

Court of Justice EU, 27 October 2016, Debonair v EUIPO

SO...?

## TRADE MARK LAW

The General Court infringed its obligation to state reasons by presenting contradicting statements on the laudatory character of the word 'so' in its reasoning

36. Consequently, it must be held that the statement of reasons in the judgment under appeal is contradictory in that regard, because, in expressing its views concerning the earlier marks, the General Court stated, on the one hand, in paragraph 73 of that judgment, that the element 'so', the only word element in those marks, had a laudatory function and, on the other hand, in paragraph 87 of that judgment, that that laudatory function existed when the element 'so' was accompanied by another word. Such a contradiction in the reasoning amounts to a failure to state reasons. In the present case, the parties and the Court are unable to ascertain whether, in the General Court's analysis, the word element 'so' has a laudatory function only when it is used with another word or also when it is used on its own.

37. It follows that the General Court did not comply with its obligation to state reasons for the judgment under appeal in accordance with the case-law referred to in paragraph 32 of the present judgment.

Source: [curia.europa.eu](http://curia.europa.eu)

## Court of Justice EU, 27 October 2016

(M. Vilaras, J. Malenovský and D. Šváby)

JUDGMENT OF THE COURT (Eight Chamber)

27 October 2016 (1)

(Appeal — EU trade mark — Regulation (EC) No 207/2009 — Article 8(1)(b) and (5) — Figurative mark including the word elements 'SO'BiO ētic' — Opposition by the proprietor of the EU and national word and figurative marks)

In Case C-537/14 P,

APPEAL under Article 56 of the Statute of the Court of Justice of the European Union, brought on 21 November 2014,

Debonair Trading Internacional Lda, represented by D. Selden, Advocate, and T. Alkin, Barrister, appellant,

the other parties to the proceedings being:

Groupe Léa Nature SA, represented by S. Arnaud, avocat,

applicant at first instance,

European Union Intellectual Property Office (EUIPO), represented by D. Gája and P. Geroulakos, acting as Agents,

defendant at first instance,

THE COURT (Eighth Chamber),

composed of M. Vilaras, President of the Chamber, J. Malenovský and D. Šváby (Rapporteur), Judges,

Advocate General: M. Wathelet,

Registrar: A. Calot Escobar,

having regard to the written procedure,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

### Judgment

1. By its appeal, Debonair Trading Internacional Lda ('Debonair') and, by its cross-appeal, the European Union Intellectual Property Office (EUIPO), seek to have set aside the judgment of the General Court of the European Union of 23 September 2014, *Groupe Léa Nature v OHIM — Debonair Trading Internacional (SO'BiO ētic)* (T-341/13, not published, EU:T:2014:802) ('the judgment under appeal'), by which that Court annulled the decision of the First Board of Appeal of EUIPO of 26 March 2013 (Case R 203/2011-1), relating to opposition proceedings between Groupe Léa Nature SA and Debonair ('the contested decision').

### Legal context

2. Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) was repealed and replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1), which entered into force on 13 April 2009.

3. Article 8 of Regulation No 207/2009, which is entitled 'Relative grounds for refusal', provides in paragraph 1 thereof:

*'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.'*

4. Article 8(5) of Regulation No 207/2009 provides:

*'Furthermore, upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the trade mark applied for shall not be registered where it is identical with, or similar to, the earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where, in the case of an earlier EU trade mark, the trade mark has a reputation in the Union and, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned and where the use without due cause of the trade mark applied for would take*

unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.'

### Background to the dispute

5. The General Court summarised the facts giving rise to the dispute as follows in paragraphs 1 to 10 of the judgment under appeal:

'1 On 27 March 2008, [Groupe Léa Nature] filed an application for registration of a[nEU] trade mark with [EUIPO] under Regulation [No 207/2009].

2 The mark in respect of which registration was sought is the figurative sign reproduced below:



3 The goods in respect of which registration was sought are in, inter alia, Classes 3 and 25 of the Nice Agreement of 15 June 1957 concerning the international classification of goods and services for the purposes of the registration of marks, as revised and amended, and correspond, for each of those classes, to the following description:

– Class 3: “Bleaching preparations and other substances for laundry use; cleaning, polishing, degreasing and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices; eau de toilette, products for perfuming linen, perfumery, bases for flower and plant perfumes, perfumed micro-capsules, incense, scented water, oils for perfumes and scents, shampoos, oils for cosmetic purposes, cosmetic creams, milks for the face and body, cleansing milk, ointments for cosmetic purposes, cosmetic preparations for baths, not for medical purposes, bath salts, not for medical purposes; deodorants for personal use; aromatics [essential oils], scented wood, eau de Cologne, disinfectant soaps and air fresheners, lavender water, fumigation preparations [perfumes], foam baths, not for medical purposes, cosmetic preparations for slimming purposes, beauty masks, sun-tanning preparations [cosmetics], depilatory preparations, cosmetics for animals, make-up removing preparations, lotions for cosmetic purposes, make-up preparations, nail care preparations, exfoliating cosmetic preparations, mint for perfumery, perfumed potpourris, soaps for foot perspiration, tissues impregnated with cosmetic lotions, scented water, extracts of flowers and plants (perfumery), mint essence for perfumery, pastilles and chewing gum for cosmetic purposes, all the aforesaid products being derived from organic farming or made from products derived therefrom”;

– Class 25: “Clothes (clothing), footwear (except orthopaedic footwear), headgear, dressing gowns, shirts, T-shirts, scarves, bandanas, hats, helmets,

overcoats, parkas, all the aforesaid products being derived from organic farming or made from goods derived from organic farming”.

...

5 On 9 September 2008, [Debonair] filed a notice of opposition pursuant to Article [41 of Regulation No 207/2009] against registration of the mark applied for in respect of the goods referred to in paragraph 3 above.

6 That opposition was based, inter alia, on the following earlier rights (“the earlier marks”):

– Community registration No 485078 for the word mark SO...?, ... for goods in Class 3 corresponding to the following description: “Toilet preparations; preparations for the care of the skin, scalp and the body; suntanning preparations; preparations for reinforcing and strengthening nails; preparations for use in the shower and the bath; toilet soaps; preparations for toning the body; all being non-medicated; perfumes; fragrances; aftershaves, milks, oils, creams, gels, powders and lotions; shaving foams; cosmetics; eau de cologne; toilet waters; essential oils; shampoos; conditioners; hair lotions; preparations for the hair; hair styling products; anti-perspirants; deodorants for personal use; dentifrices”;

– United Kingdom trade mark registration No 2482729 for the word mark SO...?, ... for goods in Class 25 corresponding to the following description: “Clothing, footwear, headgear, T-shirts, caps”.

7 The grounds relied on in support of the opposition were those referred to in Article 8(1) (b), (4) and (5) of Regulation [No 207/2009].

8 On 23 November 2010, the Opposition Division rejected the opposition in its entirety.

9 On 21 January 2011, [Debonair] filed a notice of appeal with [EUIPO], pursuant to Articles 58 to 64 of Regulation No 207/2009, against the decision of the Opposition Division.

10 By [the contested decision], the First Board of Appeal of [EUIPO] annulled the decision of the Opposition Division and rejected the application for registration. In particular, it held, first, that although the earlier Community trade mark No 485 078 had been subject to proof of use pursuant to Article 42(2) of Regulation No 207/2009, the Opposition Division had not examined whether genuine use had been proven. In that regard, the Board of Appeal considered that, on the basis of the evidence produced by [Debonair], it had been shown that the mark in question had been put to genuine use for “perfume, eau de toilette, fragrances, body lotion, body spray and lipsticks”, within the field of cosmetics. Next, the Board of Appeal found, on the one hand, that, with the exception of “bleaching preparations and other substances for laundry use” in Class 3, the goods covered by the trade mark application were similar or identical to the goods covered by the earlier marks and, on the other, that the signs at issue were similar, because of the presence of the common element “so”, which was the dominant element of those signs. Consequently, and given the enhanced distinctiveness of the earlier marks and the

*fact that [Debonair] was the proprietor of a family of marks containing the element “so”, the Board of Appeal found that there was a likelihood of confusion between the signs at issue in relation to identical or similar goods. Finally, it held that, with regard to “bleaching preparations and other substances for laundry use”, in relation to which the opposition had not been upheld on the basis of Article 8*

*(1)(b) of Regulation No 207/2009, there was a risk that the sale thereof would be detrimental to the reputation of the earlier marks within the meaning of Article 8(5) of Regulation No 207/2009.’*

#### **The procedure before the General Court and the judgment under appeal**

6. By application lodged at the Registry of the General Court on 27 June 2013, Groupe Léa Nature brought an action for annulment of the contested decision.

7. In support of its action, Groupe Léa Nature relied on four pleas in law.

8. As the appeal relates only to the General Court’s assessment in the context of the third and fourth pleas, it is appropriate to summarise only those pleas and the General Court’s reasoning with regard to them.

9. As regards the third plea, alleging infringement of Article 8(1)(b) of Regulation No 207/2009, Groupe Léa Nature submitted, *inter alia*, that, first, the First Board of Appeal of EUIPO had made an error of assessment in finding that the signs at issue were similar on the ground that the element ‘so’ was dominant, whereas, according to Groupe Léa Nature, that element was laudatory and therefore had only a weak distinctive character, and that, secondly, the signs at issue were not visually, phonetically and conceptually similar.

10. In that regard, the General Court stated, in paragraphs 63 to 68 of the judgment under appeal, the general principles which must be complied with in the global assessment of the likelihood of confusion. In accordance with those principles, that assessment must, so far as concerns the visual, phonetic or conceptual similarity of the signs at issue, be based on the overall impression given by those signs, bearing in mind, in particular, their distinctive and dominant elements.

11. As regards the visual comparison, the General Court held that the First Board of Appeal of EUIPO had erred in finding that the element ‘so’ dominated the overall impression, prevailing over the punctuation marks.

12. In reaching that conclusion, the General Court observed, first of all, in paragraph 71 of the judgment under appeal, that, in relatively short word signs, the elements at the beginning and end of the sign are as important as the central elements. Next, it held, in paragraph 72 of that judgment, that the finding of the First Board of Appeal of EUIPO that the punctuation marks which appear in the last part of the earlier marks were ‘generally’ not distinctive was not well founded and was not at all apparent from the case-law to which reference was made in the contested decision. Lastly, in paragraph 73 of the judgment under appeal, it held that, even though the element ‘so’ was not descriptive of the goods in the classes covered by the application for

registration, it had to be concluded, having regard to the findings in paragraph 87 of the judgment under appeal, that that element had a laudatory function and had only weak inherent distinctiveness in relation to those goods. On that basis it concluded, in paragraph 74 of the judgment under appeal, that the First Board of Appeal of EUIPO had been wrong, in its analysis relating to the earlier marks, to separate the element ‘so’ and find that it dominated the overall impression, prevailing over the punctuation marks.

13. As regards the mark in respect of which registration is sought, the General Court held, in paragraphs 75 to 78 of the judgment under appeal, that that mark contained, in addition, word elements and figurative elements which were not in the earlier marks. It took the view that the element ‘so’ did not constitute the dominant element of the mark in respect of which registration is sought. It stated that, in view of its size and position in the centre of the sign, the element ‘bio’ was at least as important as the element ‘so’. It took the view that the element ‘étic’, although small, was not negligible. It stated that it might be read in conjunction with the element ‘bio’. In the light of all of those considerations, the General Court held that the signs at issue, apart from the word element ‘so’, which did not dominate the overall impression, were not visually similar.

14. As regards the phonetic comparison, the General Court held, in paragraphs 81 to 83 of the judgment under appeal, that, although the length, rhythm and intonation of the sign applied for were different, the element which was common to each of the marks at issue, namely the element ‘so’, would be pronounced identically by the relevant public. Furthermore, the General Court stated that, since the consumer generally pays greater attention to the beginning of a mark than to its end, the initial part of a mark, in the present case the element ‘so’, normally has a greater impact, both visually and phonetically, than the final part. Consequently, the General Court held that the signs at issue were phonetically similar to a low degree.

15. As regards the conceptual comparison, the General Court held, in paragraphs 85 and 89 of the judgment under appeal, that the signs at issue were not conceptually similar. In particular it stated, in paragraph 87 of that judgment, that, in so far as the element ‘so’ was present in both of the signs at issue, it could have various meanings, namely that, out of context, it might be understood by the relevant public as meaning ‘then’, ‘thus’ or ‘therefore’, whereas, accompanied by another word, it would have a laudatory function or would refer to the concept ‘so’, indicating importance or a degree.

16. On the basis of all those considerations, the General Court took the view, in paragraph 90 of the judgment under appeal, that the signs at issue were not visually and conceptually similar and that they were phonetically similar to a very low degree. It stated that the phonetic similarity was not capable of offsetting the significant differences which had been found to exist

between the signs at issue. It therefore held that those signs were not similar.

17. In the light of that assessment, it held that one of the cumulative conditions for the application of Article 8(1)(b) of Regulation No 207/2009 had not been fulfilled and that, consequently, there was no need to undertake a global assessment of the likelihood of confusion. It upheld the third plea put forward by Groupe Léa Nature in support of its action for annulment.

18. In the context of the fourth plea, alleging infringement of Article 8(5) of Regulation No 207/2009, Groupe Léa Nature submitted that the First Board of Appeal of EUIPO had not correctly assessed the reputation of the earlier marks and that it had made an error of assessment regarding the conditions for the application of that provision. In the alternative, Groupe Léa Nature submitted that the relevant public would not establish a link between the signs at issue.

19. As regards that plea, the General Court stated that it was apparent from the wording of Article 8(5) of Regulation No 207/2009 that its application is subject to a number of conditions, including those that: (i) the marks at issue must be identical or similar; (ii) the earlier mark must have a reputation; and (iii) there must be a risk that the use without due cause of the trade mark in respect of which registration is sought would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark. It added that those conditions are cumulative, with the result that failure to satisfy one of them is sufficient to render that provision inapplicable.

20. Consequently, the General Court held that, although the First Board of Appeal of EUIPO had found that the sale of household cleaning products was liable to be detrimental to the reputation of the earlier marks, since the examination of the signs at issue carried out in the context of the third plea had shown that those signs were not similar, the first requirement of Article 8(5) of Regulation No 207/2009 was not satisfied. It took the view that that provision was not therefore applicable. Consequently, without finding it necessary to examine the other complaints which Groupe Léa Nature had put forward in support of the fourth plea, the General Court also upheld that plea and annulled the contested decision.

#### **Forms of order sought**

21. By its appeal, Debonair claims that the Court should:

- set aside the judgment under appeal in so far as it annulled the contested decision;
- refer the case back to the General Court for further examination, with a direction that the marks at issue are similar, and
- order EUIPO to pay the costs incurred in respect of the proceedings before the General Court and the Court.

22. Groupe Léa Nature contends that the Court should:

- dismiss the appeal, and
- order Debonair and EUIPO to pay the costs.

23. EUIPO contends that the Court should:

- set aside the judgment under appeal, and
- order Groupe Léa Nature to pay the costs.

24. By its cross-appeal, EUIPO claims that the Court should:

- set aside the judgment under appeal in its entirety, and
- order Groupe Léa Nature to pay the costs incurred by EUIPO.

25. Groupe Léa Nature contends that the Court should dismiss the cross-appeal.

#### **The appeals**

26. In support of its appeal, Debonair puts forward two grounds of appeal alleging (i) infringement of Article 8(1)(b) and (5) of Regulation No 207/2009 as regards the nature and degree of similarity required for the application of those provisions and (ii) that various errors were made in assessing the visual impact of the element ‘so’, which the marks have in common.

27. By its cross-appeal, EUIPO puts forward two grounds of appeal alleging (i) failure to state reasons for the judgment under appeal, as regards the distinctiveness of the element ‘so’ and (ii) infringement by the General Court of Article 8(5) of Regulation No 207/2009.

28. Since the grounds of appeal put forward in both appeals are linked, it is appropriate to examine those two appeals together.

#### **The third part of the second ground of appeal in the main appeal and the first ground of appeal in the cross-appeal**

29. The third part of the second ground of appeal in the main appeal and the first ground of appeal in the cross-appeal, which must be examined first, concern paragraph 73 of the judgment under appeal, in which the General Court held that, even though the element ‘so’ was not descriptive of the goods at issue, it had a laudatory function and had only weak inherent distinctiveness in relation to the goods covered by the marks at issue. The reason for that assessment is in paragraph 87 of the judgment under appeal, in which the General Court adopted the finding of the First Board of Appeal of EUIPO that the element ‘so’ would have a laudatory function if it were followed by another word.

30. EUIPO claims that the laudatory or, as the case may be, pejorative meaning of that element depends on the word which accompanies it. It maintains that, in the present case, however, since that element is not accompanied by any word so far as concerns the earlier marks, the General Court contravened the requirement to provide reasons which would permit the parties concerned to comprehend the grounds on which its finding was based and allow the Court to carry out its judicial review. Debonair claims, in addition, in essence, that the findings in paragraph 87 of the judgment under appeal cannot be regarded as justifying the assessment made in paragraph 73 of that judgment.

31. Groupe Léa Nature submits that, by its first ground of appeal, EUIPO seeks, in actual fact, to have the Court substitute its own appraisal of certain facts for that carried out by the General Court. Furthermore,

Groupe Léa Nature maintains that the reasoning in paragraph 73 of the judgment under appeal is complementary to that set out in the preceding paragraphs of that judgment, which contain the General Court's statement of reasons.

According to Groupe Léa Nature, paragraph 73 of the judgment under appeal is the result of an 'economy of means', but does not constitute a lack of reasoning. In addition, it takes the view that that ground of appeal, since it is directed against a ground which was included in the judgment under appeal purely for the sake of completeness, must be rejected from the outset because it cannot lead to that judgment being set aside.

#### **Findings of the Court**

32. In accordance with the Court's case-law, the obligation to state reasons owed by the General Court requires it to disclose clearly and unequivocally the reasoning followed by it, in such a way as to enable the persons concerned to ascertain the reasons for the decision taken and the Court of Justice to exercise its power of review ([see judgment of 17 October 2013, \*Isdin v Bial-Portela\*, C-597/12 P, EU:C:2013:672, paragraph 21 and the case-law cited](#)).

33. In the present case, paragraph 73 of the judgment under appeal, to which the third part of the second ground of appeal in the main appeal and the first ground of appeal in the crossappeal refer, is part of the analysis of the earlier marks which the General Court carried out for the purposes of comparing them visually with the mark in respect of which registration is applied for. In that paragraph, the General Court, referring to paragraph 87 of the judgment under appeal, took the view that, in those marks, the element 'so' had a laudatory function.

34. In paragraph 87 of the judgment under appeal, the General Court reiterated and adopted the First Board of Appeal of EUIPO's findings in the contested decision that, inter alia, when it was used out of context, the English word 'so' might be understood by English- or Germanspeaking consumers as meaning 'then', 'thus' or 'therefore', whereas, accompanied by another word, it had a laudatory function.

35. However, as the General Court found in paragraphs 70 and 71 of the judgment under appeal, the earlier marks consist of the single word element 'so' followed by punctuation marks.

36. Consequently, it must be held that the statement of reasons in the judgment under appeal is contradictory in that regard, because, in expressing its views concerning the earlier marks, the General Court stated, on the one hand, in paragraph 73 of that judgment, that the element 'so', the only word element in those marks, had a laudatory function and, on the other hand, in paragraph 87 of that judgment, that that laudatory function existed when the element 'so' was accompanied by another word. Such a contradiction in the reasoning amounts to a failure to state reasons. In the present case, the parties and the Court are unable to ascertain whether, in the General Court's analysis, the word element 'so' has a laudatory function only when

it is used with another word or also when it is used on its own.

37. It follows that the General Court did not comply with its obligation to state reasons for the judgment under appeal in accordance with the case-law referred to in paragraph 32 of the present judgment.

38. In addition, and contrary to what Groupe Léa Nature maintains, the ground set out in paragraph 73 of the judgment under appeal cannot, with regard to the interim assessment set out in the following paragraph of that judgment, that the element 'so' did not dominate the overall impression as regards the earlier marks, be considered to be a ground which was included in the judgment under appeal purely for the sake of completeness. The findings which the General Court made in paragraphs 71 and 72 of that judgment respectively that, first, the position of that element is not decisive and, secondly, the punctuation marks which accompany it cannot be regarded as generally not distinctive are not sufficient to justify that assessment in the context of the reasoning followed by the General Court, having regard to the inferences which it might have drawn from the examination, in paragraph 73 of that judgment, of whether the word element 'so' might be highly distinctive.

39. Accordingly, the third part of the second ground of appeal in the main appeal and the first ground of appeal in the cross-appeal are well founded.

40. The judgment under appeal must therefore be set aside, without it being necessary to examine the other grounds of appeal put forward in the context of the main appeal and the cross-appeal, which are not capable of resulting in that judgment's being set aside to any greater extent.

#### **The action before the General Court**

41. The first paragraph of Article 61 of the Statute of the Court of Justice of the European Union provides that, where the Court sets aside a decision of the General Court, it may itself give final judgment in the matter, where the state of the proceedings so permits, or refer the case back to the General Court for judgment.

42. In the present case, the conditions in which the Court may give final judgment in the matter are not satisfied.

43. Consequently, the case must be referred back to the General Court and the costs must be reserved.

#### **On those grounds, the Court (Eighth Chamber) hereby:**

1. Sets aside the judgment of the General Court of the European Union of 23 September 2014, *Groupe Léa Nature v OHIM — Debonair Trading Internacional (SO'BiO étic)* (T-341/13, not published, EU:T:2014:802);
2. Refers the case back to the General Court of the European Union;
3. Reserves the costs.

[1] Language of the case: English.