

JUDGMENT OF THE COURT OF FIRST INSTANCE (Second Chamber)  
4 November 2003 \*

In Case T-85/02,

**Pedro Díaz, SA**, established in Cartagena (Spain), represented initially by P. Koch Moreno and subsequently by M. Aznar Alonso, lawyers,

applicant,

v

**Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)**, represented by O. Montalto and J. Crespo Carrillo, acting as Agents,

defendant,

\* Language of the case: Spanish.

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

**Granjas Castelló, SA**, established in Mollerussa (Spain),

ACTION brought against the decision of the Third Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 16 January 2002 (Case R 40/2000-3) concerning the opposition filed by the owner of the national trade mark EL CASTILLO,

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: B. Pastor, Deputy Registrar,

having regard to the application lodged at the Court Registry on 22 March 2002,

having regard to the response of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) lodged at the Court Registry on 16 July 2002,

further to the hearing on 11 June 2003,

gives the following

## Judgment

### Facts

- 1 On 1 April 1996 the applicant filed an application for a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) ('the Office'), 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 trade mark in respect of which registration was sought was the word mark CASTILLO.
- 3 The goods in respect of which registration was sought are in Classes 29 and 30 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, and correspond to the following abridged description:
  - Class 29: 'Fish, preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; cheese, fish and vegetable-based preserves';

— Class 30: 'Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; honey, treacle; yeast, baking-powder; salt, mustard, vinegar, sauces (condiments); spices; ice; salad dressings'.

4 The application was published in *Community Trade Marks Bulletin* No 2/98 on 5 January 1998.

5 On 12 March 1998, Granjas Castelló, SA ('the opponent') filed a notice of opposition under Article 42 of Regulation No 40/94 against the mark claimed in respect of all the products to which the mark related, basing its opposition on two earlier national marks owned by it, namely:

— the Spanish verbal and figurative mark No 104 442, reproduced below, for 'condensed milk' in Class 29, registered in 1935;



- the Spanish verbal and figurative mark No 1 935 658, reproduced below, for ‘cocoa and coffee-based drinks, flavourings for drinks (which are not essential acids), tea, coffee, chocolate, cereal-based preparations’ within Class 30, registered in 1995:



- 6 By decision of 18 October 1999, the Office’s Opposition Division found that there was some similarity between the conflicting signs but that it was not pronounced. It upheld the opposition in part in respect of the following products: ‘milk and milk products’ within Class 29, and ‘coffee, tea, cocoa, artificial coffee and rice’ within Class 30. As a consequence, the Opposition Division refused to register the mark applied for in respect of those products and accepted that it should be registered in respect of the other products referred to in the trade-mark application, in particular for ‘cheese’.
- 7 On 16 December 1999, the opponent filed an appeal at the Office under Article 59 of Regulation No 40/94, against the decision of the Opposition Division.
- 8 By decision of 16 January 2002 (Case R 40/2000-3; ‘the contested decision’), which was notified to the applicant on 22 January 2002, the Office’s Third Board of Appeal annulled in part the decision of the Opposition Division.

- 9 The Board of Appeal found, in light of the comparison of the conflicting signs made by the Opposition Division, that the opposition should be accepted in so far as it concerned 'cheese', and it refused to register the mark claimed for 'cheese' on the ground that there was a degree of similarity between the 'condensed milk' to which one of the earlier trade marks related and the 'cheese' to which the trade-mark application related ('the relevant products'), even though those products could be distinguished from one another.

### Forms of order sought

- 10 Having withdrawn one of its heads of claim at the hearing, the applicant now claims that the Court should:

- annul the contested decision in so far as it refuses the trade mark application in respect of 'cheese';
  
- declare that the mark applied for, in so far as it concerns 'cheese', is not capable of being confused with the opponent's mark No 104 442 in so far as the latter concerns 'condensed milk';
  
- order the Office to pay the costs.

- 11 Following that partial withdrawal by the applicant, the Office now contends that the Court should:

- dismiss the action as unfounded;
  
- order the applicant to pay the costs.

## Law

### *Arguments of the parties*

- 12 The applicant puts forward a single plea alleging infringement of Article 8(1)(b) of Regulation No 40/94.

### Comparison of the relevant products

- 13 The applicant challenges the contested decision essentially on the ground that the relevant products, namely condensed milk and cheese, were found to be similar as to their nature and purpose. It contends that the two products are distinct by virtue of their nature, their end users and their method of use and they may not be regarded as either in competition with each other or complementary. It concludes that, since they can be differentiated in trade, the products are not similar.

- 14 First, as regards the nature of the relevant products, the applicant rejects the Board of Appeal's finding, pointing out that, although they may both be classified as milk products, the manufacturing processes are quite different, as is shown, in particular, by the Opposition Division's Decision No 872/2000 of 27 April 2000. The applicant stated at the hearing that to its knowledge (and contrary to the Board of Appeal's assertion) no single undertaking actually manufactures both types of product.
- 15 Second, as regards the purpose to which the relevant products are put, the applicant starts by challenging the Board of Appeal's finding that they are similar because they may be used in countless ways in cooking, in particular in cake and pastry cooking, or may be used as milk substitutes by persons who are lactose intolerant. Identifying certain criteria in the Opposition Division's Decision No 533/2000 of 29 March 2000, concerning inter alia the earlier trade mark, No 104 442, the applicant concludes that condensed milk is used in coffee or as an ingredient in confectionary or cake and pastry cooking, whilst cheese is generally eaten on its own and is used only to a limited extent in cakes and pastries. It points out in that regard that its cheese is not intended for use in cakes or pastries. Furthermore, the average consumer will not confuse the two product types when making a purchase: two completely different end products are involved. The applicant refers on this point to Decision No 533/2000, which finds that 'the average consumer buys [condensed milk] only occasionally' whilst, in its submission, cheese is generally bought more frequently.
- 16 The applicant also claims that the Board of Appeal's statement that condensed milk and cheese 'are usually sold at the dairy products counter' is far too general, particularly since cheese is usually sold at a separate counter. At the hearing the applicant claimed that the statement had not been proved.

- 17 Third, the applicant cites two judgments of the Spanish Supreme Court from 1974 and 1976 relating (i) to the trade marks DULCIPAN and DULCINEA and (ii) to the trade marks QUINTANILLA and LA QUINTANA to support its contention that there is no likelihood of condensed milk being confused with cheese.
- 18 The Office contends that the applicant is mistakenly seeking to show that the relevant products are distinguishable — something which is not disputed by anybody. The real question is whether the products are similar.
- 19 For the Office the finding in the contested decision that the relevant products are similar as to their nature and purpose is sound.
- 20 The Office maintains that so far as consumers' perception is concerned, the likelihood of confusion is not confined to the fact that the products may be mistaken for one another but, in essence, entails the risk (which the contested decision, at paragraph 16, found to exist) of consumers thinking that products which are to some degree similar come from the same undertaking.
- 21 In that regard, the Office disputes the relevance of Decision No 533/2000, mentioned above, since the existence of similarity between two products is a question of fact and depends on the particular case. Thus, one of the products in issue in Decision No 533/2000, namely ham, is obviously different from the products concerned here.
- 22 So far as the decisions of the Spanish Supreme Court are concerned, the Office points out that the national law applied by that court pre-dated the harmonised trade mark legislation. In any event, the differences between the conflicting trade marks in those decisions were more obvious than the differences between the marks at issue here.

Comparison of the conflicting signs and the likelihood of confusion between the trade marks at issue

- 23 The applicant maintains that the Board of Appeal did not reject the Opposition Division's finding that the similarity between the conflicting signs was not clearly pronounced. That question should be regarded as finally settled for the purposes of these proceedings, since the Board of Appeal did not call in question 'the fact that the signs are compatible'.
- 24 However, the applicant submits that the Board of Appeal erred in stating that, since the word 'castillo' is common to the two trade marks, there is a likelihood of confusion between the mark applied for and the earlier mark No 104 442. At the hearing, the applicant stated that the likelihood of confusion should be assessed by reference to the situation prevailing on the relevant market (Case C-39/97 *Canon* [1998] ECR I-5507). Many Spanish or Community registered marks, concerning in particular Class 29, include the word or consist of it. Therefore, the fact that a number of marks which include the word 'castillo' coexist on the Spanish market demonstrates that there is no likelihood of confusion between the conflicting marks in this instance. Should there be any doubt regarding these registrations, the applicant asks the Court to address itself to the bodies which have granted them.
- 25 The Office observes that neither the parties before the Board of Appeal nor the applicant before the Court questioned the Opposition Division's comparison of the conflicting signs.
- 26 In any event, the fact that there are a number of marks on the market capable of giving rise to confusion is of no general relevance, since that situation may have come about either because there is no real likelihood of confusion or because there has been no opposition from owners of any earlier trade marks.

Furthermore, the Spanish and Community registrations including the word 'castillo' or consisting of that word, to which the applicant has alluded, must — if they are to be of any relevance — be examined thoroughly on a case-by-case basis. At the hearing, the Office stated that evidence which had not been submitted to it should be declared inadmissible.

### *Findings of the Court*

- 27 Under Article 8(1)(b) of Regulation No 40/94, a mark is not to be registered if because of its identity with or similarity to an 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. Further, under Article 8(2)(a)(ii) of Regulation No 40/94, 'earlier trademarks' means trade marks registered in a Member State with a date of application for registration which is earlier than the date of application for registration of the Community trade mark.
- 28 It is clear from the case-law that a 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 (see, by analogy, *Canon*, cited at paragraph 24 above, paragraph 29; Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17; and Case T-99/01 *Mystery Drinks v OHIM — Karlsberg Brauerei (MYSTERY)* [2003] ECR II-43, paragraph 29).
- 29 According to the same case-law, the likelihood of confusion on the part of the public must be assessed globally, taking into account all factors relevant to the

circumstances of the case (*Canon*, cited in paragraph 24 above, paragraph 16; *Lloyd Schuhfabrik Meyer*, cited in paragraph 28 above, paragraph 18; and *MYSTERY*, cited in paragraph 28 above, paragraph 30). That assessment implies some interdependence between the factors taken into account, and in particular between the similarity of the trade marks and that of the goods or services identified. Accordingly, a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa (*Canon*, paragraph 17, *Lloyd Schuhfabrik Meyer*, paragraph 19, and *MYSTERY*, paragraph 31). The interdependence of those factors is expressly referred to in the seventh recital in the preamble to Regulation No 40/94, according to which the concept of similarity is to be interpreted in relation to the likelihood of confusion, the assessment of which depends, inter alia, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services designated.

30 In addition, the perception in the mind of the average consumer of the goods or services in question plays a decisive role in the global assessment of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (*Lloyd Schuhfabrik Meyer*, cited in paragraph 28 above, paragraph 25, and *MYSTERY*, cited in paragraph 28 above, paragraph 32). For the purposes of that global assessment, the average consumer is deemed to be reasonably well-informed and reasonably observant and circumspect. In addition, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but has to place his trust in the imperfect image of them that he has retained in his mind (*Lloyd Schuhfabrik Meyer*, paragraph 26).

31 In this case, the two earlier marks are registered in Spain. Moreover, the goods in question are everyday consumer goods. Therefore, for the purposes of the assessment of the likelihood of confusion in this case, account must be taken of the perception of the relevant public, which consists of end consumers in Spain.

## Comparison of the relevant products

- 32 In order to assess the similarity of the products concerned, all the relevant factors which characterise the relationship between those products should be taken into account, those factors including, *inter alia*, their nature, their end users and their method of use and whether they are in competition with each other or are complementary (*Canon*, cited in paragraph 24 above, paragraph 23).
- 33 As regards the nature of the products concerned, the Court, like the Board of Appeal, notes that the raw material of both products is milk and that as a result they must both be classed as milk products. That finding is not undermined by the fact advanced by the applicant and stated by the Board of Appeal that condensed milk is a form of processed milk whilst cheese is a milk-derivative. The relevant public is aware of the products' essential characteristic, which pertains to their nature, and considers them above all to be part of the same product family. Even if the relevant public is aware of the differences in how the products are manufactured, it does not conclude — rightly or wrongly — that those differences prevent one undertaking from making or selling both types of product at the same time. Therefore, the relevant public naturally has the impression that the products concerned may have the same commercial origin.
- 34 That conclusion is not called in question by the fact that there is little similarity between the products as regards their end use and/or the way in which they are used. The applicant is right to criticise the reasoning in the decision, according to which the relevant products are used in many ways in cooking, in particular in cake and pastry cooking, and may even be used as substitutes, particularly for persons who are lactose intolerant. The fact that both products may be used as cooking ingredients is a characteristic which they share with virtually all foodstuffs. Moreover, it seems extremely unlikely that the relevant products may be used as substitutes. First, the Office has failed to cite even a few food preparations in which they may be used in Spain as alternatives or cumulatively.

Second, if both products could actually constitute a milk substitute for persons who are lactose intolerant, the Office has produced no evidence to suggest that the section of the relevant public affected by such an allergy is substantial enough to be seriously taken into account in assessing the likelihood of confusion. Finally, the Board of Appeal's statement that the two relevant product types are sold at the same shop counter is not supported by any objective information.

- 35 However, neither the findings made in paragraph 34 above nor the applicant's argument that milk and cheese are consumed in different ways means that the products cannot be similar. The differences in the way that the relevant products are consumed merely confirm that they are distinct products from the point of view of nutrition and taste which can hardly be used as substitutes. As a consequence, the relevant products are not in competition with one another.
- 36 Instead the products are complementary, since, in the eyes of the relevant public, they belong to a single product family and may easily be regarded as components of a general range of milk products capable of having a common commercial origin.
- 37 The relevance to the present case of the decisions of the Spanish courts and those of the Office, which the applicant cites in order to establish that the relevant products are distinct, is questionable, since they concern either different signs or different products. Furthermore, it must be borne in mind that it is settled case-law that the legality of decisions of the Boards of Appeal is to be assessed purely by reference to Regulation No 40/94. Accordingly, the Office is bound

neither by national registrations nor by its own previous decisions (see Case T-130/01 *Sykes Enterprises v OHIM (REAL PEOPLE, REAL SOLUTIONS)* [2002] ECR II-5179, paragraph 31 and the case-law cited therein).

- 38 In conclusion, the Board of Appeal was right to conclude that the relevant public may perceive the relevant products as having a common commercial origin. The products must therefore be regarded as similar for the purposes of Article 8(1)(b) of Regulation No 40/94.

#### Comparison of the conflicting signs

- 39 It is clear from the case-law that the global assessment of the likelihood of confusion, as regards the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression created by them, bearing in mind, in particular, their distinctive and dominant components (*Lloyd Schuhfabrik Meyer*, cited in paragraph 28 above, paragraph 25, and *MYSTERY*, cited in paragraph 28 above, paragraph 42). In addition, the Court of Justice has found that it is possible that mere aural similarity between trade marks may create a likelihood of confusion (*Lloyd Schuhfabrik Meyer*, paragraph 28).
- 40 In the present case, it is clear from the contested decision and the decision of the Opposition Division to which the contested decision refers that the Office, having undertaken a visual, aural and conceptual analysis, found that the conflicting signs were similar, although the similarity was not pronounced. That finding must be endorsed. First, in the earlier trade marks, principally in trade mark No 104 442, the component 'El Castillo' must be regarded as dominant from both an aural and a conceptual point of view (see, by analogy, Case T-104/01 *Oberhauser v OHIM — Petit Liberto (Fifties)* [2002] ECR II-4359, paragraphs

40 and 45). Second, the word 'castillo' constitutes the mark applied for. It is therefore evident that the main component of the earlier trade mark, No 104 442, and the verbal sign of the mark applied for are almost identical both conceptually and aurally. Accordingly, the conflicting signs are, at the very least, similar for the purposes of Article 8(1)(b) of Regulation No 40/94.

#### Likelihood of confusion between the trade marks concerned

- 41 It must be borne in mind at the outset that both the products concerned and the conflicting signs are similar for the purposes of Article 8(1)(b) of Regulation No 40/94. Accordingly, it would generally follow that the relevant public would be likely to think that the cheese to which the word mark CASTILLO relates may come from the undertaking which owns the earlier figurative mark EL CASTILLO. As a consequence, there is prima facie a likelihood of confusion between the marks.
- 42 However, the applicant claims, relying on the judgment in *Canon* (cited in paragraph 24 above), that the fact that there coexist on the market many Spanish and Community registrations which include the word 'castillo' or consist of that word demonstrates that there is no likelihood of confusion in this instance.
- 43 According to the judgment in *Canon*, the distinctive character of an earlier trade mark, which derives from the qualities inherent in the mark or from its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of confusion (*Canon*, cited in paragraph 24 above,

paragraphs 18 and 24). That interpretation is borne out, in the context of Regulation No 40/94, by the seventh recital in the preamble to the regulation, which states that the likelihood of confusion must be assessed in light, in particular, of the recognition of the mark on the market.

- 44 Those considerations suffice to show that the positive reputation of an earlier mark may, at least in some cases, contribute to the highly distinctive character of a trade mark and, therefore, may increase the likelihood of confusion between that mark and a mark applied for.
- 45 In this case, the applicant has produced no evidence other than a list of Spanish or Community registrations which consist of or include the word 'castillo' for the purpose of proving that in this instance there is no likelihood of confusion between the conflicting marks because these registrations coexist on the market.
- 46 The Court finds, first, that virtually all the registrations on that list have been mentioned for the first time before the Court. As the Office has rightly pointed out, if those marks are to be taken into account, each of them must first be thoroughly examined, in particular with regard to their similarity with the earlier mark and to their reputation. Accordingly, these registrations, invoked for the first time before the Court, must be disregarded and the request that they should be investigated must be rejected (Case T-237/01 *Alcon v OHIM — Dr Robert Winzer Pharma (BSS)* [2003] ECR II-411, paragraph 62).
- 47 Second, as regards the marks mentioned before the Office, namely the trade marks CASTILLO DE HOLANDA, CASTILLO DEL PUENTE, EL CASTILLO and BLUE CASTELLO describing products within Class 29, the Court finds,

first, that the Board of Appeal was right to hold that the information provided by the applicant did not prove that there was no confusion in this instance. Unlike in the case of the opponent's trade mark No 104 442 (the only really significant trade mark in this regard), the most distinctive component of three of those marks is not to be found in the word 'castillo' but in the other words comprising the marks. It should also be noted that the applicant has not provided any information about the products to which those trade marks actually relate, except in respect of its own trade mark CASTILLO DE HOLANDA, or about the representation of the figurative mark EL CASTILLO. Furthermore, the applicant has neither shown nor even claimed that any of those trade marks had acquired a reputation capable of previously giving rise to a likelihood of confusion between those marks and the opponent's trade mark — which might make it less likely in this instance that the mark applied for would give rise to confusion.

- 48 Thus, the Board of Appeal was right, first, to find that there was a likelihood of confusion between the conflicting marks in the present case and, second, to adhere to that finding in the light of the other trade marks presented to it. Therefore, the single plea alleging infringement of Article 8(1)(b) of Regulation No 40/94 must be rejected.

### Costs

- 49 Under Article 87(2) of the Rules of Procedure of the Court of First Instance, the unsuccessful party is to be ordered to pay the costs if they have been asked for in the successful parties' pleadings. Since the applicant has been unsuccessful and the Office has asked for costs, the applicant must be ordered to pay the costs.

On those grounds,

THE COURT OF FIRST INSTANCE (Second Chamber)

hereby:

1. Dismisses the application;
2. Orders the applicant to pay the costs.

Forwood

Pirrung

Meij

Delivered in open court in Luxembourg on 4 November 2003.

H. Jung

Registrar

N.J. Forwood

President