

Court of Justice EC, 12 October 2004, Vedral v OHIM

SAINT HUBERT

v



TRADEMARK LAW

Cumulative conditions likelihood of confusion article 8(1)(b)

- For the purposes of applying Article 8 (1)(b) of Regulation No 40/94, the likelihood of confusion presupposes both that the mark applied for and the earlier mark are identical or similar, and that the goods or services covered in the application for registration are identical or similar to those in respect of which the earlier mark is registered.

Those conditions are cumulative (see to that effect, on the identical provisions of Article 4(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), Case C-39/97 Canon [1998] ECR I-5507, paragraph 22).

52 Contrary to Vedral's claim, the Court of First Instance did not rely on the visual, aural and conceptual differences between the earlier mark and the mark applied for in deciding that there was no likelihood of confusion.

53 After making a comparative study, at paragraphs 48 to 59 of the judgment under appeal, of the two marks in the visual, aural and conceptual senses, the Court of First Instance concluded, as stated at paragraph 65 of the judgment, that the marks could in no way be regarded as identical or similar for the purposes of Article 8(1)(b) of Regulation No 40/94.

- Having found that there was no similarity between the earlier mark and the mark applied for, the Court of First Instance correctly concluded that there was no likelihood of confusion, whatever the reputation of the earlier mark and regardless of the degree of identity or similarity of the goods or services concerned.

OHIM not in a position to alter te terms of the dispute

- Therefore OHIM cannot be granted power, by partially concurring with the analysis put forward by the applicant, or acquiescing in its appeal, to alter the terms of the dispute before the Court of First Instance.

Any other finding would defeat the legitimate expectation of the party which was successful before the Board

of Appeal, in so far as the purpose of proceedings before the Court of First Instance is, pursuant to Article 63(2) of Regulation No 40/94, to review the legality of the decision of the Board of Appeal.

37 In this case the Court of First Instance was in no way bound by the agreement between Vedral and OHIM as to the similarity or even the likelihood of confusion between the conflicting marks. The Court was therefore correct to consider, in the judgment under appeal, whether the contested decision infringed the concept of likelihood of confusion, as Vedral alleged in its application, and to apply Regulation No 40/94.

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Court of Justice EC, 12 October 2004

(C.W.A. Timmermans, President of the Chamber, C. Gulmann, R. Schintgen, F. Macken (Rapporteur), and N. Colneric)

JUDGMENT OF THE COURT (Second Chamber)

12 October 2004 (1)

(Appeal – Community trade mark – Article 8(1)(b) of Regulation (EC) No 40/94 – Likelihood of confusion – Word and figurative mark HUBERT – Opposition of the proprietor of the national word mark SAINT-HUBERT 41 – Capacity of OHIM as defendant before the Court of First Instance)

In Case C-106/03 P,

APPEAL under Article 56 of the Statute of the Court of Justice,

lodged at the Court on 27 February 2003,

Vedral SA, established in Ludres (France), represented by T. van Innis, G. Glas and F. Herbert, lawyers, with an address for service in Luxembourg,

appellant,

the other party to the proceedings being:

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

defendant at first instance,

THE COURT (Second Chamber),

composed of: C.W.A. Timmermans, President of the Chamber, C. Gulmann, R. Schintgen, F. Macken (Rapporteur), and N. Colneric, Judges,

Advocate General: D. Ruiz-Jarabo Colomer,

Registrar: R. Grass,

having regard to the written procedure,

after hearing the Opinion of the Advocate General at the sitting on 15 July 2004,

gives the following

Judgment

1 In its appeal Vedral SA ('Vedral') seeks to have set aside the judgment of the Court of First Instance in Case T-110/01 (Vedral v OHIM – France Distribution (HUBERT) [2002] ECR II-5275, 'the judgment under appeal'), dismissing its action for annulment of the decision of the First Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 9 March 2001 (Case R 127/2000-1) in which the opposition by Vedral to registration of

the word and figurative mark HUBERT sought by France Distribution was rejected ('the contested decision').

Legal framework

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

'1. 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.

2. for the purposes of paragraph 1, "Earlier trade marks" means:

(a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the Community trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:

...

(ii) trade marks registered in a Member State ...'

Background to the dispute

3 On 1 April 1996, France Distribution filed with OHIM an application for registration of a composite word and figurative mark comprising the name 'HUBERT' in black stylised capital letters bordered with white, surmounted by a bust of a chef of jovial appearance raising his right arm with upturned thumb.



4 The goods in respect of which registration was sought are in Classes 29, 30 and 42 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.

5 On 6 January 1998, Vedral filed a notice of opposition under Article 42 of Regulation No 40/94 against the mark applied for in respect of some of the products covered by the mark, namely, 'milk and milk products' in Class 29 and 'vinegar, sauces' in Class 30.

6 The earlier mark is the national word mark SAINT-HUBERT 41 for 'butters, edible fats, cheeses and all dairy products' in Class 29. It is composed of two words connected by a hyphen and including the number 41.

7 Upon rejection of its opposition by a decision of 1 December 1999 by the Opposition Division, Vedral

filed an appeal with OHIM against the decision of the Opposition Division pursuant to Article 59 of Regulation No 40/94. In support of its appeal, the applicant annexed to its statement of grounds several documents intended to establish the reputation of its mark in France.

8 That appeal was dismissed by the contested decision. The First Board of Appeal of OHIM essentially considered that, even though there was a high degree of similarity between the goods in question and even though, for the purposes of the application of that provision, it was possible to take account of the reputation of the earlier mark demonstrated to it by Vedral, there was no likelihood of confusion in the mind of the public concerned since the conflicting marks did not display strong similarities.

Procedure before the Court of First Instance and judgment under appeal

9 By an application lodged with the Registry of the Court of First Instance on 23 May 2001, Vedral brought an action for the annulment of the contested decision on the sole ground of infringement of the concept of likelihood of confusion for the purposes of Article 8(1)(b) of Regulation No 40/94.

10 Before the Court of First Instance, OHIM acknowledged that if it were legitimate to regard the earlier mark as reputed, it would be appropriate to conclude that there was a likelihood of confusion with the mark applied for. None the less, since it was not possible, in OHIM's view, to accept the reputation of the earlier mark owing to the appellant's failure to provide evidence of such reputation within the period granted for that purpose by the Opposition Division, it was appropriate to examine the case without the adjunction of that factual element.

11 In that regard OHIM considered that, if the Court of First Instance were to find that the dominant component of the earlier mark is the Christian name 'HUBERT', it would be difficult to deny the existence of a likelihood of confusion between the marks in question. Conversely, if the Court of First Instance were to hold that the earlier mark is not particularly distinctive and forms a whole in which no component is dominant, the differences between the marks should be sufficient to demonstrate that there is no likelihood of confusion. OHIM leaves it to the discretion of the Court of First Instance to resolve that point of law brought before it.

12 France Distribution, which was a lawfully constituted party to the proceedings before the Opposition Division and the Board of Appeal, did not intervene in the proceedings before the Court of First Instance.

13 The Court of First Instance first recalled, at paragraphs 35 to 39 of the judgment under appeal, the Court's case-law concerning likelihood of confusion between the mark applied for and the earlier mark.

14 The Court of First Instance then went on, at paragraphs 40 to 59 of the judgment under appeal, to compare on the one hand the goods concerned and on the other the conflicting signs. Thus it found that the 'dairy products' and 'edible fats' in respect of which the earlier mark had been registered were identical, re-

spectively, with 'milk and milk products' and similar to 'vinegar, sauces' covered by the trade mark application in question. On the other hand, it considered that the earlier mark and the mark applied for 'are not similar visually', that they are 'dissimilar from an aural point of view' and that there 'is no conceptual similarity between the conflicting marks'.

15 Finally, at paragraphs 60 to 66 of the judgment under appeal, the Court of First Instance adjudged there to be no risk of confusion between the earlier mark and the mark applied for. It held in particular at paragraph 63 that 'even though there is identity and similarity between the goods covered by the conflicting marks, the visual, aural and conceptual differences between the signs constitute sufficient grounds for holding that there is no likelihood of confusion in the mind of the targeted public'. At paragraphs 65 and 66, it went on to state that, 'in this case, the conflicting signs cannot in any way be regarded as identical or similar from the visual, aural or conceptual points of view' and that, consequently, 'one of the essential conditions for applying Article 8(1)(b) of Regulation No 40/94 has not been satisfied'.

16 Accordingly, the Court of First Instance dismissed the action for annulment of the contested decision.

The appeal

17 In its appeal, in support of which it raises three pleas, Vedral claims that the Court should:

- set aside the judgment under appeal;
- give final judgment on the dispute by granting the forms of order sought at first instance or, in the alternative, remit the case to the Court of First Instance;
- order OHIM to pay the costs.

18 OHIM contends that the Court should dismiss the appeal and order Vedral to pay the costs.

First plea

Parties' arguments

19 In its first plea Vedral submits that in the judgment under appeal the Court of First Instance infringed the general principle of Community law under which the parties delimit the subject-matter of a case, which was upheld by the Court in its judgment in Joined Cases C-430/93 and C-431/93 *Van Schijndel and Van Veen* [1995] ECR I-4705).

20 It states that, under that principle it is for the parties alone to determine the scope of the dispute. It precludes the court from raising an issue not referred to in the parties' submissions. Thus, where on a given point there is no dispute between the parties or where they expressly acknowledge the existence of a legal, relevant and specific fact, the court cannot act of its own motion except if the agreement between the parties on the specific point is contrary to public policy.

21 In the present case, during the procedure before the Court of First Instance, Vedral and OHIM were agreed as to a similarity, if only a phonetic one, between the earlier mark and the mark applied for, and as to a risk of confusion if it were not possible to criticise the Board of Appeal for taking the view that the earlier mark was very distinctive, if only owing to the reputation gained by it in France. According to Vedral, that

delimitation of the dispute was not contrary to public policy.

22 Accordingly, the Court of First Instance, it is claimed, infringed the principle under which the parties delimit the subject-matter of a case by considering, contrary to the agreement between the parties on that point, that the conflicting marks displayed no similarities.

23 OHIM contends that the first plea is unfounded. The abovementioned principle applies in civil law but not to the predominantly administrative law disputes concerning the Community trade mark. Moreover, OHIM has no locus standi of its own, since it was not a party to the proceedings before the Board of Appeal. When an action comes before the Court of First Instance it must determine whether OHIM, that is to say the Board of Appeal, correctly applied Regulation No 40/94 and, if it concludes that OHIM infringed that regulation, it must set the decision aside.

24 OHIM points out that in its action before the Court of First Instance Vedral maintained that the contested decision infringed the concept of likelihood of confusion and expressly requested the Court of First Instance to examine the conflicting marks and to determine that there was a likelihood of confusion. Accordingly, the Court of First Instance was right to examine that concept and to apply Regulation No 40/94. It cannot therefore be said to have infringed the principle under which the parties delimit the subject-matter of a case.

25 Moreover, OHIM contends that in the present case there was no agreement between Vedral and itself. In its view, apart from the fact that the view of OHIM is expressed in the view taken by the Board of Appeal, as was adjudged by the Court of First Instance in the judgment under appeal, France Distribution, which could have acted as an intervener before the Court of First Instance, in no way assented to Vedral's interpretation of the likelihood of confusion. However, in disputes relating to industrial and commercial property the Rules of Procedure of the Court of First Instance confer on the intervener a position which is almost identical to that of the other parties.

Findings of the Court

26 Even on the supposition that the principle under which the parties delimit the subject-matter of a case applies in proceedings such as those at first instance concerning an action against a decision of an appeal board of OHIM on an opposition to registration of a mark based on the likelihood of confusion with an earlier mark, OHIM does not in any event have the power to alter before the Court of First Instance the terms of the dispute, as delimited in the respective claims and allegations of the applicant for registration and of the opposing party.

27 In fact, although under Article 133(2) of the Rules of Procedure of the Court of First Instance, OHIM is the defendant in proceedings before the Court of First Instance, the proceedings before that Court are intended to resolve a dispute between the claimant for registration and the holder of an earlier mark, as is borne out by the following provisions in Regulation No 40/94 and

the Rules of Procedure of the Court of First Instance.

28 First, under Article 63(2) and (3) of Regulation No 40/94, that action seeks to examine the lawfulness of the decision of the Board of Appeal which decided the dispute concerning registration of the mark applied for and to obtain, in an appropriate case, the annulment or alteration of that decision.

29 Yet before both the Opposition Division and the Board of Appeal, the dispute is between the applicant for registration and the party opposing it, without OHIM being a party to the dispute.

30 It is important to note, in particular, that under Article 42(1)(a) of Regulation No 40/94, only owners of earlier marks may oppose registration of a mark on the relative ground of refusal provided for in Article 8(1)(b) thereof. Thus, OHIM does not have the power to oppose registration of a mark on such a ground.

31 Nor, secondly, is the action before the Court of First Instance against the decision of a Board of Appeal on an opposition open to OHIM. In fact, under Article 63(4) of Regulation No 40/94 such an action 'shall be open to any party to proceedings before the Board of Appeal adversely affected by its decision'.

32 Thirdly, the capacity of defendant conferred on OHIM is limited in its effects. Conversely, the parties to the proceedings before the Board of Appeal, other than the applicant, entitled, under Article 134(1) of the Rules of Procedure of the Court of First Instance, to participate in the proceedings before the Court of First Instance as interveners, are accorded in that connection extensive rights such as to assimilate them to actual defendants.

33 Thus, Article 134(2) of the Rules of Procedure states that: 'The interveners referred to in paragraph 1 shall have the same procedural rights as the main parties.'

34 Moreover, contrary to the ordinary rule in regard to intervention set out in Article 116(4)(a) of the Rules of Procedure, Article 134(3) thereof provides that '[a]n intervener ... may, in his response ..., seek an order annulling or altering the decision of the Board of Appeal on a point not raised in the application'. By dint of a contrario reasoning under the latter provision OHIM is not entitled, for its part, to formulate such forms of order.

35 Finally it is clear from Article 134(4) thereof that, in derogation from Article 122 of the Rules of Procedure, even if OHIM does not respond to the application in the manner and within the period prescribed, the default procedure is not to apply where a party to the proceedings before the Board of Appeal other than the applicant intervenes before the Court of First Instance.

36 Therefore OHIM cannot be granted power, by partially concurring with the analysis put forward by the applicant, or acquiescing in its appeal, to alter the terms of the dispute before the Court of First Instance. Any other finding would defeat the legitimate expectation of the party which was successful before the Board of Appeal, in so far as the purpose of proceedings before the Court of First Instance is, pursuant to Article 63(2) of Regulation No 40/94, to review the legality of the

decision of the Board of Appeal.

37 In this case the Court of First Instance was in no way bound by the agreement between Vedral and OHIM as to the similarity or even the likelihood of confusion between the conflicting marks. The Court was therefore correct to consider, in the judgment under appeal, whether the contested decision infringed the concept of likelihood of confusion, as Vedral alleged in its application, and to apply Regulation No 40/94.

38 The first ground of appeal must therefore be dismissed.

Second ground of appeal

Arguments of the parties

39 In its second ground of appeal Vedral argues that the Court of First Instance infringed the rights of the defence by failing to act in accordance with its legitimate expectation as to the parameters of the dispute agreed by the parties. Having regard to the position adopted by OHIM in its response submitted to the Court of First Instance, it withdrew its request to be permitted to submit a response and limited its arguments to the parameters defined by OHIM's statement of its position.

40 According to Vedral, even if the Court of First Instance was not bound by the principle under which the parties delimit the scope of the case, it should have ordered that the matter be reopened and notified the parties that it did not concur with their view as to the aural similarity of the conflicting marks.

41 OHIM considers that the second ground of appeal presupposes that the Court of First Instance infringed the abovementioned principle, which in its view it did not. It adds that, both in its application and at the hearing, Vedral set out its views at length, as well as explaining its interpretation of the regulatory provisions and relevant case-law.

Findings of the Court

42 As regards the second ground of appeal, even on the assumption that Vedral and OHIM were agreed that there was some similarity between the conflicting marks or even that there was a likelihood of confusion, it must be borne in mind first of all that, as analysis of the first ground of appeal makes clear, the Court of First Instance was in no way bound by that view, but had a duty to determine whether, by finding that there was no similarity between the two marks, the Board of Appeal had infringed Regulation No 40/94 in the contested decision. Secondly, the Court of First Instance did not base its decision on facts or arguments extraneous to the issue.

43 Accordingly, the Court of First Instance in no way failed to act in accordance with the legitimate expectations of Vedral, nor was it bound to reopen the matter in order to notify it that it did not agree that there was aural similarity between the earlier mark and the mark applied for.

44 The second ground of appeal must therefore be dismissed.

Third ground of appeal

Arguments of the parties

45 In its third ground of appeal, which was submitted

in the alternative, Vedral argues that the Court of First Instance infringed the concept of likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94.

46 By the first limb of this plea, Vedral claims that the Court of First Instance erred in finding, at paragraph 62 of the judgment under appeal, that there was no likelihood of confusion between the earlier mark and the mark applied for without establishing, as it should have done, whether there was a risk that the public might believe that the goods or services in question originate from undertakings which are linked economically only.

47 By the second limb of the same plea, Vedral alleges that the Court of First Instance was wrong to find, at paragraph 63 of the judgment under appeal, that the visual, aural and conceptual differences between the earlier mark and the mark applied for constituted sufficient grounds to discount any likelihood of confusion. According to Vedral, the question is not whether there are differences between the conflicting marks, but whether those marks are identical or similar and whether, taken together with the identity or similarity of the goods or services concerned, the extent of those similarities is such that there is a likelihood of confusion.

48 By the third limb of this plea, Vedral argues that the Court of First Instance did not apply the rule of interdependence in a clear manner. It erred in failing to state that the alleged slight degree of similarity between the earlier mark and the mark applied for was counteracted by the high degree of similarity between the goods concerned and by the strong distinctiveness of the earlier mark.

49 By the final limb of the third plea Vedral argues that the Court of First Instance was wrong, at paragraph 62 of the contested decision, to restrict the relevant persons to the 'target public', which is to say purely to consumers likely to purchase the marked goods. In Vedral's submission, the relevant public for the purposes of assessing the likelihood of confusion is composed of all persons likely to come across the mark.

50 OHIM argues that the third ground of appeal should be dismissed as unfounded in regard to all limbs.

Findings of the Court

51 For the purposes of applying Article 8 (1)(b) of Regulation No 40/94, the likelihood of confusion presupposes both that the mark applied for and the earlier mark are identical or similar, and that the goods or services covered in the application for registration are identical or similar to those in respect of which the earlier mark is registered. Those conditions are cumulative (see to that effect, on the identical provisions of Article 4(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), [Case C-39/97 Canon \[1998\] ECR I-5507](#), paragraph 22).

52 Contrary to Vedral's claim, the Court of First Instance did not rely on the visual, aural and conceptual differences between the earlier mark and the mark ap-

plied for in deciding that there was no likelihood of confusion.

53 After making a comparative study, at paragraphs 48 to 59 of the judgment under appeal, of the two marks in the visual, aural and conceptual senses, the Court of First Instance concluded, as stated at paragraph 65 of the judgment, that the marks could in no way be regarded as identical or similar for the purposes of Article 8(1)(b) of Regulation No 40/94.

54 Having found that there was no similarity between the earlier mark and the mark applied for, the Court of First Instance correctly concluded that there was no likelihood of confusion, whatever the reputation of the earlier mark and regardless of the degree of identity or similarity of the goods or services concerned.

55 The third ground of appeal is therefore unfounded in regard to each of its limbs and must be dismissed.

56 Accordingly, the appeal must be dismissed in its entirety.

Costs

57 Under Article 62(2) of the Rules of Procedure of the Court, applicable to appeal proceedings by virtue of Article 118 of those rules, the unsuccessful party is to be ordered to pay the costs if they have been asked for in the successful party's pleadings. Since OHIM sought such an order and Vedral has failed in its appeal it must be ordered to pay the costs.

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

1. Dismisses the appeal;
2. Orders Vedral SA to pay the costs.

OPINION OF ADVOCATE GENERAL RUIZ-JARABO COLOMER

delivered on 15 July 2004 (1)

Case C-106/03 P

Vedral SA

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs)

(Appeal – Community trade mark – Word and figurative mark HUBERT – Opposition of the proprietor of the national word mark SAINT-HUBERT 41 – Breach of the principle under which the parties delimit the scope of proceedings – Infringement of the concept of likelihood of confusion)

Introduction

1. It is of particular interest in this case to examine the scope of the principle under which the parties themselves determine the subject-matter of the case in proceedings concerning the Community trade mark, in particular those conducted before the Court of First Instance to question the validity of an administrative decision in proceedings to oppose registration of one of those marks.

Facts

2. On 1 April 1996, France Distribution, a company established in Emerainville, France, filed an application under Regulation (EC) No 40/94 (2) at the Office for

Harmonisation in the Internal Market (Trade Marks and Designs) (hereinafter 'OHIM') for registration as a Community trade mark of the composite word and figurative mark reproduced below:



3. The goods which it was to identify are in Classes 29, 30 and 42 of the Nice Agreement, (3) and correspond to the following description:

–Class 29: 'Meat, charcuterie, fish, poultry and the game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, egg product in general, milk and milk products; preserved, tinned or frozen fruits and vegetables, pickles.';

– Class 30: 'Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces; spices; ice';

– Class 42: 'Hotel and restaurant services'.

4. That application was published in Community Trade Marks Bulletin No 22/97 of 6 October 1997.

5. On 6 January 1998, the appellant, Vedral SA, a company established in Ludres, France, filed a notice of opposition under Article 42 of Regulation No 40/94 against the mark claimed in respect of some of the products covered by the mark, namely, 'milk and milk products' in Class 29, and 'vinegar, sauces' in Class 30.

6. By decision of 1 December 1999, the Opposition Division of OHIM rejected the opposition on the ground that there was no likelihood of confusion in the mind of the public in France, where the earlier mark is protected for the purposes of Article 8(1)(b) of Regulation No 40/94. (4)

7. On 31 January 2000 Vedral filed an appeal with OHIM against the decision of the Opposition Division pursuant to Article 59 of Regulation No 40/94. In support of its appeal, it annexed to its statement of grounds several documents intended to establish the reputation of its mark in France.

8. The appeal was dismissed by decision of the First Board of Appeal of OHIM of 9 March 2001.

9. The Board of Appeal held that the decision of the Opposition Division was well founded so far as the application of Article 8(1)(b) of Regulation No 40/94 was concerned, because, even though there is a high degree of similarity between the goods in question, and even though, for the purposes of the application of that provision, it is possible to take account of the reputation of the earlier mark demonstrated to it by the applicant, there was no likelihood of confusion in the mind of the public concerned since the conflicting signs did not display strong similarities.

The judgment under appeal

10. On 23 May 2001 Vedral brought an action for annulment before the Court of First Instance. That action was based on a single ground, namely, misinterpretation of the concept of the likelihood of confusion, contained in Article 8(1) of Regulation No 40/94.

11. In the judgment of 12 December 2002 in Vedral v OHIM-France Distribution (HUBERT), (5) the Court of First Instance dismissed the action.

12. The Court first considered the admissibility of OHIM's arguments criticising the decision of the Board of Appeal on the ground that it did not have jurisdiction to recognise the reputation of the earlier mark in France, because Vedral had failed to adduce any evidence of such reputation within the period granted for that purpose by the Opposition Division.

Nevertheless, OHIM submitted that that error was not sufficient to justify the annulment of the contested decision.

13. In its form of order, OHIM contended that the Court should:

– make it clear that the reputation of the earlier mark should not have been recognised by the Board of Appeal;

– rule on the likelihood of confusion and annul the contested decision only if it is found that there is a likelihood of confusion;

– decide that each party should bear its own costs. (6)

14. In the view of the Court of First Instance, the claim by OHIM for a declaration that the reputation of the earlier mark should not have been recognised by the Board of Appeal was tantamount to asking for the contested decision to be altered.

However, it took into consideration that OHIM had not been a party to the proceedings before the Board of Appeal; that, as author of the act whose legality was under review, it could appear only in the capacity of a defendant; that, the Boards of Appeal form part of OHIM; and, finally, that in order for it to be afforded the right to challenge a decision of a Board of Appeal, in inter partes proceedings, the Rules of Procedure of the Court of First Instance would have had to allow the other parties to the proceedings before that Court, once they had appeared as interveners, to seek orders annulling or altering the contested decision, even on a point not raised by OHIM in its response.

15. The Court of First Instance found, therefore, that OHIM did not have locus standi to apply for the annulment or alteration of decisions taken by the Boards of Appeal, and declared its claim inadmissible.

16. As regards the substance of the action, the applicant maintained that the Board's decision did not have proper regard to the concept of 'likelihood of confusion' as interpreted by the Court of Justice, and argued that the earlier mark was intrinsically very strong and that the Board of Appeal had made a number of errors of assessment in comparing the marks at issue.

As regards the phonetic comparison, which is the material one for present purposes, Vedral submitted that the Board of Appeal had not found that the similarity between the signs applied to dominant components of the

conflicting trade marks.

17. For its part, OHIM submitted that, if the Court of First Instance were to find that the dominant component of the earlier mark was the Christian name 'HUBERT', it would be difficult to deny the existence of a likelihood of confusion between the marks in question. On the other hand, were the Court to hold that the earlier mark was not particularly distinctive and formed a whole in which no component was dominant, the differences between the marks should be sufficient to demonstrate that there was no likelihood of confusion.

18. In the judgment, the Court of First Instance acknowledged, first, that the Board of Appeal was right to hold that some of the products in question were identical and that others were similar.

19. It then compared the signs from the visual, aural and conceptual points of view. Following a meticulous analysis, it reached the determination that the visual, aural and conceptual differences between the signs constituted sufficient grounds for holding that there was no likelihood of confusion in the mind of the targeted public. (7)

20. More specifically, in relation to the aural analysis, the Court of First Instance stated as follows:

'... the Board of Appeal states that the earlier mark has seven phonemes and the mark claimed two. In addition, it finds that the stress in French is on the first, third and fifth syllables in the case of the earlier mark and on the second syllable in the case of the mark claimed (paragraph 31 of the contested decision).

It must be held that the Board of Appeal's aural analysis is correct. Clearly, the only component common to both signs is the second word of the words forming the earlier mark, which consists of two words and the number. The marks in question are therefore dissimilar from an aural point of view.' (8)

Procedure before the Court of Justice

21. Vedral lodged an appeal at the Registry of the Court of Justice on 7 March 2003.

The appellant and OHIM have submitted written observations. There was no hearing.

The case was assigned to the Second Chamber of the Court of Justice on 23 March 2004 and proceedings were completed on 7 June 2004.

Analysis of the pleas in law

22. In support of its action, the applicant puts forward two principal pleas in law and one in the alternative.

The first plea in law

23. In its first main plea, Vedral alleges that the Court of First Instance has infringed the principle under which the parties themselves determine the scope of the case.

24. The applicant submits that, under this principle, where there is no dispute between the parties on a given point, the court cannot review it unless required to do so on grounds of public policy.

25. Vedral maintains that, at the hearing before the Court of First Instance, the parties agreed that the conflicting signs were similar, at least phonetically, and also that there was a likelihood of confusion, if it were

not possible to criticise the Board of Appeal for agreeing that the trade mark 'Saint-Hubert 41' was very distinctive, owing to the reputation it had gained in France.

The judgment under appeal infringed the principle under which the parties delimit the scope of the case by considering, contrary to the agreement between the parties on that point, that the marks displayed no similarities.

26. OHIM has doubts as to the scope of the above-mentioned principle in administrative proceedings, such as those concerning the Community trade mark.

In addition, it points to the specific features of the proceedings concerned, a characteristic of which is OHIM's lack of capacity to appear before the Board of Appeal and the subject-matter of which is the review of the legality of the decision adopted.

In this case, the Court of First Instance, at the request of the applicant, examined the legal concept of 'likelihood of confusion' without the opinion of the parties being binding on its interpretation.

Finally, OHIM points out that the statements made by it to the Court of First Instance do not indicate an agreement. In support of that assertion, it raises two arguments: first, that its view appears to be supported by the decision of the Board of Appeal; secondly, that France Distribution, the other party to the proceedings before OHIM, intervener before the Court of First Instance, had not shown any tacit agreement on that point.

27. In order for this plea in law to succeed, it is necessary to establish:

–the extent to which, in legal proceedings to review the legality of decisions taken by OHIM in opposition proceedings, the principle under which the parties delimit the scope of the case is applicable and, where appropriate,

–whether it is possible to infer infringement of that principle from the documents in the case.

28. The principle under which the parties delimit the scope of proceedings is very useful in regard to specific features of the proceedings, usually civil, which reflect the acknowledgement of individual autonomy. (9) It is for the parties, not only to initiate or terminate proceedings but also to determine their subject-matter. After all, it is the manifestation at a procedural level of the individual's power of disposition concerning his own rights, which, on a substantive level, is manifested in the primacy of contractual intent. The ultimate justification for that maxim is that the owner, even the potential or presumed owner of an asset, must preserve that power to exercise his rights in order to convert it into an action, claiming it or ceding it, in whole or in part, by means of discontinuance or settlement, in sum, defining the dispute.

29. Unlike the principle under which the parties delimit the scope of the case, in the strict sense – to which it is, however, closely linked –, (10) the principle of production of evidence (Beibringungsgrundsatz) means that it is for the parties to adduce evidence of the facts of the case, in the manner and to the extent which is in

their interest, thus configuring its subject-matter and binding the Court, which is required to rule *secundum allegata et probata partium*. (11)

30. Under the law of civil procedure, in order effectively to plead the principle that the parties delimit the scope of the case, it must be established that the litigant is *dominus litis* and that the subject-matter of the proceedings may be freely availed of. (12) Civil law even provides for cases in which, in addition to individual rights, there is an equivalent or predominating public interest, which varies, limits or cancels the potential effect of the principle. This happens typically in certain cases concerning family law, in which the participation of the State Counsel indicates that the dispute transcends the scope of individual decision-making power in regard to the configuration of legal relations. (13)

31. There is no reason to exclude administrative actions, such as those conducted before OHIM, from the application of this fundamental principle of procedural law. However, in actual proceedings, that application will depend on the extent to which the parties may claim ownership of the asset or interest to which the claim refers, that is to say, that they really are *domini litis*. (14)

32. As the Court of Justice has acknowledged, (15) 'the domestic law principle that in civil proceedings a court must or may raise points of its own motion is limited by its obligation to keep to the subject-matter of the dispute and to base its decision on the facts put before it. That limitation is justified by the principle that, in a civil suit, it is for the parties to take the initiative, the court being able to act of its own motion only in exceptional cases where the public interest requires its intervention. That principle reflects conceptions prevailing in most of the Member States as to the relations between the State and the individual; it safeguards the rights of the defence; and it ensures proper conduct of proceedings by, in particular, protecting them from the delays inherent in examination of new pleas.'

In this reasoning, the Court sought to justify the existence of the principle in national law, so as to release national courts, in proceedings brought before them, from the duty to raise of their own motion a plea alleging infringement of Community provisions, thus abandoning their characteristic passivity. However, it seems unquestionable that the principle that the parties delimit the scope of the case also applies to proceedings before the Community judicature, although subject to the adjustments inherent in the specific nature of cases coming before it from time to time.

33. The effect of this principle is illustrated by the opportunity afforded to the parties under Article 77 of the Rules of Procedure of the Court of Justice to reach a settlement of their dispute and withdraw any claim. In that case, the President immediately orders the case to be removed from the register.

The Rules of Procedure only exclude the general application of this principle in actions for annulment (Article 230 EC) or in actions for a declaration that an institution has failed to act (Article 232 EC), specifically because of the objective approach taken to the action.

Before the Community judicature as well, the consequence of the discontinuance of the proceedings by the applicant is that the case is removed from the register (Article 78 of the Rules of Procedure).

Other examples which illustrate, to a greater or less extent, various aspects of the principle in question before the Court of the Justice may be found, for example, in the provisions of the Rules of Procedure relating to the formulation of the dispute in the application or the mandatory prior opinion of the Commission in actions alleging that a State has failed to fulfil its obligations; the ban on any change in the subject-matter of the dispute on appeal (Article 113(2)); or in the fact that no new plea in law may be introduced in the course of proceedings unless it is based on matters of law or fact which come to light in the course of the procedure (Article 42(2)).

Plainly, therefore, the Community judicature is also bound by the factual framework and legal grounds established by the parties.

34. However, it is significant that the Rules of Procedure contain no general provision concerning settlement by the defendant. The explanation may be that, in Community proceedings, it is unusual for the parties to be able to be entirely in charge of the dispute. Thus, in references for a preliminary ruling, which are a dialogue between courts, it is for the national court alone to withdraw a reference for a preliminary ruling. Nor are actions for failure to fulfil obligations, actions for annulment or actions for failure to act open to settlement. (16)

35. However, it is necessary to consider whether these parameters should be applied to proceedings brought to challenge an OHIM decision in opposition proceedings.

36. Is it open to the parties freely to determine the scope of a case of that nature?

In order to answer that question, even in the abstract, it is necessary to ascertain whether legal interests other than merely the interests of the parties are at stake.

37. It must be inferred, at least provisionally, from the settled case-law of the Court concerning the role of the trade mark, that this instrument of intellectual property is needed not only to protect the companies which are the proprietors of the trade marks, since the Court has always held that its essential function is 'to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin', adding that, 'for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality'. (17)

38. When interpreting the requirement that a trade mark must have a specific distinctive nature, in its examination of the absolute grounds for refusal to register in Article 5(1)(b) of Directive 89/104, (18) the Court has declared that the specific aim of the requirement is

to ensure that the trade mark 'serve[s] to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from products of other undertakings'. (19)

39. It might easily be inferred from this that there is a public interest, distinct from the interest of the proprietor of the mark, in the consumer having knowledge, by means of that sign, that the products originate from a particular undertaking. In that case there would be a public interest in avoiding the likelihood of confusion. That likelihood would arise, according to Article 8(1)(b) of the regulation if, in a given market, two identical or similar trade marks identify products which are also identical or similar.

40. This solution, although attractive, is undermined owing to the manner in which the Community legislature has organised the opposition procedure.

41. Under Sections 2, 3 and 4 of Title IV of Regulation No 40/94, once OHIM has established that a sign which it is sought to register does not fall within the scope of any of the absolute grounds for refusal, it carries out a search of Community trade marks or previous applications whose proprietors might oppose registration under Article 8. The equivalent national bodies do the same in respect of the trade marks currently in force in their respective territories.

42. OHIM must then publish the registration application and inform the proprietors of any earlier trade marks cited in the Community and national search reports that this has been done.

43. However, under Article 42 of the Regulation, only proprietors of earlier trade marks have the right to oppose registration of a new sign on the grounds provided for in Article 8, including the likelihood of confusion which is the subject-matter of the dispute. Neither OHIM nor the national authorities, nor any other public body, has the capacity to initiate this procedure.

44. If the proprietor of the earlier mark does not take this initiative, there is nothing to prevent entry in the register not only of signs capable of causing confusion to the consumer, but also signs identical to others already registered, used to identify similar products (Cf. Article 8(1)(a) of the regulation). The proprietor of the earlier trade mark may therefore freely exercise its right of opposition.

45. This scheme, which entrusts observance of the relative grounds for refusal solely to private operators, may, in some cases, prevent the mark fulfilling its role of guaranteeing to the consumer that the product originates from a specific undertaking. Even so, it must be appreciated that the legislature, aware of commercial reality, has decided that this system is probably more effective in practice and has accepted that the likelihood of confusion to which I have referred above is remote.

46. Now, if the proprietor of the earlier mark may freely exercise his right at the registration stage, it would be quite inconsistent to apply different parameters to the subsequent legal review procedure.

47. There is therefore no doubt that, before the Community judicature, the proprietor of an earlier trade mark has the same power to determine the scope of the case, as that granted to him in the administrative procedure.

48. For this reason, the Rules of Procedure of the Court of First Instance, when providing for the intervention of that proprietor, as intervener, gives him the same rights and powers as the defendant, namely OHIM, as author of the contested decision. Similar provision is made in respect of the proprietor of the new trade mark, when he challenges a final decision of the Board of Appeal in the opposition proceedings which is detrimental to his interests. Article 134 establishes that the parties to the proceedings before the Board of Appeal other than the applicant may participate, as interveners, in the proceedings before the Court of First Instance (paragraph 1), and that, in that event, they shall have 'the same procedural rights as the main parties. They may apply for forms of orders and put forward pleas in law, independently of those applied for and put forward by the main parties (paragraph 2).

49. It is clear from all the foregoing that the proprietor of the earlier mark may also exercise his right of opposition, without reservation, in legal proceedings; this stems from the position granted to him in the administrative proceedings by Regulation No 40/94.

50. It may also be inferred, a contrario, that OHIM does not have that right. Its capacity as defendant is limited to defending the legality of the decision of one of its bodies, namely, the Board of Appeal concerned. It cannot challenge the validity of that decision, as the Court of First Instance correctly reasoned in the judgment under appeal, (20) much less determine the scope of the dispute, since Regulation No 40/94 does not afford it the opportunity to oppose registration of a sign falling within the scope of a relative ground for refusal provided for in Article 8.

51. In light of all the foregoing, this first plea in law must be rejected, without analysis of the precise scope of the alleged agreement reached by the parties before the Court of First Instance: OHIM lacks the capacity of *dominus litis* and, therefore, the corresponding right to contribute to determination of the subject-matter of the dispute.

The second plea in law

52. The second plea in law which, like the first one, is a principal plea, is that the Court of First Instance should at least have ordered the reopening of the oral procedure in order to indicate to the parties that it was not adhering to the agreement as to the phonetic similarity between the conflicting marks.

53. This plea could succeed only if the Court of First Instance could be shown to have based its decision on arguments unconnected with the dispute. That would be the case if, for example, it had taken as its basis Article 8(1)(a) of the Regulation.

54. In the present case, the Court was asked to assess whether the Board of Appeal had correctly applied the concept of likelihood of confusion. Suffice it to say that the arguments contained in paragraphs 41 et seq. deal

with this question and reach the conclusion that the Board of Appeal did not err in ruling out any possibility of confusion between the mark applied for and the earlier mark.

As regards the alleged phonetic similarity, the Court of First Instance merely considered whether the Board of Appeal followed the correct criterion, and declared that the marks at issue are dissimilar (paragraph 56 of the contested decision) or that they should not be regarded as identical or similar (paragraph 62), whereas the Board of Appeal had maintained that the two signs were not very similar (paragraph 33 of the decision). These differences in expression are irrelevant, since they have no legal consequences whatsoever in respect of the application of Article 8(1)(b), in particular, because the Board of Appeal itself proceeded on the assumption – from which the Court of First Instance subsequently departed – that the earlier trade mark was widely known in France.

55. The fact that, as is pointed out in the judgment under appeal, OHIM, in its statements before the Court of First Instance, departed from the view of the Board of Appeal, stating that, ‘if the earlier mark could properly be regarded as a mark with reputation, it would have to be held that there is a likelihood of confusion with the mark claimed’ (paragraph 31), that does not alter the limits of the dispute, which, as I explained when considering the first plea, OHIM does not have the right to determine.

56. For those reasons, the second plea in law must be rejected.

The third plea in law

57. The third plea in law, which the appellant put forward in the alternative, is that the judgment under appeal misapplied the concept of ‘likelihood of confusion’ and ‘relevant public’, for the purposes of Article 8(1)(b) of Regulation No 40/94. Vedral makes four complaints.

58. The first error consisted in referring, in paragraph 62, to the fact that the public, looking at products identified by the mark claimed and by the earlier mark, would not attribute the same commercial origin to the goods in question. According to the appellant, the likelihood of confusion also includes the possibility that it may be thought that the undertakings are linked economically.

59. This claim is, at best, to no avail. From the moment that the Court of First Instance reached the conclusion, in paragraphs 48 to 59 of the judgment under appeal, that the signs were not similar to each other (as it categorically states in paragraph 65), there is neither the likelihood of confusion nor the likelihood of association to which the appellant refers. In the absence of such similarity, it is pointless to wonder whether the public would think that products identified by the new mark originate from an undertaking which is economically linked to the proprietor of the earlier mark.

In addition, the judgment at first instance stated, also in paragraph 62, that, ‘[C]onsequently, there is no risk that the targeted public might link the goods identified by each of the two marks which evoke different ideas’.

60. The second error is in paragraph 63, in which it is stated that, ‘even though there is identity and similarity between the goods covered by the conflicting marks, the visual, aural and conceptual differences between the signs constitute sufficient grounds for holding that there is no likelihood of confusion in the mind of the targeted public’, when, according to the appellant, the correct path would have been to take as a parameter the global assessment of the sign in question and to decide whether the identity or similarity are such that they may cause a likelihood of confusion.

61. This argument must be rejected, for reasons similar to those set out in respect of the first complaint: the Court of First Instance considered that the signs display no similarity and the appellant has not properly challenged this premiss. Therefore, it is pointless to investigate the circumstances in which two different signs may give rise to a likelihood of confusion.

62. The third error which the appellant claims to discern in the judgment under appeal consists in the misapplication of the rule of interdependence. Vedral explains that, if the Court of Justice considered that the Court of First Instance observed a certain similarity, at least phonetic, between the signs, it should require it to regard that slight similarity as offset by the identity between the products and the strong distinctive character of the earlier mark, and to find that there was a likelihood of confusion.

63. This part of the plea is manifestly unfounded, since it starts from a false assumption, because the Court of First Instance never found the alleged phonetic similarity between the signs. Quite the contrary, it stated that those signs cannot be regarded as identical or similar (paragraph 65), a point which the appellant does not challenge. Consequently, this claim must be rejected.

64. Finally, Vedral complains that paragraph 62 of the judgment under appeal infringes the concept of likelihood of confusion by taking the relevant public to be those consumers likely to purchase the products identified and not all persons who might notice the mark.

65. This argument cannot avail the appellant any more than the previous ones. Since there is no similarity between the signs, there is no point in precisely defining the persons affected by a likelihood of confusion, an eventuality which, by definition, cannot occur. On this assumption, the concept outlined in paragraph 62 of the judgment under appeal is correct. According to the case-law of the Court, for the purposes of assessing the distinctive character of a trade mark, the relevant persons are the average consumers of the goods or services. (21)

66. The third plea must therefore be rejected as irrelevant and the remainder of the appeal dismissed as manifestly unfounded.

Costs

67. Under Article 69(2) of the Rules of Procedure, applicable to appeals by virtue of Article 118, the unsuccessful party is to be ordered to pay the costs. Consequently, if, as I suggest, all the pleas put forward

by the appellant are rejected, it should be ordered to pay the costs of the appeal.

Conclusion

68. Since I consider that all the pleas put forward are of no avail for the reasons stated, I propose that the Court should dismiss this appeal against the judgment of the Court of First Instance, and make the corresponding order for costs against the appellant.

Chiemsee [1999] ECR I-2779, paragraph 46; Case C-299/99 Philips [2002] ECR I-5475, paragraph 35; Joined Cases C-53/01 and C-55/01 Linde and Others [2003] ECR I-3161, paragraph 40; and Case C-218/01 Henkel [2004] ECR I-0000, paragraph 48.

20 – See points 12 to 14 above.

21 – See the judgments, cited in footnote 19, in Philips, paragraph 63; Henkel, paragraph 50; and Linde and Others, paragraph 50, in the context of Directive 89/104.

1 – Original language: Spanish.

2 – Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

3 – 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.

4 –The proceedings before the Opposition Division include some discussion on the application of Article 8(5) of Regulation No 40/94, which is of no interest to these proceedings.

5 –Case T-110/01 Vedral v OHIM – France Distribution (HUBERT) [2002] ECR II-5275.

6 –Paragraph 11 of the judgment under appeal.

7 –Paragraph 63 of the judgment under appeal.

8 –Paragraphs 55 and 56.

9 –Zeiss, W. and Schreiber, K., *Zivilprozessrecht*, Ed. Mohr Siebeck, 2003, pp. 64 et seq.

10 –And whose name, at least in Spanish legal literature, it usually borrows.

11 –Ramos Méndez, F., *Derecho procesal civil*, Ed. Bosch, Barcelona, 1986, pp. 347 and 348.

12 –Ibid., p. 348.

13 –Jauernig, O., *Zivilprozeßrecht*, Ed. Beck, Munich, 1993, p. 72.

14 –Gimeno Sendra, V. and Others, *Derecho procesal administrativo*, Ed. Tirant lo Blanch, Valencia, 1993, pp. 63 and 64.

15 –Joined Cases C-430/93 and C-431/93 Van Schijndel and Van Veen [1995] ECR I-4705, paragraphs 20 and 21.

16 –See, however, the judgments in Case C-58/99 Commission v Italy [2000] ECR I-3811 and Case C-255/03 Commission v Belgium [2004] ECR I-0000, in which the Court appears to imply that a Member State may assent to an application for a declaration that the Commission has failed to fulfil its obligations. However, they are not relevant legal precedents, since it is most likely, in both cases, that the Court opted for elliptical reasoning, because it considered that the alleged infringement was obvious.

17 – Case C-39/97 Canon [1998] ECR I-5507, paragraph 28.

18 - 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), completely identical to its corresponding provision, Article 7(1)(b) of Regulation No 40/94.

19 – Joined Cases C-108/97 and C-109/97 Windsurfing