

OPINION OF ADVOCATE GENERAL  
JACOBS

delivered on 29 October 1998 \*

1. In this case the Landgericht München I (Munich I Regional Court) has asked the Court to give a ruling on the notion of 'likelihood of confusion' in Article 5(1)(b) of the First Council Directive to approximate the laws of the Member States relating to trade marks ('the Directive').<sup>1</sup>

2. Lloyd Schuhfabrik Meyer & Co. GmbH ('Lloyd') is a footwear manufacturer which since 1927 has sold shoes under the 'Lloyd' brand name. It owns a number of trade marks comprising the word 'Lloyd'.

3. Klijsen Handel BV ('Klijsen') has manufactured and distributed shoes in Germany since 1991 (and from 1970 in the Netherlands) under the trade mark 'Loint's'. The shoes are sold in shops specialising in leisure shoes, over 90% of sales being women's shoes. Klijsen obtained international registration of the mark 'Loint's' on 24 August 1994 and applied for protection to be extended to Germany. It also had a word/picture mark 'Loint's' registered on 26 February 1996 with protection extended to Germany.

4. In the proceedings before the referring court Lloyd seeks, *inter alia*, an order prohibiting the use of the 'Loint's' sign for shoes and footwear in Germany. Lloyd claims that 'Loint's' is likely to be confused with 'Lloyd' because of the aural similarity of the two signs and because of the enhanced distinctive character of the 'Lloyd' mark, which arises from the absence of descriptive elements and from the high degree of recognition of the mark. The order for reference notes that the degree of recognition of the 'Lloyd' brand name was ascertained in a consumer survey conducted in November 1995 as 36% of the total population aged 14 to 64 years and in a survey conducted in April 1996 as 10% of males aged 14 years and over.

5. The referring court has found that the goods covered by the two marks are identical, rejecting Klijsen's suggestion that they are different in that the 'Loint's' mark is used solely for leisure shoes, a market on which Lloyd has no appreciable presence. The referring court is however uncertain whether there is a likelihood of confusion between the two marks within the meaning of Article 5(1)(b) of the Directive.

\* Original language: English.

<sup>1</sup> — Council Directive 89/104/EEC of 21 December 1988, OJ 1989 L 40, p. 1.

6. Article 5(1) of the Directive provides:

‘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:

(a) ...

(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.’

7. The referring court considers that under existing German law and practice it is probable that there would be considered to be a likelihood of confusion. However, it doubts whether that approach is consistent with the Directive. While accepting that the aural similarity makes confusion possible, it doubts whether, as Lloyd contends, the very conspicuous ‘s’ in the ‘Loint’s’ sign can be disregarded. The referring court also has doubts about Lloyd’s claim that its mark enjoys an enhanced distinctive character

because of the degree of recognition of 36%, noting that in the abovementioned consumer survey of November 1995 33 brands of shoe had a degree of recognition of over 20%, 13 a degree of recognition of 40% or over and 6 a degree of recognition of 70% or over. It therefore decided to put the following questions to the Court:

‘1. Does it suffice, for there to be a likelihood of confusion because of similarity between the sign and the trade mark and identity of the goods or services covered by the sign and the mark, that the mark and the sign each consist of a single syllable only, are identical in sound both at the beginning and as regards the only combination of vowels and the — single — final consonant of the mark recurs in the sign in similar form (“t” instead of “d”) in a consonant cluster of three consonants including “s”; specifically, do the designations “Lloyd” and “Loints”<sup>2</sup> for shoes conflict?

2. What is the significance in this connection of the wording of the directive which provides that the likelihood of confusion includes the likelihood of association between the sign and the trade mark?

<sup>2</sup> — The order for reference, unlike Lloyd’s and Klijsen’s written observations, refers to ‘Loints’ without an apostrophe.

3. Must a special distinctive character, and hence an extended material scope of protection of a distinguishing sign, already be taken to exist where there is a degree of recognition of 10% in the relevant section of the public?

Would that be the case with a degree of recognition of 36%?

Would such an extension of the scope of protection lead to a different answer to Question 1, if that question were to be answered by the Court of Justice in the negative?

4. Is a trade mark to be taken to have an enhanced distinctive character simply because it has no descriptive elements?

8. Before I consider those questions it is necessary, as the Commission suggests in its written observations, to recall the respective roles of the Court and national courts under Article 177 of the Treaty. The Court has consistently held that its role under that article is limited to providing the national court with the guidance concerning the interpretation of the relevant Community rules necessary to resolve the case before it. It is for the national court to apply those

rules, as interpreted by the Court, to the facts of the individual case.<sup>3</sup>

9. It is true that the Court has on occasions at the prompting of national courts given rulings tied closely to the facts of particular cases. The distinction between interpretation and application is not clear-cut — indeed interpretation may be considered an integral part of the process of applying a legal rule. Almost any question, however specific to a particular set of facts, can be formulated in the guise of an abstract question of interpretation. That point is illustrated by the referring court's first question, which is formulated both as an abstract question of interpretation and as an explicit inquiry concerning the possible conflict between the 'Lloyd' and 'Loint's' marks.

10. It is nevertheless possible in my view to distinguish between the provision of general interpretative guidance, of a kind which may be relevant to other cases concerning the application of the same provision, and the detailed appraisal of the facts of the particular case. In the present case it is clear that the Court is being asked to perform the latter task, that is to say, in effect to determine the dispute before the national court by deciding whether on the facts there exists a likelihood of confusion between the two marks.

3 — See, for example, Case C-320/88 *Shipping and Forwarding Enterprise SAFE* [1990] ECR I-285.

11. In an area such as this it seems to me that there are a number of reasons which should lead the Court to be particularly rigorous in observing the proper division of functions between itself and the national courts. The decision on whether there is a likelihood of confusion between a mark and a sign entails a particularly detailed assessment of the totality of the evidence presented to the national court. That decision therefore falls more naturally to the national court.

12. Moreover, while the Directive must be interpreted as laying down uniform criteria for assessing the likelihood of confusion, those criteria may fall to be applied differently in the Member States because, *inter alia*, of linguistic differences. For example, while 'Lloyd' and 'Loint's' may seem to have little aural or visual similarity to an English-speaker, that may not be the case for a German-speaker given that the letter 't' and a final 'd' are pronounced similarly in German. Consequently, it seems appropriate that the national courts of a Member State should assess the likelihood of confusion in the minds of the public of that State.

13. It may be noted further that in the present field the legal criteria to be inferred from the Directive are comparatively few and yet fall to be applied to an almost limitless number of factual situations. In such circumstances the Court can contribute more effectively to the uniform application of the Directive and to legal cer-

tainty by stating clearly the general criteria and, especially, the standard to be applied in assessing the likelihood of confusion rather than by giving rulings tied too closely to the facts of particular cases.

14. Against that background the national court's questions may be reformulated as an inquiry concerning:

- the criteria to be applied in assessing the likelihood of confusion and in particular the relevance of the aural similarity of the mark and the sign,
- the significance to be attached to the fact that the likelihood of confusion is stated to include the 'likelihood of association',
- the circumstances in which a mark is to be regarded as having a distinctive character and in particular the importance of the degree of recognition of the mark and the absence of descriptive elements, and
- the significance to be attached to the distinctive character of a mark in the assessment of confusion.

15. Since the national court made the reference in the present case the Court has given its ruling in *SABEL*<sup>4</sup> in relation to Article 4(1)(b) of the Directive, which is in substantially identical terms to Article 5(1)(b) but concerns the registration or invalidity of a trade mark. It seems to me that that ruling provides much of the guidance required by the referring court.

16. As regards the meaning of the term 'likelihood of association', raised in the present case by the referring court's second question, the Court held in *SABEL*:

'In that connection, it is to be remembered that Article 4(1)(b) of the Directive is 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, which includes the likelihood of association with the earlier trade mark". It follows from that wording that the concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope. The terms of the provision itself exclude its application where there is no likelihood of confusion on the part of the public.

The tenth recital in the preamble to the Directive, according to which "the likelihood of confusion... constitutes the specific condition for such protection", also confirms that interpretation.'<sup>5</sup>

17. As regards the remaining questions referred in the present case, the Court gave in *SABEL* the following guidance concerning the manner in which the likelihood of confusion is to be assessed:

'As pointed out in paragraph 18 of this judgment, Article 4(1)(b) of the Directive does not apply where there is no likelihood of confusion on the part of the public. In that respect, it is clear from the tenth recital in the preamble to the Directive that the appreciation of the likelihood of confusion "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". The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.

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

4 — Case C-251/95 *SABEL v Puma* [1997] ECR I-6191.

5 — *SABEL*, paragraphs 18 and 19.

dominant components. The wording of Article 4(1)(b) of the Directive — “... there exists a likelihood of confusion on the part of the public...” — shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details.

In that perspective, the more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public.

However, in circumstances such as those in point in the main proceedings, where the earlier mark is not especially well known to the public and consists of an image with little imaginative content, the mere fact that the two marks are conceptually similar is not sufficient to give rise to a likelihood of confusion.

The answer to the national court’s question must therefore be that the criterion of “likelihood of confusion which includes

the likelihood of association with the earlier mark” contained in Article 4(1)(b) of the Directive is to be interpreted as meaning that the mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion within the meaning of that provision.’<sup>6</sup>

18. In the context of the present case it may be helpful to add the following. First, with reference to Question 1, it is clear from the ruling in *SABEL* that the likelihood of confusion must be assessed globally in the light of all relevant factors. Contrary to the view expressed by Lloyd, it may therefore be relevant, depending on the circumstances, to consider not only the degree of aural similarity of the mark and the sign but also the degree (or absence) of visual and conceptual similarity. In the absence of visual or conceptual similarity it would be necessary to consider whether, having regard to all the circumstances including the nature of the goods and the conditions in which they were marketed, the degree of any aural similarity would of itself be likely to give rise to confusion.

19. As the tenth recital in the preamble to the Directive makes clear, ‘the ways in which likelihood of confusion may be established, and in particular the onus of proof, are a matter for national procedural rules which are not prejudiced by the

6 — *SABEL*, paragraphs 22 to 26.

Directive'. Thus, in assessing the likelihood of confusion the national court will apply national rules of evidence.

tions on the free flow of goods and services between Member States and indeed would defeat the very objective of the Directive.

20. The standard and criteria to be applied, however, in making that assessment are a matter of Community law. As Klijsen observes, the likelihood of confusion must be properly substantiated and genuine — it must not be merely hypothetical or remote. In *SABEL* the Court, in concluding that a mark was to be perceived as a whole rather than by reference to its various components, applied the test of the average consumer for the particular type of goods or services. Contrary to Lloyd's suggestion at the hearing, such a test is consistent with its rulings in other cases in which it has considered whether a description, trade mark or promotional description or statement was liable to mislead the consumer. In such cases the Court has taken into account the presumed expectations of an average consumer of the goods or services in question who is reasonably well informed and reasonably observant and circumspect.<sup>7</sup> It seems to me that the same criterion applies here. As I explained at paragraphs 50 and 51 of my Opinion in *SABEL*, an unduly high level of protection would impede the integration of national markets by imposing unjustified restric-

21. With reference to Question 3 it is clear from the ruling in *SABEL* that a mark may be particularly distinctive either *per se* or because of the reputation it enjoys with the public and that 'the more distinctive the mark, the greater will be the likelihood of confusion'. The national court inquires whether there is a threshold above which a mark acquires, by virtue of its degree of recognition, a particularly distinctive character and enjoys 'an extended material scope of protection'. The Directive does not however seek to lay down such a threshold. The degree of recognition is one factor which along with others must be taken into account in making the overall assessment of the likelihood of confusion for the average consumer of the goods or services in question. There is no specific threshold beyond which it should be given decisive weight.

22. With reference to Question 4, it is clear from *SABEL*<sup>8</sup> that the likelihood of confusion may be greater where a mark is particularly distinctive *per se*. That will be so where it has certain aural, visual or conceptual features which particularly dis-

7 — See most recently Case C-210/96 *Gut Springenheide*, judgment of 16 July 1998, paragraphs 30 and 31. See also Case C-362/88 *GB-INNO-BM* [1990] ECR I-667; Case C-238/89 *Pall* [1990] ECR I-4827; Case C-126/91 *Yves Rocher* [1993] ECR I-2361; Case C-315/92 *Verband Sozialer Wettbewerb v Clinique Laboratories and Estée Lauder* [1994] ECR I-317; Case C-456/93 *Langguth* [1995] ECR I-1737; and Case C-470/93 *Verein gegen Unwesen in Handel und Gewerbe Köln v Mars* [1995] ECR I-1923. See also the Opinion of Advocate General Fennelly of 29 September 1998 in Case C-303/97 *Verbraucherschutzverein v Sektellerei G.C. Kessler*, in particular at paragraph 29 et seq.

8 — See also the judgment of 29 October 1998 in Case C-39/97 *Canon*, paragraphs 17 and 18.

tinguish it from other signs. At first sight that may seem curious since it might be thought that the more intrinsically distinctive a mark is the less will be the likelihood of confusion. However, it is clear that there will be a greater likelihood of confusion between a mark and sign whose similarity stems from their both being characterised by certain unusual or original features than between a mark and a sign which share similar but less distinctive features. The fact that a mark and a sign are both readily distinguishable from other marks because

they share the same original or unusual features increases the risk of confusion.

23. It seems to me that the complete absence of descriptive elements may be a factor in assessing the distinctiveness of a mark but will not of itself make a mark particularly distinctive; despite the absence of descriptive elements, a mark may still lack original features or be commonplace in the Member State concerned.

## Conclusion

24. Accordingly I am of the opinion that the questions referred by the Landgericht München I should be answered as follows:

- (1) In assessing the likelihood of confusion, for the purposes of Article 5(1)(b) of Council Directive 89/104/EEC, between a mark and a sign used for identical goods, the national court must consider whether there is a genuine and properly substantiated likelihood of confusion for an average consumer of the particular type of goods in the Member State concerned. In making that assessment it must make a global assessment of all relevant factors, in particular the degree of aural, visual or conceptual similarity between the mark and the sign and the distinctiveness which the mark has either *per se* or by virtue of the degree of recognition of the mark.

- (2) The concept of the likelihood of association, as referred to in Article 5(1)(b), is not an alternative to that of likelihood of confusion but serves to define its scope.
  
- (3) The Directive does not lay down a threshold above which a mark automatically acquires, by virtue of its degree of recognition, a particularly distinctive character and enjoys greater protection. The degree of recognition of a mark is one factor to be taken into account in the overall assessment of confusion. The greater the degree of recognition of the mark, the greater the likelihood of confusion with a similar sign.
  
- (4) The fact that a mark has no descriptive elements may be a factor in assessing the distinctiveness of a mark but does not itself increase the likelihood of confusion.