

JUDGMENT OF THE COURT (Third Chamber)

12 June 2007*

In Case C-334/05 P,

APPEAL pursuant to Article 56 of the Statute of the Court of Justice, brought on 9 September 2005,

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by O. Montalto and P. Bullock, acting as Agents,

applicant,

the other parties to the proceedings being:

Shaker di L. Laudato & C. Sas, established in Vietri sul Mare (Italy), represented by F. Sciaudone, avvocato,

applicant at first instance,

* Language of the case: Italian.

Limiñana y Botella, SL, established in Monforte del Cid (Spain),

the other party to the proceedings before the Board of Appeal of OHIM,

THE COURT (Third Chamber),

composed of A. Rosas, President of the Chamber, J. Klučka, (Rapporteur), J.N. Cunha Rodrigues, U. Lõhmus and A. Ó Caoimh, Judges,

Advocate General: J. Kokott,
Registrar: B. Fülöp, Administrator,

having regard to the written procedure and further to the hearing on 24 January 2007,

after hearing the Opinion of the Advocate General at the sitting on 8 March 2007

gives the following

Judgment

- ¹ By its appeal, the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) seeks annulment of the judgment of the Court of First Instance of the European Communities of 15 June 2005 in Case T-7/04 *Shaker v OHIM — Limiñana y Botella (Limoncello della Costiera Amalfitana shaker)* [2005] ECR

II-2305 ('the judgment under appeal'), by which the Court of First Instance upheld an appeal by Shaker di L. Laudato & C. Sas ('Shaker'), annulling the decision of the Second Board of Appeal of OHIM of 24 October 2003 ('the disputed decision'), which had refused the registration of a figurative Community trade mark containing the word elements 'Limoncello della Costiera Amalfitana' and 'shaker'.

Legal context

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

'... the protection afforded by a Community 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 the goods or services; ... the protection applies also in cases of similarity between the mark and the sign and the goods or services; ... an interpretation should be given 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, the association which can be made with the used or registered sign, 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'.

- 3 Article 8(1)(b) of that regulation 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.'

The background to the dispute

- 4 On 20 October 1999 Shaker filed an application for a Community trade mark with OHIM for the following figurative mark:



- 5 The goods in respect of which registration has been sought fall within Classes 29, 32 and 33 of the Nice Agreement concerning the Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended ('the Nice Agreement').
- 6 Following the action taken by OHIM, the applicant limited its application, as regards goods in Class 33, to lemon liqueurs from the Amalfi Coast, which corresponds to 'Alcoholic beverages (except beers)'.

- 7 On 1 June 2000 Limiñana y Botella, SL filed a notice of opposition pursuant to Article 42(1) of Regulation No 40/94. The ground relied on in support of the opposition was the likelihood of confusion referred to in Article 8(1)(b) of Regulation No 40/94, as between, on the one hand, the mark applied for in so far as it concerns goods in Class 33 of the Nice Agreement and, on the other hand, the opponent's word mark also pertaining to goods in Class 33, registered in 1996 at the Oficina Española de Patentes y Marcas (Spanish patents and trade marks office) and called 'LIMONCHELO'.

- 8 By decision of 9 September 2002, the OHIM Opposition Division upheld the opposition and consequently refused registration of the mark claimed.

- 9 In the disputed decision the Second Board of Appeal of OHIM, to which Shaker had referred, rejected the latter's application. In essence, the Board considered that the dominant element of the mark for which registration was sought was the term 'Limoncello' and that that mark and the earlier trade mark were visually and phonetically very similar to one another, so that there was a likelihood of confusion.

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

- 10 On 7 January 2004 Shaker brought an action before the Court of First Instance seeking annulment of the disputed decision, pleading, firstly, an infringement of Article 8(1)(b) of Regulation No 40/94, secondly, a misuse of powers and, thirdly, an infringement of the duty to provide reasons.

11 As regards the first plea in law, the Court of First Instance, after establishing the similarity between the products at issue, held in paragraphs 53 and 54 of the judgment under appeal, concerning the opposing signs:

‘53 [T]he Board of Appeal had to consider which component of the trade mark claimed was apt, by virtue of its visual, phonetic or conceptual characteristics, to convey, by itself, an impression of that mark which the relevant public keeps in mind, with the result that all the other components of the mark are negligible in that respect

54 However, if the trade mark claimed is a complex mark which is visual in nature, the assessment of the overall impression created by that mark and the determination as to whether there is any dominant element must be carried out on the basis of a visual analysis. Accordingly, in such a case, it is only to the extent to which a potentially dominant element includes non-visual semantic aspects that it may become necessary to compare that element with the earlier mark, also taking into account those other semantic aspects, such as for example phonetic factors or relevant abstract concepts.’

12 Following this approach, the Court of First Instance held, at paragraph 59 of the judgment under appeal, that the representation of the round dish decorated with lemons was clearly the dominant component of the mark for which registration was sought. It established that the word elements of that mark were not dominant on a visual level and held that there was no need to analyse the phonetic and conceptual characteristics of those elements.

13 Consequently, at paragraph 65 of that judgment, it held that the representation of the round dish had nothing in common with the earlier trade mark which is purely a word mark.

14 In paragraphs 66 to 69 of the judgment the Court of First Instance held:

‘66 There is therefore no likelihood of confusion between the trade marks in question. The dominance of the figurative representation of a round dish decorated with lemons in comparison with the other components of the mark claimed prevents any likelihood of confusion arising from visual, phonetic or conceptual similarities between the words “limonchelo” and “limoncello” which appear in the marks at issue.

67 In the context of the global assessment of the likelihood of confusion, it should also be observed that the average consumer has only occasionally the opportunity to carry out a direct comparison of the various trade marks but must rely on his imperfect mental image of them ... Thus, the dominant element of the trade mark claimed (the round dish decorated with lemons) is of major importance in the overall assessment of the sign because the consumer looking at a label for a strong alcoholic drink takes notice of, and remembers, the dominant element of the sign, which enables him to repeat the experience on the occasion of a subsequent purchase.

68 The dominance of the figurative component (a round dish decorated with lemons) in the mark claimed means that in this instance the assessment of the distinctive elements of the earlier trade mark does not affect the application of Article 8(1)(b) of Regulation No 40/94. Although the degree of distinctiveness of an earlier word mark may affect the assessment of the likelihood of confusion ... that requires that there be, at the very least, some likelihood of confusion between the earlier trade mark and the mark claimed. However, it is clear from the overall assessment of the likelihood of confusion between the trade marks at issue that the dominance, in the case of the mark claimed, of a round dish decorated with lemons prevents there being any likelihood of confusion with the earlier trade mark. Consequently, there is no need to adjudicate on the distinctiveness of the earlier trade mark ...

69 In the light of those considerations, the Court must hold that, notwithstanding the fact that the goods concerned are identical, there is not a sufficiently high degree of similarity between the trade marks in question for a finding that the Spanish reference public might believe that the goods in question come from the same undertaking or, as the case may be, from economically-linked undertakings. Accordingly, contrary to OHIM's finding in the contested decision, there is no likelihood of confusion between them within the meaning of Article 8(1)(b) of Regulation No 40/94.'

15 Therefore, the Court of First instance accepted the first plea, held that there was no need to examine the other pleas in law and annulled the disputed decision. It also altered it, holding the appeal by Shaker before OHIM to be justified, so that the opposition had to be rejected.

The appeal

16 In support of its appeal OHIM raised two pleas in law but withdrew the second in the course of the proceedings before the Court following a rectification by order of 12 June 2006 by the Court of First Instance. It is therefore necessary to examine only one plea in law.

Arguments of the parties

17 The plea in law maintained by OHIM in the context of its appeal alleges an error in the interpretation and application of Article 8(1)(b) of Regulation No 40/94.

- 18 OHIM complains that the Court of First Instance excluded all likelihood of confusion by basing its assessment on only the visual perception of the mark for which registration was sought, without proceeding to a phonetic and conceptual analysis of all the component elements of the marks at issue. That approach fails to apply the principle of a global assessment of the likelihood of confusion, such as emerges, in particular, from Case C-251/95 *SABEL* [1997] ECR I-6191.
- 19 Furthermore, OHIM criticises the judgment under appeal concerning its determination of the distinctive and dominant components of the signs. The Court of First Instance attributed an exclusive and decisive value to the representation of the round dish decorated with lemons without recognising that the other components might have a certain distinctive value.
- 20 OHIM considers that the Court of First Instance should have assessed the real effect of the term 'Limoncello' on the average consumer's perception of the products at issue, and taken into account the relevant public in this particular case. As regards alcoholic drinks the average consumer gives greater attention to the word component, insofar as it deals with a category of goods usually identified by the name of the product, rather than graphic elements printed on the label.
- 21 In failing to assess the distinctive intrinsic characteristics of the earlier trade mark, the judgment under appeal reversed the process which should lead to the assessment of the likelihood of confusion. The Court of First Instance limited itself to a simple analysis of the signs without continuing with a global assessment.
- 22 On the other hand, Shaker considers, firstly, that the appeal is based on a misreading of the *SABEL* case. Regulation No 40/94 does not provide for the examination of each of the visual, phonetic and conceptual elements of the marks at issue.

- 23 Furthermore, it argues, the judgment of the Court of First Instance in Case T-169/02 *Cervecería Modelo v OHIM — Modelo Continente Hipermercados (NEGRA MODELO)* [2005] ECR II-505, relied upon by OHIM, and in which it was held, at paragraph 40, that the aural and conceptual identity between the dominant component of the mark proposed for registration and the earlier mark neutralised the visual differences deriving from the graphic particularities, is not relevant. That judgment dealt with two figurative marks and the neutralising value of the phonetic and conceptual similarities was the same as the dominant element of the aural and conceptual components common to the two marks. According to Shaker the approach proposed by OHIM leads to the result that a phonetic and conceptual similarity can neutralise the dominant visual element, the dominant element thereby being deprived of any use in the assessment of the likelihood of confusion.
- 24 Secondly, Shaker argues that, in claiming that the Court of First Instance attributed an exclusive and decisive value to the representation of the round dish decorated with lemons, OHIM is in reality asking the Court to review the factual examination carried out by the Court of First Instance, whereas such an examination cannot be subject to review by the Court.
- 25 That argument is, Shaker submits, consequently inadmissible and, in any case, unfounded, insofar as OHIM cannot criticise the Court of First Instance for a partial assessment of the factual elements, while itself pursuing such an assessment. The assessment must be carried out in light of Case T-6/01 *Matratzen Concord v OHIM — Hukla Germany (MATRATZEN)* [2002] ECR II-4335 confirmed by order of the Court in Case C-3/03 P *Matratzen Concord v OHIM* [2004] ECR I-3657, which did not rule out that the overall impression created in the memory of the relevant public by a complex mark might, in certain circumstances, be dominated by one or more components of that mark.
- 26 Thirdly, Shaker pleads the inadmissibility of OHIM's arguments relating to the inadequate consideration given to the average consumer and to the principle of

interdependence, as those arguments seek to ask the Court to carry out a fresh assessment of the facts examined by the Court of First Instance. Shaker argues, moreover, that the judgments of the Court of First Instance relied upon by OHIM are irrelevant, the circumstances in which the judgments were given not being the same as those in the present case.

- 27 As regards the relevant public, Shaker submits that the Court of First Instance correctly identified average Spanish consumers, referring to them specifically in considering the likelihood of confusion.

Findings of the Court

Admissibility

- 28 As regards the plea of inadmissibility raised by Shaker, it should be noted that, pursuant to Article 225(1) EC and the first paragraph of Article 58 of the Statute of the Court of Justice, an appeal lies on points of law only. The Court of First Instance thus has exclusive jurisdiction to find and appraise the relevant facts and assess the evidence. The appraisal of those facts and the assessment of that evidence thus do not, save where the facts and evidence are distorted, constitute a point of law which is subject, as such, to review by the Court of Justice on appeal (see, in particular, Case C-104/00 P *DKV v OHIM* [2002] ECR I-7561, paragraph 22; Case C-173/04 P *Deutsche SiSi-Werke v OHIM* [2006] ECR I-551, paragraph 35; Case C-25/05 P *Storck v OHIM* [2006] ECR I-5719, paragraph 40).

29 In the present case, the pleas raised by OHIM concern a question of law, in that it seeks to demonstrate that the Court of First Instance misinterpreted the scope of Article 8(1)(b) of Regulation No 40/94, insofar as it limited itself to a visual analysis of the marks at issue and did not proceed to a phonetic and conceptual assessment of those marks.

30 This plea in law must therefore be held admissible.

Merits

31 As regards the merits of the plea arising from a mistaken interpretation and application of Article 8(1)(b) of Regulation No 40/94, it should be recalled that, pursuant to this provision, upon application by the owner of an earlier trade mark, the trade mark applied for is refused registration when, by reason of its identical nature or its similarity with the earlier trade mark and by reason of the identical nature or similarity of the goods or services covered by the two trade marks, there is a likelihood of confusion on the part of the public in the territory where the earlier trade mark is protected. Such a risk of confusion includes the risk of association with the earlier trade mark.

32 On this point, the Community legislature explained, in the seventh recital of Regulation No 40/94, 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, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified.

- 33 In this regard, it is settled case-law that 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 Article 8(1)(b) of Regulation No 40/94 (see 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); Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17; and Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 26).
- 34 Moreover, 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 *SABEL*, paragraph 22; *Lloyd Schuhfabrik Meyer*, paragraph 18; Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 40; order in *Matratzen v OHIM*, paragraph 28; *Medion*, paragraph 27; and Case C-206/04 P *Müllhens v OHIM* [2006] ECR I-2717, paragraph 18).
- 35 According to further settled case-law, the global assessment 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 *SABEL*, paragraph 23; *Lloyd Schuhfabrik Meyer*, paragraph 25; *Medion*, paragraph 28; *Müllhens v OHIM*, paragraph 19; and order in *Matratzen Concord v OHIM*, paragraph 29).

- 36 It should be added that 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 assess the importance to be attached to those various factors, taking account of the category of goods or services in question and the circumstances in which they are marketed (see *Lloyd Schuhfabrik Meyer*, paragraph 27).
- 37 In the present case the Court of First Instance, at paragraph 49 of the judgment under appeal, noted the case-law mentioned in paragraph 35 of the present judgment according to which the global appreciation of the likelihood of confusion must be based on the overall impression created by the signs at issue.
- 38 However, it stated in paragraph 54 of the judgment under appeal that, if the trade mark claimed was a complex mark which was visual in nature, the assessment of the overall impression created by that mark and the determination as to whether there was a dominant element had to be carried out on the basis of a visual analysis. It added that, in such a case, it was only to the extent to which a potentially dominant element included non-visual semantic aspects that it might become necessary to compare that element with the earlier mark, also taking into account those other semantic aspects, such as for example phonetic factors or relevant abstract concepts.
- 39 On the basis of those considerations, the Court of First Instance, in the context of the analysis of the signs at issue, firstly held that the mark for which registration was sought contained a dominant element comprising the representation of a round dish decorated with lemons. It then inferred, in paragraphs 62 to 64 of the judgment under appeal, that it was not necessary to examine the phonetic or conceptual features of the other elements of that mark. It finally concluded, in paragraph 66 of the judgment, that the dominance of the figurative representation of a round dish decorated with lemons in comparison with the other components of the mark

prevented any likelihood of confusion arising from the visual, phonetic or conceptual similarities between the words 'limonchelo' and 'limoncello' which appear in the marks at issue.

40 However, in so doing, the Court of First Instance did not carry out a global assessment of the likelihood of confusion of the marks at issue.

41 It is important to note that, according to the case-law of the Court, 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 order in *Matratzen Concord v OHIM*, paragraph 32; *Medion*, paragraph 29).

42 As the Advocate General pointed out in point 21 of her Opinion, it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element.

43 It follows that the Court of First Instance incorrectly applied Article 8(1)(b) of Regulation No 40/94.

44 In those circumstances, OHIM is right to maintain that the judgment under appeal is vitiated by an error in law.

45 It follows from the foregoing that the judgment under appeal must be set aside.

46 Pursuant to the second sentence of the first paragraph of Article 61 of the Statute of the Court of Justice, the Court may, in cases where it sets aside the decision of the Court of First Instance, refer the case back to the Court of First Instance for judgment.

47 In the present action, it is necessary to refer the case back to the Court of First Instance and to reserve the costs.

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

1. **Sets aside the judgment of the Court of First Instance of the European Communities of 15 June 2005, Case T-7/04 *Shaker v OHIM — Limiñana y Botella (Limoncello della Costiera Amalfitana shaker)*;**

2. **Refers the case back to the Court of First Instance of the European Communities;**

3. **Reserves the costs.**

[Signatures]