



Reports of Cases

JUDGMENT OF THE COURT (Sixth Chamber)

19 March 2015*

(Appeal — Community trade mark — Regulation (EC) No 207/2009 — Article 8(1)(b) — Application for registration of the Community word mark MAGNEXT — Opposition by the proprietor of the earlier national word mark MAGNET 4 — Likelihood of confusion)

In Case C-182/14 P,

APPEAL under Article 56 of the Statute of the Court of Justice of the European Union, brought on 9 April 2014,

MEGA Brands International, Luxembourg, Zweigniederlassung Zug, established in Zug (Switzerland), represented by A. Nordemann and M. Maier, Rechtsanwälte,

appellant,

the other party to the proceedings being:

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by V. Melgar, acting as Agent,

defendant at first instance,

THE COURT (Sixth Chamber),

composed of S. Rodin, President of the Chamber, M. Berger (Rapporteur) and F. Biltgen, Judges,

Advocate General: P. Mengozzi,

Registrar: A. Calot Escobar,

having regard to the written procedure and further to the hearing on 21 January 2015,

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

gives the following

Judgment

- 1 By its appeal, MEGA Brands International, Luxembourg, Zweigniederlassung Zug, seeks to have set aside the judgment of the General Court of the European Union in *Mega Brands v OHIM — Diset (MAGNEXT)* (T-604/11 and T-292/12, EU:T:2014:56; ‘the judgment under appeal’), by which the

* Language of the case: English.

General Court dismissed its action seeking annulment of the decision of the Fourth Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 24 April 2012 (Case R 1722/2011-4) relating to opposition proceedings between Diset SA ('Diset') and the appellant.

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- 2 Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) was repealed and replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1), which entered into force on 13 April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

- 3 Article 8(1)(b) of Regulation No 207/2009, which corresponds to Article 8(1)(b) of Regulation No 40/94, 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.'

- 4 Article 8(2)(a) of Regulation No 207/2009, which corresponds to Article 8(2)(a) of Regulation No 40/94, provides:

'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:

(i) Community trade marks;

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

...'

Background to the dispute

- 5 On 21 January 2008, the appellant filed an application with OHIM for registration, as a Community trade mark, of the figurative sign reproduced below:



- 6 The goods in respect of which registration was sought fall within Class 28 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, and correspond to the following description: 'Toys and playthings, in particular multi-part construction toys, its parts, its accessories and its fittings'.
- 7 On 29 March 2010, the appellant filed a second application with OHIM for registration of a sign as a Community trade mark, covering the word sign reproduced below: **MAGNEXT**
- 8 That registration was sought for the same goods as those set out in paragraph 6 of the present judgment.
- 9 On 5 September 2008 and 17 June 2010, Diset filed two notices of opposition under, respectively, Article 42 of Regulation No 40/94 and Article 41 of Regulation No 207/2009 to registration of the marks concerned in respect of the goods referred to in paragraph 6 above. Those oppositions were based, in particular, on the earlier Spanish word mark MAGNET 4, lodged on 10 July 2003 and registered on 9 December 2003 for goods in Class 28 of the Nice Agreement and corresponding to the following description: 'games, toys, gymnastic and sports articles not included in other classes; decorations for Christmas trees'.
- 10 The grounds put forward in support of those oppositions were those referred to, respectively, in Article 8(1)(b) of Regulation No 40/94 and in the identical provision in Regulation No 207/2009. Those oppositions were based on all of the goods covered by the earlier mark and directed against all of the goods covered by the marks for which registration was sought.
- 11 By decisions of 19 July 2010 and 21 June 2011, the Opposition Division of OHIM upheld the oppositions brought by Diset.
- 12 By decisions of 27 September 2011 and 24 April 2012, the Fourth Board of Appeal of OHIM dismissed the appeals brought by the appellant against the decisions of the Opposition Division.

Proceedings before the General Court and the judgment under appeal

- 13 By applications lodged at the Registry of the General Court on 28 November 2011 (Case T-604/11) and 3 July 2012 (Case T-292/12), the appellant brought two actions for annulment of the rejection decisions delivered by the Board of Appeal of OHIM.
- 14 In support of each of its applications, the appellant relied on a single plea in law alleging infringement, respectively, of Article 8(1)(b) of Regulation No 40/94 and of the identical provision of Regulation No 207/2009.

- 15 Having joined the two cases for the purposes of judgment, the General Court first of all found, in paragraph 19 of the judgment under appeal, that the appellant was not challenging the findings of the Board of Appeal concerning the definition of the relevant public, considered to be composed of average Spanish-speaking consumers who are reasonably observant and circumspect, or concerning the partial identity of the goods covered by the marks at issue.
- 16 The General Court then went on to examine the visual, phonetic and conceptual similarity of the signs at issue, the Board of Appeal's assessment of which was challenged by the appellant.
- 17 With regard, in the first place, to the visual and phonetic similarity of the signs at issue, the General Court held:
- '22 It must be held, as the applicant has argued, that the figurative mark applied for is clearly divided into two parts: "mag" and "next". Furthermore, the excessive size of the capital letter "X" and its stylisation has the effect that the relevant public will retain the image of the English word "next" as a separate element of the mark, which produces a specific visual impression not produced by the sign MAGNET 4. The word "magnet", which dominates the latter sign, gives the visual impression of a single word, while the figure "4" is not present in the figurative mark applied for.
- 23 Correlatively, the capital letter "X" gives rise to a clear pronunciation of the second component of the figurative mark applied for which, combined with the visual separation of the two elements "mag" and "next", is likely to result in a phonetic reproduction of that mark as two words, whereas the word "magnet" in the earlier mark will be pronounced as a single word, which, moreover, does not include the sound produced by the letter "x".
- 24 It follows from those findings that the figurative mark applied for has a very weak degree of visual and phonetic similarity to the earlier mark.
- 25 However, since the word mark applied for differs from the dominant element "magnet" of the earlier mark only by the capital letter "X", without having any of the other characteristics set out in paragraphs 22 and 23 above, it must be held that it has an average degree of visual and phonetic similarity to the earlier mark.'
- 18 With regard, in the second place, to the comparison of the signs at issue from a conceptual point of view, the General Court confirmed, in paragraph 26 of the judgment under appeal, the Board of Appeal's assessment that the existence, in the Spanish language, of the adjective 'magnético', commonly used by the relevant public to designate an article with magnetic properties, has the consequence that that public will associate the earlier mark with objects having such properties. It found that, in that context, the Board of Appeal had been right to conclude that there was no conceptual similarity between the figurative and word marks for which registration was sought, on the one hand, and the earlier mark, on the other.
- 19 On the basis of those findings, the General Court concluded, in paragraph 29 of the judgment under appeal, that the earlier mark has a very weak degree of similarity to the figurative mark applied for and a medium degree of similarity to the word mark applied for.
- 20 Finally, the General Court examined the appellant's argument contesting the finding that the earlier mark had an average distinctive character.
- 21 In that regard, after reiterating that the relevant public would associate the earlier mark with objects having magnetic properties, the General Court stated, in paragraph 32 of the judgment under appeal, that the appellant had produced before OHIM evidence demonstrating that the promotion of the magnetic properties of games and toys is a common practice among operators active in the sector concerned. In those circumstances it found, in paragraph 33 of that judgment, that the earlier mark

MAGNET 4 sends a message that may be connected, in the mind of the relevant public, to the characteristics of the goods for which they have been registered and which are identical to those covered by the figurative and word marks applied for. The General Court concluded from this that the distinctive character of the earlier mark was not medium, but weak.

- 22 In the light of all of the foregoing, the General Court held, in paragraph 34 of the judgment under appeal, that the Board of Appeal had made an error of assessment by recognising a likelihood of confusion between the figurative mark applied for and the earlier mark.
- 23 By contrast, in paragraph 35 of that judgment, the General Court stated that, since the similarity between the word mark applied for and the earlier mark is greater, the finding of the Board of Appeal on the likelihood of confusion between those marks had to be upheld, given the identity of the goods covered by them and in spite of the weak distinctive character of the earlier mark.
- 24 Consequently, the General Court annulled, in Case T-604/11, the decision of the Fourth Board of Appeal of OHIM concerning the figurative mark and dismissed, in Case T-292/12, the application for annulment of the decision of that Board of Appeal concerning the word mark MAGNEXT.



Forms of order sought by the parties before the Court of Justice

- 25 The appellant claims that the Court should:
- set aside the judgment under appeal in that, by that judgment, the General Court dismissed its action for annulment in Case T-292/12;
 - remit the case back to the General Court, if necessary; and
 - order the respondent to pay the costs.
- 26 OHIM contends that the Court should:
- dismiss the appeal; and
 - order the appellant to pay the costs.

The appeal

- 27 In support of its appeal, the appellant alleges infringement of Article 8(1)(b) of Regulation No 207/2009 as well as a failure to provide reasons in the judgment under appeal.

Infringement of Article 8(1)(b) of Regulation No 207/2009

- 28 The ground of appeal is divided into four parts.

The first and second parts

– Arguments of the parties

- 29 The appellant claims that the General Court, in its assessment of the likelihood of confusion, distorted the facts and infringed the principles established by case-law, first, by categorising ‘MAGNET’ as the dominant element of the earlier mark MAGNET 4, even though it had found that that element is descriptive, and, second, by failing to take into consideration the figure ‘4’ which is a component of that mark.
- 30 OHIM contends that this argument is inadmissible or, in the alternative, manifestly unfounded.

– Findings of the Court

- 31 As the General Court correctly noted in paragraph 21 of the judgment under appeal, the global assessment of the likelihood of confusion, in relation to the visual, phonetic or conceptual similarity of the signs at issue, must be based on the overall impression given by the signs, bearing in mind, in particular, their distinctive and dominant components (see, *inter alia*, judgments in *OHIM v Shaker*, C-334/05 P, EU:C:2007:333, paragraph 35, and *Nestlé v OHIM*, C-193/06 P, EU:C:2007:539, paragraph 34).
- 32 The 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, *inter alia*, judgments in *OHIM v Shaker*, EU:C:2007:333, paragraph 41, and *United States Polo Association v OHIM*, C-327/11 P, EU:C:2012:550, paragraph 57).
- 33 In the present case, at the stage of the assessment of the phonetic and visual similarity of the signs at issue, the General Court held, in paragraph 25 of the judgment under appeal, that the word ‘magnet’ must be considered to be the dominant element in the earlier mark MAGNET 4.
- 34 In so far as the appellant submits that such a categorisation is incompatible with the descriptive character that the General Court conferred on that word in paragraph 26 of the judgment under appeal, suffice it to note that, even if a verbal element should be considered to have a purely descriptive character, that character does not preclude that element from being acknowledged as dominant for the purposes of assessing the similarity of the signs at issue (see, to that effect, order in *Muñoz Arraiza v OHIM*, C-388/10 P, EU:C:2011:185, paragraph 65).
- 35 Consequently, it must be held that the first part of the ground of appeal alleging infringement of Article 8(1)(b) of Regulation No 207/2009 must for that reason be rejected.
- 36 To the extent to which the appellant criticises the General Court for having failed, in its assessment of the likelihood of confusion, to take into consideration the figure ‘4’ which forms part of the earlier mark, it is clear from a reading of paragraph 25 of the judgment under appeal that, for the purpose of assessing the visual and phonetic similarity of the signs at issue, the General Court confined itself to establishing that the word mark in respect of which registration was sought, MAGNEXT, differs from the element ‘magnet’ in the earlier mark, MAGNET 4, only through the capital letter ‘X’.
- 37 It is true that that failure to take account of the figure ‘4’, present in the mark MAGNET 4, must be seen in the light of the categorisation, expressly made in paragraph 25 of the judgment under appeal, of the element ‘magnet’ as being the dominant element of that mark.

- 38 It follows from the case-law cited in paragraph 32 of the present judgment that, in some circumstances, the assessment of the similarity may be made solely on the basis of the dominant element of a composite mark. However, that case-law concerns only exceptional situations (order in *Repsol v OHIM*, C-466/13 P, EU:C:2014:2331, paragraph 83), and it is only if all the other components of the mark are negligible in the overall impression conveyed by it that the assessment of the similarity can be carried out solely on the basis of the dominant element (see, inter alia, judgments in *Aceites del Sur-Coosur v Koipe*, C-498/07 P, EU:C:2009:503, paragraph 62, and *United States Polo Association v OHIM*, EU:C:2012:550, paragraph 57).
- 39 In paragraph 25 of the judgment under appeal, the General Court merely confirms the dominant character of the element ‘magnet’ in the earlier mark, without providing any analysis whatsoever of the characteristics of the other element present in that mark, namely the figure ‘4’; consequently, that latter element is negligible.
- 40 Although paragraph 25 of the judgment under appeal refers, as noted by OHIM, to paragraph 22 of that judgment, which concerns the visual similarity of the figurative mark applied for and the earlier mark, paragraph 22 mentions only the finding, by the General Court, of the fact that the figure ‘4’ is not present in the figurative mark applied for and does not contain any assessment of the visual impression produced by that figure in the context of the earlier mark, from which it follows that that impression is negligible.
- 41 With regard to paragraph 23 of the judgment under appeal, which concerns the phonetic similarity of the figurative mark applied for and the earlier mark, also referred to in paragraph 25 of that judgment, it makes no mention of the presence of the figure ‘4’ in the earlier mark. In particular, it does not contain any reference to the pronunciation of that figure in the form of ‘cuatro’, which is that of the Spanish language used by the public considered to be relevant for that mark, and also contains no assessment from which it follows that the phonetic impression produced by that sound is negligible.
- 42 Accordingly, the General Court erred in law in not carrying out the comparison of the marks at issue by considering each of them in its entirety.
- 43 The second part of the ground of appeal alleging infringement of Article 8(1)(b) of Regulation No 207/2009 is for that reason well founded.

The third and fourth parts

– Arguments of the parties

- 44 The appellant contends that the General Court distorted the facts in concluding that there was an average phonetic similarity between the marks at issue, whereas it considered that the degree of phonetic similarity between the figurative mark at issue in Case T-604/11 and the earlier mark was very low. The appellant submits that the figurative mark and the word mark MAGNEXT, at issue in the present case, consist, however, of the same letters and are thus pronounced identically.
- 45 The appellant also claims that the General Court erred in law in taking the view that the marks at issue are moderately similar in visual terms, whereas the word mark MAGNEXT is, like the figurative mark, composed of two elements ‘mag’ and ‘next’, and the latter, which corresponds to the well-known English word ‘next’, should have been considered to be the dominant element.
- 46 OHIM contends that this argument is inadmissible or, in the alternative, manifestly unfounded.

– Findings of the Court

- 47 Under the second subparagraph of Article 256(1) TFEU and the first paragraph of Article 58 of the Statute of the Court of Justice of the European Union, an appeal lies on points of law only. The General Court has exclusive jurisdiction to find and appraise the relevant facts and to assess the evidence submitted to it. The appraisal of those facts and evidence does not, therefore, save where they have been distorted, constitute a point of law which is subject, as such, to review by the Court of Justice on appeal (see, *inter alia*, judgments in *Nestlé v OHIM*, EU:C:2007:539, paragraph 53, and *United States Polo Association v OHIM*, EU:C:2012:550, paragraph 62).
- 48 The assessment of the visual and phonetic similarity of the signs at issue is an assessment of a factual nature (see to that effect, *inter alia*, order in *Longevity Health Products v OHIM*, C-311/14 P, EU:C:2015:23, paragraph 34 and the case-law cited) and therefore can be the subject of an appeal only if there has been a distortion of those facts.
- 49 In that regard, it should be recalled that, as is clear from settled case-law of the Court, such a distortion must be obvious from the documents in the case, without it being necessary to undertake a fresh assessment of the facts and evidence (see, *inter alia*, order in *Mundipharma v OHIM*, C-669/13 P, EU:C:2014:2308, paragraph 33 and the case-law cited).
- 50 In the present case, it must be held that, although the appellant claims that the judgment under appeal is based on a distortion of the facts and evidence which formed the basis for the General Court's assessment of the visual and phonetic similarity of the signs at issue, the arguments which it develops in support of that claim are limited, essentially, to a repetition of the assertions already developed in the written submissions to the General Court and do not contain any specific legal argument capable of demonstrating, other than an allegedly incorrect assessment of certain facts by the General Court, that those facts were distorted in the judgment under appeal.
- 51 It follows that the third and fourth parts of the ground of appeal alleging infringement of Article 8(1)(b) of Regulation No 207/2009 must be rejected as being inadmissible.

Failure to provide reasons in the judgment under appeal

Arguments of the parties

- 52 The appellant claims that the General Court did not provide, at paragraph 35 of the judgment under appeal, detailed reasons justifying, having regard to a correct assessment of the visual and phonetic similarity of the sign at issue, the conclusion that there is a likelihood of confusion between those signs. The judgment, it submits, is accordingly marred by a failure to provide reasons.
- 53 OHIM contends that the judgment under appeal contains reasoning to the requisite legal standard.

Findings of the Court

- 54 According to settled case-law, the duty incumbent upon the General Court under Article 36 of the Statute of the Court of Justice, applicable to the General Court under the first paragraph of Article 53 of that Statute, and under Article 81 of the Rules of Procedure of the General Court, to state reasons for its judgments does not require the General Court to provide an account that follows exhaustively and one by one all the arguments articulated by the parties to the case. The reasoning of the General Court may therefore be implicit, on condition that it enables the persons concerned to know the reasons why that Court has not upheld their arguments and that it provides the Court of Justice with

sufficient material for it to exercise its powers of review (see, inter alia, judgments in *Edwin v OHIM*, C-263/09 P, EU:C:2011:452, paragraph 64, and *Isdin v Bial-Portela*, C-597/12 P, EU:C:2013:672, paragraph 21 and the case-law cited).

- 55 In the present case, it should be noted that paragraph 35 of the judgment under appeal, in which the General Court finds that there is a likelihood of confusion between the signs at issue, is a conclusive point which relies implicitly, but clearly, on the findings made in the previous paragraphs of that judgment, first, as to the visual, phonetic and conceptual similarity between the word mark applied for and the earlier mark and, second, as to the distinctive character of that earlier mark.
- 56 With regard to the General Court's findings as to the visual and phonetic similarity of the signs at issue, in relation to which the appellant disputes that they can support the conclusion which the General Court draws as to the existence of a likelihood of confusion, it has already been observed, in paragraphs 33 and 36 of the present judgment, that the General Court took into account, in relation to the mark MAGNET 4, only the element 'magnet', which it described as dominant, without taking account of the figure '4'.
- 57 First, the General Court has not provided any reasoning, not even implicitly, which makes it possible to understand why it categorised the element 'magnet' as dominant (see, above, paragraph 39 of the present judgment).
- 58 Second, the General Court has also failed to provide any reasoning, even if only implicit reasoning, for its decision not to include the figure '4' in its assessment of the similarity of the signs at issue (see, above, paragraphs 39 to 41 of the present judgment).
- 59 It follows that, in so far as it is based on an assessment of the visual and phonetic similarity of the signs at issue which is marred by a lack of reasoning, the General Court's finding that there was a likelihood of confusion, in paragraph 35 of the judgment under appeal, is itself insufficiently substantiated.
- 60 Having regard to all of the foregoing considerations, in particular in paragraphs 42, 43 and 59 of the present judgment, paragraph 4 of the operative part of the judgment under appeal must be set aside.

The action before the General Court

- 61 In accordance with the first paragraph of Article 61 of the Statute of the Court of Justice, the latter may, after setting aside the decision of the General Court, 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.
- 62 In the present case, the Court considers that the state of the proceedings does not enable it to give final judgment since, in order to carry out a global assessment of the likelihood of confusion in accordance with the requirements laid down in Article 8(1) of Regulation No 207/2009, the General Court must complete its assessment of the facts.
- 63 Consequently, the case must be referred back to the General Court.

Costs

- 64 Since the case has been referred back to the General Court, the costs relating to the present appeal proceedings must be reserved.

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

1. **Sets aside paragraph 4 of the operative part of the judgment of the General Court of the European Union in *Mega Brands v OHIM — Diset (MAGNEXT)* (T-604/11 and T-292/12, EU:T:2014:56);**
2. **Refers the case back to the General Court of the European Union;**
3. **Reserves the costs.**

[Signatures]