression conveyed by the signs, it is possible to prevent a third party from appropriating a registered mark by adding his company name.
- 17 In that context the Oberlandesgericht Düsseldorf decided to stay the proceedings and to refer the following question to the Court of Justice for a preliminary ruling:

'Is Article 5(1)(b) of [the directive] to be interpreted as meaning that where the goods or services covered by competing signs are identical there is also a likelihood of confusion on the part of the public where an earlier word mark with normal distinctiveness is reproduced in a later composite word sign belonging to a third party, or in a word sign or figurative sign belonging to a third party that is characterised by word elements, in such a way that the third party's company name is placed before the earlier mark and the latter, though not alone determining the overall impression conveyed by the composite sign, has an independent distinctive role within the composite sign?'

The question referred for a preliminary ruling

- 18 The referring court asks essentially whether Article 5(1)(b) of the directive is to be interpreted as meaning that where the goods or services are identical there may be a likelihood of confusion on the part of the public where the contested sign is composed by juxtaposing the company name of another and a registered mark which has normal distinctiveness and which, although it does not determine by itself the overall impression conveyed by the composite sign, has an independent distinctive role therein.

Observations submitted to the Court

- 19 Medion and the Commission of the European Communities propose that the answer to the question posed should be in the affirmative.
- 20 Medion challenges the 'Prägetheorie', maintaining that it enables a registered mark to be usurped by simply adjoining to it the name of a manufacturer. Such usage of a mark defeats its purpose, which is to serve as an indication of the origin of goods.
- 21 The Commission argues that in circumstances such as those in the main proceedings the two terms used in the composite sign are equivalent. The term 'LIFE' does not have a wholly subordinate role. As the overall impression is thus not determined solely by the name 'THOMSON', the composite sign and the registered mark are similar for the purposes of Article 5(1)(b) of the directive. Likelihood of confusion is therefore possible, especially as the two companies sell identical products.

- 22 Thomson proposes that the answer to the question should be in the negative. It supports an interpretation of the directive in conformity with the 'Prägetheorie'. The sign contested in the main proceedings cannot be confused with Medion's mark as it includes the element 'THOMSON', the name of the manufacturer, which has the same prominence as the other element present. The term 'LIFE' serves only to designate certain goods of a marketed range. In any event, the element 'LIFE' cannot dominate the overall impression conveyed by the name 'THOMSON LIFE'.

Reply of the Court

- 23 The essential function of the trade mark is to guarantee the identity of the origin of the marked goods or service to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or service from others which have another origin (see, in particular, Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 28, and Case C-371/02 *Björnekulla Fruktindustrier* [2004] ECR I-5791, paragraph 20).
- 24 The 10th recital in the preamble to the directive emphasises that the protection afforded by the registered trade mark has the aim of guaranteeing the trade mark as an indication of origin and that in the case of similarity between the mark and between the sign and goods or services, the likelihood of confusion constitutes the specific condition for protection.
- 25 Article 5(1)(b) of the directive is thus designed to apply only if, by reason of the identity or similarity both of the marks and of the goods or services which they designate, there exists a likelihood of confusion on the part of the public.

- 26 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 within the meaning of this provision (see, in particular, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17).
- 27 The existence of a likelihood of confusion on the part of the public must be appreciated 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; *Lloyd Schuhfabrik Meyer*, cited above, paragraph 18, and Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 40, in addition to, in relation to 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), drafted in terms substantially identical to those of Article 5(1)(b) of the directive, the order of 28 April 2004 in Case C-3/03 P *Matratzen Concord v OHIM* [2004] ECR I-3657, paragraph 28).
- 28 The global appreciation of the likelihood of confusion, in relation to 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. The perception of the marks by the average consumer of the goods or services in question plays a decisive role in the global appreciation of that likelihood of confusion. In this regard, the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (see, in particular, *SABEL*, paragraph 23, *Lloyd Schuhfabrik Meyer*, paragraph 25, and *Matratzen Concord*, paragraph 29).
- 29 In the context of consideration of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components (see *Matratzen Concord*, paragraph 32).

- 30 However, beyond the usual case where the average consumer perceives a mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that in a particular case an earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element.
- 31 In such a case the overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established.
- 32 The finding that there is a likelihood of confusion should not be subject to the condition that the overall impression produced by the composite sign be dominated by the part of it which is represented by the earlier mark.
- 33 If such a condition were imposed, the owner of the earlier mark would be deprived of the exclusive right conferred by Article 5(1) of the directive even where the mark retained an independent distinctive role in the composite sign but that role was not dominant.
- 34 This would be the case where, for example, the owner of a widely-known mark makes use of a composite sign juxtaposing this mark and an earlier mark which is not itself widely known. It would also be the case if the composite sign was made up of the earlier mark and a widely-known commercial name. In fact, the overall impression would be, most often, dominated by the widely-known mark or commercial name included in the composite sign.

- 35 Thus, contrary to the intention of the Community legislator expressed in the 10th recital in the preamble to the directive, the guarantee of the earlier mark as an indication of origin would not be assured, even though it still had an independent distinctive role in the composite sign.
- 36 It must therefore be accepted that, in order to establish the likelihood of confusion, it suffices that, because the earlier mark still has an independent distinctive role, the origin of the goods or services covered by the composite sign is attributed by the public also to the owner of that mark.
- 37 Accordingly, the reply to the question posed must be that Article 5(1)(b) of the directive is to be interpreted as meaning that where the goods or services are identical there may be a likelihood of confusion on the part of the public where the contested sign is composed by juxtaposing the company name of another party and a registered mark which has normal distinctiveness and which, without alone determining the overall impression conveyed by the composite sign, still has an independent distinctive role therein.

Costs

- 38 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

Article 5(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 is to be interpreted as meaning that where the goods or services are identical there may be a likelihood of confusion on the part of the public where the contested sign is composed by juxtaposing the company name of another party and a registered mark which has normal distinctiveness and which, without alone determining the overall impression conveyed by the composite sign, still has an independent distinctive role therein.

[Signatures]