



## Reports of Cases

JUDGMENT OF THE COURT (Fourth Chamber)

4 March 2020\*

(Appeal — EU trade mark — Regulation (EC) No 207/2009 — Article 8(1)(b) — Likelihood of confusion — Assessment of the similarity of the signs at issue — Global assessment of the likelihood of confusion — Consideration of marketing circumstances — Counteraction of a phonetic similarity through visual and conceptual differences — Conditions for counteraction)

In Case C-328/18 P,

APPEAL under Article 56 of the Statute of the Court of Justice of the European Union, brought on 17 May 2018,

**European Union Intellectual Property Office (EUIPO)**, represented by J.F. Crespo Carrillo, acting as Agent,

appellant,

the other party to the proceedings being:

**Equivalenza Manufactory SL**, established in Barcelona (Spain), represented by G. Macías Bonilla, G. Marín Raigal and E. Armero Lavie, abogados,

applicant at first instance,

THE COURT (Fourth Chamber),

composed of M. Vilaras, President of the Chamber, S. Rodin, D. Šváby, K. Jürimäe (Rapporteur) and N. Piçarra, Judges,

Advocate General: H. Saugmandsgaard Øe,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after hearing the Opinion of the Advocate General at the sitting on 14 November 2019,

gives the following

\* Language of the case: Spanish.

## Judgment

- 1 By its appeal, the European Union Intellectual Property Office (EUIPO) requests that the Court set aside the judgment of the General Court of the European Union of 7 March 2018, *Equivalenza Manufactory v EUIPO — ITM Entreprises (BLACK LABEL BY EQUIVALENZA)* (T-6/17, not published, EU:T:2018:119; ‘the judgment under appeal’), by which the General Court annulled the decision of the Second Board of Appeal of EUIPO of 11 October 2016 (Case R 690/2016-2) relating to opposition proceedings between ITM Entreprises SAS and Equivalenza Manufactory SL (‘the decision at issue’).

### Legal context

- 2 Council Regulation (EC) No 207/2009 of 26 February 2009 on the [European Union] trade mark (OJ 2009 L 78, p. 1) was repealed and replaced with effect from 1 October 2017 by Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ 2017 L 154, p. 1). Nevertheless, given the date on which the application for registration at issue in the present case was filed, namely 16 December 2014, which is decisive for the purposes of identifying the substantive law applicable, the present dispute is governed by the substantive provisions of Regulation No 207/2009.
- 3 Article 8(1)(b) of that regulation states:

‘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.’

### Background to the dispute

- 4 The background to the dispute is set out in paragraphs 1 to 10 of the judgment under appeal. For the purposes of the examination of the appeal filed by the EUIPO, those paragraphs may be summarised as follows.

- 5 On 16 December 2014, Equivalenza Manufactory filed with EUIPO an application for registration of an EU trade mark for the following figurative sign:



- 6 The goods in respect of which registration was sought fall in particular within Class 3 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: 'Perfumery'.
- 7 The EU trade mark application was published in *Community Trade Marks Bulletin* No 240/2014 of 19 December 2014.
- 8 On 18 March 2015, ITM Entreprises filed a notice of opposition against the registration of the mark applied for in respect of the goods referred to in paragraph 6 of the present judgment, on the ground that there was a likelihood of confusion, within the meaning of Article 8(1)(b) of Regulation No 207/2009.
- 9 The opposition was based, inter alia, on the earlier figurative mark, reproduced below, that is the subject of international registration No 1079410, designating Belgium, Bulgaria, the Czech Republic, Denmark, Estonia, Greece, Croatia, Latvia, Lithuania, Luxembourg, Hungary, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia and Slovakia, registered on 1 April 2011 and covering 'Cologne, deodorants for personal use (perfume) [and] perfumes':



- 10 By decision of 2 March 2016, the Opposition Division upheld the opposition filed by ITM Entreprises on account of the existence of a likelihood of confusion on the part of the relevant public in the Czech Republic, Hungary, Poland and Slovenia.
- 11 By the decision at issue, the Second Board of Appeal of EUIPO dismissed the appeal brought by Equivalenza Manufactory against the decision of the Opposition Division. The Board of Appeal found that the relevant public was composed of the general public of those four Member States with an average level of attention, and that the goods in question were identical. As regards the comparison of the signs at issue, the Board of Appeal considered that those signs had an average degree of visual and phonetic similarity and that they were conceptually dissimilar. Following a global assessment of the likelihood of confusion, within the meaning of Article 8(1)(b) of Regulation No 207/2009, it concluded that such a likelihood was present on the part of the relevant public.

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

- 12 By application lodged at the Registry of the General Court on 4 January 2017, Equivalenza Manufactory brought an action for the annulment of the decision at issue.
- 13 In support of its action, it raised a single plea in law, alleging infringement of Article 8(1)(b) of Regulation No 207/2009.
- 14 First, in the judgment under appeal, the General Court noted that the signs at issue produce a different overall impression visually, that there is an average degree of phonetic similarity and that there was a conceptual difference between them resulting from the presence of the word ‘black’ and the element ‘by equivalenza’ in the sign for which registration is sought. Second, the General Court, in assessing the similarity of those signs as a whole and taking into account the circumstances in which the goods in question were marketed, held that, by reason of their visual and conceptual differences, those signs were not similar for the purpose of Article 8(1)(b) of Regulation No 207/2009.
- 15 Therefore, as one of the cumulative conditions for the application of that provision was not satisfied, the General Court held, in paragraph 56 of the judgment under appeal, that the Board of Appeal had erred in law in finding that there was a likelihood of confusion within the meaning of that provision.
- 16 By the judgment under appeal, the General Court therefore upheld the single plea in law raised by Equivalenza Manufactory and thus annulled the decision at issue.

### **Forms of order sought by the parties**

- 17 By its appeal, EUIPO claims that the Court should:
- set aside the judgment under appeal; and
  - order Equivalenza Manufactory to pay the costs.
- 18 Equivalenza Manufactory contends that the Court should:
- dismiss the appeal; and
  - order EUIPO to pay the costs.

### **The appeal**

- 19 In support of its appeal, EUIPO raises a single ground of appeal, alleging infringement of Article 8(1)(b) of Regulation No 207/2009. That ground of appeal is composed of four parts.

### ***The first part of the single ground of appeal***

#### *Arguments of the parties*

- 20 By the first part of the single ground of appeal, EUIPO alleges that the General Court vitiated the visual comparison of the signs at issue by a contradiction in reasoning.

- 21 Thus, on the one hand, by holding, in paragraph 29 of the judgment under appeal, that the Board of Appeal could not conclude that there was no similarity between the signs at issue because of the presence in both signs of the five letters 'l', 'a', 'b', 'e' and 'l', written in white capital letters, the General Court confirmed the existence of a low degree of visual similarity between those signs. On the other hand, by stating, in paragraphs 32 and 33 of that judgment, that the overall impression produced by each of those signs was visually different, the General Court implicitly ruled out any finding of visual similarity between those signs.
- 22 EUIPO adds, moreover, that the element 'label', common to the signs at issue, is devoid of meaning for the relevant public and is therefore distinctive.
- 23 Equivalenza Manufactory contends that the General Court correctly held, without contradicting itself, that the few elements of visual similarity were insufficient to counteract the obvious visual differences between the signs at issue. According to Equivalenza Manufactory, it is appropriate to carry out a visual comparison of those signs by having regard to all the elements, both word and graphic, of which those signs are composed.
- 24 Equivalenza Manufactory maintains that the fact, as pointed out by EUIPO, that the element 'label', common to the signs at issue, is distinctive does not mean that it is the only element endowing those signs with distinctive character or that it is the dominant element. In any event, that argument is rather a conceptual comparison.

#### *Findings of the Court*

- 25 As a preliminary point, it must be borne in mind that the question whether the grounds of a judgment of the General Court are contradictory or inadequate is a question of law which is amenable to judicial review on appeal (judgments of 18 December 2008, *Les Éditions Albert René v OHIM*, C-16/06 P, EU:C:2008:739, paragraph 74, and of 5 July 2011, *Edwin v OHIM*, C-263/09 P, EU:C:2011:452, paragraph 63).
- 26 In paragraph 29 of the judgment under appeal, the General Court noted that the findings of the Board of Appeal, set out in paragraph 28 of that judgment, first, that the signs at issue had the five letters 'l', 'a', 'b', 'e' and 'l' in common and, second, that the element 'black label' of the sign for which registration is sought and the element 'labell' of the earlier mark were written in white capital letters, 'could not lead the Board of Appeal to conclude that there is no similarity between the signs at issue'. In so doing, the General Court suggested that, as EUIPO rightly points out, those signs were, at the very least, similar to a low degree.
- 27 However, in paragraph 32 of the judgment under appeal, the General Court found that, despite those similarities, the signs at issue conveyed different overall visual impressions. The General Court thus ruled out any finding of similarity, even of a low degree, between those signs.
- 28 It follows that, by suggesting, on the one hand, that the signs at issue were, at the very least, visually similar to a low degree and, on the other hand, by excluding any visual similarity between them, the General Court vitiated its assessment by contradictory reasoning.
- 29 That conclusion is not called into question by Equivalenza Manufactory's argument that the General Court correctly held that the elements of visual similarity found were insufficient to counteract the visual differences between the signs at issue. That argument is based on a misreading of the judgment under appeal. Thus, as is apparent from paragraph 26 of the present judgment, the General Court did not merely point out some elements of visual similarity between the signs at issue. On the contrary, the

General Court implicitly but clearly stated in paragraph 29 of the judgment under appeal that those elements led to the conclusion that there is, at the very least, a low degree of visual similarity between those signs, thus contradicting the conclusion reached in paragraph 32 of that judgment.

30 Having regard to the foregoing considerations, the first part of the single ground of appeal must be upheld.

### ***The second part of the single ground of appeal***

#### *Arguments of the parties*

31 By the second part of the single ground of appeal, EUIPO questions the merits of the conceptual comparison of the signs at issue carried out by the General Court.

32 First, EUIPO submits that the General Court failed to take account of the important nuances set out by the Board of Appeal in paragraphs 28 and 31 of the decision at issue, from which it emerged that the conceptual difference identified by the Board of Appeal was limited and, ultimately, irrelevant. By contrast, the General Court found, in paragraphs 45 and 54 of the judgment under appeal, that there was a conceptual difference between the signs at issue. According to EUIPO, the General Court failed to give reasons for that departure from the more nuanced considerations in that decision.

33 Second, EUIPO claims that the General Court misinterpreted the content of its judgment of 30 November 2006, *Camper v OHIM — JC (BROTHERS by CAMPER)* (T-43/05, not published, EU:T:2006:370, paragraph 79), which was quoted by the General Court itself and disregarded the conclusions which the Board of Appeal had drawn therefrom in paragraph 28 of the decision at issue.

34 Equivalenza Manufactory disputes the merits of the second part of the single ground of appeal.

#### *Findings of the Court*

35 In paragraphs 42 to 46 of the judgment under appeal, the General Court held that the Board of Appeal correctly found that there was a conceptual difference between the signs at issue ‘resulting from the presence, in the sign [for which registration is sought], of the word “black” and the element “by equivalenza”’.

36 However, as EUIPO submits, it is apparent from a reading of paragraphs 28 and 31 of the decision at issue that the Board of Appeal found a conceptual difference between those signs only in so far as the sign for which registration is sought contained the adjective ‘black’.

37 It follows that the General Court erroneously reversed the conclusion reached by the Board of Appeal.

38 However, there was nothing to prevent the General Court from carrying out, in the present case, its own assessment of the conceptual similarity of the signs at issue, provided that that similarity was disputed before it (see, to that effect, judgment of 18 December 2008, *Les Éditions Albert René v OHIM*, C-16/06 P, EU:C:2008:739, paragraphs 47 and 48).

39 It follows that the argument alleging the error, as set out in paragraph 37 of the present judgment, must be rejected as ineffective.

40 As to the remainder, in so far as EUIPO challenges, before the Court of Justice, the General Court’s assessment of the conceptual similarity of the signs at issue, it must be noted that that assessment is of a factual nature and, save in the case of distortion, is not subject to review by the Court of Justice

on appeal (see, to that effect, judgment of 2 September 2010, *Calvin Klein Trademark Trust v OHIM*, C-254/09 P, EU:C:2010:488, paragraph 50). Since EUIPO has not demonstrated or even alleged distortion, that argument must be rejected as inadmissible.

- 41 Accordingly, the second part of the single ground of appeal must be rejected as being in part inadmissible and in part ineffective.

### ***The third and fourth parts of the single ground of appeal***

#### *Arguments of the parties*

- 42 By the third part of its single ground of appeal, EUIPO submits that the General Court has infringed Article 8(1)(b) of Regulation No 207/2009 as a result of a methodological error, in so far as it examined the circumstances in which the goods in question are marketed and the buying habits of the relevant public at the stage of comparing the signs at issue.
- 43 The assessment of the degree of similarity between those signs should be carried out objectively, without taking into account the buying habits of the relevant public or the circumstances in which the goods in question are marketed. In accordance with the judgment of 22 June 1999, *Lloyd Schuhfabrik Meyer* (C-342/97, EU:C:1999:323, paragraph 27), only after that degree has been objectively determined should it be necessary, at the stage of the global assessment of the likelihood of confusion, to examine the circumstances in which the goods in question are marketed and to assess the importance that must be attributed, in the light of those circumstances, to one or other degree of visual, phonetic or conceptual similarity.
- 44 The method followed by the General Court, moreover, leads to absurd results in that, depending on what goods are at issue, the signs would be declared similar or not.
- 45 By the fourth part of the single ground of appeal, EUIPO criticises the General Court for having infringed Article 8(1)(b) of Regulation No 207/2009 by committing errors of law affecting the assessment of the similarity of the signs at issue.
- 46 In the first place, EUIPO disputes the method that the General Court used, in so far as it failed to take account of all the elements of similarity and difference between the signs at issue in the global assessment. Thus, EUIPO claims that the General Court, in paragraph 28 of the judgment under appeal, was too hasty in excluding from its assessment all the elements of visual similarity between those signs on account of the visual differences noted as part of a first global assessment of those signs. It then used those visual differences in a second global assessment of those signs, in paragraph 53 of that judgment, to counteract their phonetic similarity. That double counteraction, which relied on the same differences and the overall impression produced by the signs at issue, constitutes an error of law and distorts the principles established by the case-law.
- 47 In the second place, EUIPO submits that the General Court erred in its methodology in that it counteracted the average degree of phonetic similarity of the signs at issue at the stage of the assessment of the similarity of those signs and that it prematurely decided not to carry out any global assessment of the likelihood of confusion.
- 48 First, the counteraction of visual and/or phonetic similarities on account of conceptual differences must take place at the stage of the global assessment of the likelihood of confusion, carried out on the basis of all the elements of similarity and dissimilarity that were initially identified. That counteraction cannot consist simply in ignoring similarities previously noted.

- 49 Second, it cannot be ruled out that the phonetic similarity alone of the signs at issue may create a likelihood of confusion, the existence of which should be examined following a global assessment of that likelihood of confusion.
- 50 Lastly, the global assessment of the likelihood of confusion can be omitted only where any similarity, even faint, between the signs at issue is excluded, which would not be the case where a degree of similarity is found with regard to one of the three relevant aspects, namely, visual, phonetic or conceptual. Where a similarity, even faint, is found, the global assessment of the likelihood of confusion must be carried out.
- 51 Equivalenza Manufactory challenges the merits of the third and fourth parts of the single ground of appeal.
- 52 As regards the third part of the single ground of appeal, although Equivalenza Manufactory accepts, in essence, the explanations of EUIPO, summarised in paragraph 43 of the present judgment, as regards the method of analysis, as set out in the judgment of 22 June 1999, *Lloyd Schuhfabrik Meyer* (C-342/97, EU:C:1999:323), it claims, nonetheless, that the General Court followed that method in the present case. According to Equivalenza Manufactory, as a first step, the General Court evaluated — in an individualised, objective and detailed manner — the degrees of visual, phonetic and conceptual similarity between the signs at issue before, as a second step, carrying out the global assessment of their similarity or the assessment of the likelihood of confusion, taking account, at that stage only, of the buying habits of the relevant public.
- 53 As regards the fourth part of the single ground of appeal, Equivalenza Manufactory points out from the outset that, in order to assess the degree of similarity between two signs at issue, it may be appropriate to evaluate the importance to be attached to the visual, phonetic and conceptual factors, taking account of the category of goods in question and the circumstances in which they are marketed. Those goods, namely perfumes, are always viewed before they are purchased, as the General Court rightly stated in paragraph 51 of the judgment under appeal. Greater importance should therefore be attached to visual similarities in the assessment of the similarity of the signs at issue as a whole or in the global assessment of the likelihood of confusion.
- 54 In the first place, while criticising the lack of clarity of EUIPO's arguments, Equivalenza Manufactory submits that the method applied by the General Court is not vitiated by any error of law. The General Court carried out two separate assessments, finding, first, that the signs at issue were visually different in the light of their elements of visual similarity and dissimilarity and, next, that those signs were different overall in the light of their significant visual and conceptual differences, irrespective of the minor similarities taken into account, and in view of the weak impact of the phonetic aspect on the category of goods concerned.
- 55 In the second place, Equivalenza Manufactory argues that it follows from a purposive interpretation of paragraph 46 et seq. of the judgment under appeal that the General Court carried out a global assessment of the likelihood of confusion. In any event, the General Court would have reached the same conclusion if it had taken into account the few similarities between the signs at issue at the stage of assessing the similarity of those signs as a whole or, subsequently, at the stage of the global assessment of the likelihood of confusion.

### *Findings of the Court*

- 56 By the third and fourth parts of the single ground of appeal, which must be examined together, EUIPO, in essence, criticises the General Court for having used an incorrect method to examine the likelihood of confusion for the purposes of Article 8(1)(b) of Regulation No 207/2009. EUIPO thus claims that the General Court was not entitled, at the stage of assessing the similarity of the signs at issue as a



whole, to take account of the ways in which the goods in question are marketed and counteract the similarities between those signs in order to rule out any similarity between them and dispense with a global assessment of the likelihood of confusion.

- 57 In that respect, it must be recalled that, in accordance with the settled case-law of the Court, the existence of a risk of confusion in the mind of the public must be assessed as a whole by taking account of all the relevant factors of the case in question (judgments of 11 November 1997, *SABEL*, C-251/95, EU:C:1997:528, paragraph 22, and of 8 May 2014, *Bimbo v OHIM*, C-591/12 P, EU:C:2014:305, paragraph 20), which include inter alia the degree of similarity between the signs at issue and the goods or services in question and also the strength of the earlier mark's reputation and its degree of distinctive character, whether inherent or acquired through use (judgment of 24 March 2011, *Ferrero v OHIM*, C-552/09 P, EU:C:2011:177, paragraph 64).
- 58 The global assessment of the likelihood of confusion 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. The perception of the signs by the average consumer of the goods or services in question plays a decisive role in the global assessment of that likelihood of confusion. The average consumer normally perceives a mark as a whole and does not engage in an analysis of its various details (judgments of 11 November 1997, *SABEL*, C-251/95, EU:C:1997:528, paragraph 23; of 22 June 1999, *Lloyd Schuhfabrik Meyer*, C-342/97, EU:C:1999:323, paragraph 25; and of 22 October 2015, *BGW*, C-20/14, EU:C:2015:714, paragraph 35).
- 59 That global assessment of a likelihood of confusion implies some interdependence between the relevant factors and, in particular, the similarity between the signs at issue and that of the goods or services covered. Accordingly, a low degree of similarity between the goods or services may be offset by a high degree of similarity between the signs at issue, and vice versa (judgments of 22 June 1999, *Lloyd Schuhfabrik Meyer*, C-342/97, EU:C:1999:323, paragraph 19, and of 18 December 2008, *Les Éditions Albert René v OHIM*, C-16/06 P, EU:C:2008:739, paragraph 46 and the case-law cited).
- 60 That being said, where there is no similarity between the earlier mark and the sign for which registration is sought, the reputation of or the well-known nature attaching to the earlier mark and the fact that the goods or services concerned are identical or similar are not sufficient for it to be found that there is a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 207/2009 (see, to that effect, judgments of 12 October 2004, *Vedial v OHIM*, C-106/03 P, EU:C:2004:611, paragraph 54, and of 2 September 2010, *Calvin Klein Trademark Trust v OHIM*, C-254/09 P, EU:C:2010:488, paragraph 53). Since it is a necessary condition for the application of Article 8(1)(b) of Regulation No 207/2009 that the signs at issue be identical or similar, that provision is manifestly inapplicable where the General Court has ruled out any similarity between the signs at issue. It is only if there is some similarity, even faint, between those signs that the General Court must carry out a global assessment in order to ascertain whether, notwithstanding the low degree of similarity between them, there is, on account of the presence of other relevant factors such as the reputation or recognition enjoyed by the earlier mark, a likelihood of confusion in the mind of the relevant public (see, to that effect, judgment of 24 March 2011, *Ferrero v OHIM*, C-552/09 P, EU:C:2011:177, paragraphs 65 and 66 and the case-law cited).
- 61 In the present case, it is in accordance with the case-law cited in the preceding paragraph of the present judgment, which is, in essence, referred to in paragraph 16 of the judgment under appeal, that the General Court held, in paragraphs 55 and 56 of that judgment, that the signs at issue were, according to an overall impression, not similar — since one of the cumulative conditions for the application of Article 8(1)(b) of Regulation No 207/2009 was missing — so that the Board of Appeal erred in law in finding that there was a likelihood of confusion.
- 62 The General Court reached that conclusion after an assessment comprising, in essence, two stages.

- 63 First, the General Court proceeded, in paragraphs 26 to 45 of the judgment under appeal, to compare the signs at issue visually, phonetically and conceptually. In essence, it found, in paragraphs 32, 39 and 45 of the judgment under appeal, that the signs at issue were visually and conceptually dissimilar but had an average degree of phonetic similarity.
- 64 Second, in paragraphs 46 to 54 of the judgment under appeal, the General Court carried out an assessment of the similarity of the signs at issue as a whole, which is the subject of the parts of the single ground of appeal presently under consideration.
- 65 In that context, it held, as is clear from paragraphs 48 and 51 to 53 of that judgment, that, having regard to the circumstances in which the goods in question were marketed, the visual aspect of the signs at issue, in relation to which those signs were different, was more important in assessing the overall impression produced by them than the phonetic and conceptual aspects of those signs. In addition, the General Court held, in paragraph 54 of that judgment, that the signs at issue were conceptually different because of the presence, in the sign for which registration is sought, of the elements 'black' and 'by equivalenza'.
- 66 Consequently, it follows from the judgment under appeal that the General Court declined to carry out a global assessment of the likelihood of confusion on the ground that the signs at issue were not, according to an overall impression, similar. After assessing the similarity of those signs as a whole, the General Court concluded, in essence, that, despite their average degree of phonetic similarity, those signs were not similar on account of their visual dissimilarities, which are dominant in the light of the marketing circumstances, and their conceptual differences.
- 67 That assessment is vitiated by errors of law.
- 68 In that regard, first, the Court has held that, in order to assess the degree of similarity between the signs at issue, it is necessary to determine the degree of visual, phonetic or conceptual similarity between them and, where appropriate, to assess the importance to be attached to those various factors, taking account of the category of goods or services in question and the circumstances in which they are marketed (judgments of 22 June 1999, *Lloyd Schuhfabrik Meyer*, C-342/97, EU:C:1999:323, paragraph 27, and of 12 June 2007, *OHIM v Shaker*, C-334/05 P, EU:C:2007:333, paragraph 36).
- 69 Admittedly, as the Advocate General has in essence stated in points 53 to 55 of his Opinion, that case-law has given rise to divergent applications by the EU Courts, in that it has been possible to take account of the marketing circumstances at the stage, as the case may be, of the assessment of the similarity of the signs at issue or the global assessment of the likelihood of confusion.
- 70 However, it should be made clear that, although the marketing circumstances are a relevant factor in the application of Article 8(1)(b) of Regulation No 207/2009, they are to be taken into account at the stage of the global assessment of the likelihood of confusion and not at that of the assessment of the similarity of the signs at issue.
- 71 As the Advocate General observed in points 69, 73 and 74 of his Opinion, the assessment of the similarity of the signs at issue, which is only one of the stages in the examination of the likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 207/2009, involves comparing the signs at issue in order to determine whether those signs are visually, phonetically and conceptually similar. Although that comparison must be based on the overall impression made by those signs on the relevant public, account must nevertheless be taken of the intrinsic qualities of the signs at issue (see, by analogy, judgment of 2 September 2010, *Calvin Klein Trademark Trust v OHIM*, C-254/09 P, EU:C:2010:488, paragraph 46).

- 72 However, as EUIPO rightly argues, taking into account the circumstances in which the goods or services covered by the two signs at issue are marketed for the purposes of comparing those signs could lead to the absurd result that the same signs could be classified as similar or different depending on the goods and services they cover and the circumstances in which they are marketed.
- 73 It follows from the foregoing that the General Court erred in law by taking account, in paragraphs 48 to 53 and 55 of the judgment under appeal, of the circumstances in which the goods in question were marketed at the stage of an assessment of the similarity of the signs at issue as a whole and by giving precedence, by reason of those circumstances, to the visual differences between those signs over their phonetic similarity.
- 74 Second, in so far as the General Court also emphasises, at the stage of its assessment of the similarity of the signs at issue as a whole, their conceptual dissimilarity, it must be borne in mind that, in accordance with the case-law of the Court, the global assessment of the likelihood of confusion implies that conceptual differences between two signs may counteract phonetic and visual similarities between them, provided that at least one of those signs has, from the point of view of the relevant public, a clear and specific meaning, so that the public is capable of grasping it immediately (judgment of 18 December 2008, *Les Éditions Albert René v OHIM*, C-16/06 P, EU:C:2008:739, paragraph 98; see also, to that effect, judgments of 12 January 2006, Case C-361/04 P, *Ruiz-Picasso and Others v OHIM*, EU:C:2006:25, paragraph 20, and of 23 March 2006, *Müllhens v OHIM*, C-206/04 P, EU:C:2006:194, paragraph 35).
- 75 In that regard, the Court has held, in paragraph 44 of the judgment of 5 October 2017, *Wolf Oil v EUIPO* (C-437/16 P, not published, EU:C:2017:737), that the assessment of the conditions of such a counteraction forms part of the assessment of the similarity of the signs at issue which follows the assessment of the visual, phonetic and conceptual similarities between them. However, it should be noted that that consideration is intrinsically linked to the exceptional case in which at least one of the signs at issue has, from the perspective of the relevant public, a clear and specific meaning which can be grasped immediately by that public. It follows that it is only if those conditions are satisfied that, in accordance with the case-law cited in the preceding paragraph of the present judgment, the General Court may dispense with the global assessment of the likelihood of confusion on the ground that, by reason of the marked conceptual differences between the signs at issue and the clear and specific meaning which can be grasped immediately by the relevant public of at least one of those signs, those signs produce a different overall impression, despite the existence, between them, of certain elements of similarity visually or phonetically.
- 76 By contrast, in the absence, in the case of either of the signs at issue, of such a clear and specific meaning which can be grasped immediately by the relevant public, the General Court cannot counteract it by dispensing with a global assessment of the likelihood of confusion. In such a case, rather, it falls to the General Court to carry out a global assessment of that likelihood taking into account all the similarities and differences noted in the same way as the other relevant elements, such as the level of attention of the relevant public (see, to that effect, judgment of 12 January 2006, *Ruiz-Picasso and Others v OHIM*, C-361/04 P, EU:C:2006:25, paragraphs 21 and 23) or the degree of distinctive character of the earlier mark.
- 77 It follows that the General Court erred in law in so far as, in paragraphs 54 and 55 of the judgment under appeal, it sought to counteract the phonetic similarity of the signs at issue in the light of their conceptual dissimilarity and dispensed with the global assessment of the likelihood of confusion, even though it did not in any way find, or even verify, that, in the present case, at least one of the signs at issue had, for the relevant public, a clear and specific meaning, so that that public is likely to grasp it immediately.

- 78 It follows from the foregoing that the third and fourth parts of the single ground of appeal must be upheld, without it being necessary to consider the other arguments put forward by EUIPO concerning an alleged double counteraction of the visual similarities between the signs at issue.
- 79 Accordingly, in view of the conclusions reached in paragraphs 30 and 78 of the present judgment, the judgment under appeal should be set aside.

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

- 80 In accordance with the first paragraph of Article 61 of the Statute of the Court of Justice of the European Union, if the decision of the General Court is set aside, the Court of Justice may itself give final judgment in the matter, where the state of the proceedings so permits. That is so in the present case.

### ***Arguments of the parties***

- 81 In support of its claims for annulment of the decision at issue, Equivalenza Manufactory submits that the Board of Appeal committed errors of assessment at the stage of the visual, phonetic and conceptual comparisons of the signs at issue, thereby vitiating the global assessment of the likelihood of confusion.
- 82 First, as regards the comparison of the signs at issue, Equivalenza Manufactory claims that the Board of Appeal erred in its finding that those signs were visually similar. In essence, the Board of Appeal erroneously reduced the sign for which registration is sought to the word element 'label', and, more specifically, to the five letters comprising it, ignoring the value and distinctive character of its other word and figurative elements.
- 83 As regards phonetic similarity, given that the signs at issue have a different intonation and rhythm, those signs will have a clearly different sound.
- 84 Conceptually, the words 'label' and 'black' are common words in English, understood by relevant consumers, whereas the word 'labell' has no meaning and would thus be considered a fanciful word. Although the Board of Appeal rightly found that those signs were thus different in that respect, it failed to give sufficient weight to that difference in its comparison of those signs.
- 85 Second, as regards the global assessment of the likelihood of confusion, Equivalenza Manufactory maintains that the differences between the signs at issue are more significant than the similarities between them. Many perfumes are marketed under signs with the word element 'label', so the relevant public is able to identify that word. A list of brands produced by Equivalenza Manufactory substantiates that claim. It should be taken into account that perfumes are always bought on sight. It cannot be assumed that the sign for which registration is sought would be perceived as a variant of the earlier mark in view of the differences between the visual elements of the signs at issue, which are figurative signs.
- 86 EUIPO disputes all those arguments.

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

- 87 As a preliminary point, it should be borne in mind that it is common ground between the parties that the relevant public is composed of the general public in the Czech Republic, Hungary, Poland and Slovenia, showing an average level of attention. It is also common ground between the parties that the goods are identical.

- 88 As regards the comparison of the signs at issue, the Board of Appeal found, in paragraphs 24 to 28 of the decision at issue, that the signs were visually and phonetically similar to an average degree and that, in so far as the adjective 'black' would be understood by the relevant public, they were conceptually different.
- 89 In that regard, it should be noted that the sign for which registration is sought is a figurative sign comprising the word element 'black label', written in white capital letters in the middle of a black geometric quadrilateral shape surmounted by two stylised leaves. At the bottom of that sign are the words 'by equivalenza', written diagonally in a smaller black font on a white background. The figurative elements of that sign, as well as the stylisation of its word elements, are relatively simple. In view of its central positioning and size, the word element 'black label' is the dominant element of that sign, in that it will particularly attract the consumer's attention. That element appears as a whole, in which the adjective 'black' is highlighted by appearing in bold at the beginning of the element.
- 90 The earlier mark consists of the word element 'labell' written in white capital letters in a blue oval. Its oval shape, its colour and the font used are not very original. The positioning of the word 'labell' in the centre of that shape, as well as the contrast between the white colour of those letters in relation to the blue background, highlights the word element 'labell'.
- 91 First, it thus appears that, visually, the signs at issue share the five letters 'l', 'a', 'b', 'e' and 'l' which appear in white capital letters and in a common font on a darker background. Those letters constitute one of the word elements of the sign for which registration is sought and the first five letters of the single and dominant word element, consisting of a total of six letters, of the earlier mark.
- 92 By contrast, the signs at issue differ, on the one hand, in their colours and graphic elements. Given their size, those elements occupy a significant place in the visual impression of those signs. Moreover, while the quadrilateral shape and the two stylised leaves of the sign for which registration is sought are, in themselves, relatively simple, their combination has a considerable influence on the visual impression of that sign.
- 93 On the other hand, those signs differ because of the presence, in the sign for which registration is sought, of the word 'black' and the words 'by equivalenza'. Although the latter occupy a secondary place in the sign for which registration is sought, the former is emphasised because of its bold characters and its central position.
- 94 In the light of the factors mentioned in paragraphs 89 to 93 of the present judgment, it must be held that the Board of Appeal was right to find that the signs at issue had an average degree of visual similarity.
- 95 Second, phonetically, the signs at issue share the common word 'label' or 'labell', which will be pronounced in the same way by the relevant public. By contrast, they differ in that, whereas the earlier mark is composed of the word 'labell' alone, comprising two syllables, the sign for which registration is sought is composed of four words and contains nine syllables in total. However, it must be considered likely, as the Board of Appeal observed, that consumers will not pronounce the words 'by equivalenza' since they occupy a secondary position in the sign for which registration is sought and that, in view of the length of the four words, consumers will tend to abbreviate the expression 'black label by equivalenza' by pronouncing only the first two words it contains.
- 96 Therefore, the Board of Appeal did not make an error of assessment in finding that the signs at issue bore an average degree of phonetic similarity.
- 97 Third, from a conceptual point of view, it must be noted that it has not been established that the relevant public understands the meaning of the English word 'label', such that it must be held that the earlier mark will be perceived as consisting of a fanciful word which is devoid of meaning. However,

the relevant public will understand the adjective ‘black’, which is a basic word in English as a description of a colour, and will also be able to understand the words ‘by equivalenza’ as an indication that the goods in question come from Equivalenza Manufactory.

- 98 In view of the above, it follows that the signs at issue have an average degree of visual and phonetic similarity and that those signs are conceptually different.
- 99 In so far as Equivalenza Manufactory submits that the conceptual differences between the signs at issue are such as to counteract the similarities between those signs, it is sufficient to note that, in accordance with the case-law referred to in paragraph 74 of the present judgment, such counteraction requires that at least one of the two signs have, in the mind of the relevant public, a clear and specific meaning which that public is capable of grasping immediately. However, having regard to the considerations set out in paragraph 97 of the present judgment, that cannot be the case here.
- 100 As regards the global assessment of the likelihood of confusion, it is not disputed that, as the Board of Appeal noted in paragraph 29 of the decision at issue, the earlier mark has an average degree of distinctiveness. Account must also be taken of the fact that the relevant public shows an average degree of attention and that the goods covered by the signs at issue are identical.
- 101 In the light of those factors, the Board of Appeal rightly concluded, in paragraph 32 of the decision at issue, that there is a likelihood of confusion between the signs at issue for the relevant public.
- 102 The mere presence, in the sign for which registration is sought, of the terms ‘black’ and ‘by equivalenza’ is not sufficient to rule out that likelihood of confusion. On the one hand, it is clear from the grounds set out in paragraphs 89 to 96 of the present judgment that, despite the presence of those words, the signs at issue present, visually and phonetically, an average degree of similarity, which has duly been taken into account in the present global assessment of the likelihood of confusion. On the other, the adjective ‘black’ is a purely descriptive term for a basic colour and the words ‘by equivalenza’ find no similar indication in the earlier mark.
- 103 Having regard to all the foregoing considerations, the single plea in law put forward by Equivalenza Manufactory must be rejected and, consequently, the action must be dismissed.

### **Costs**

- 104 Under Article 184(2) of the Rules of Procedure of the Court of Justice, where the appeal is well founded and the Court itself gives final judgment in the case, the Court is to make a decision as to costs. Under Article 138(1) of the Rules of Procedure, which is applicable to appeal proceedings by virtue of Article 184(1) thereof, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party’s pleadings.
- 105 In the present case, since EUIPO has applied for costs and Equivalenza Manufactory has been unsuccessful, the latter must be ordered to pay, in addition to its own costs, those incurred by EUIPO relating both to the proceedings at first instance in Case T-6/17 and to the appeal proceedings.

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

- 1. Sets aside the judgment of the General Court of the European Union of 7 March 2018, *Equivalenza Manufactory v EUIPO — ITM Entreprises (BLACK LABEL BY EQUIVALENZA)* (T-6/17, not published, EU:T:2018:119);**
- 2. Dismisses the action for annulment brought by Equivalenza Manufactory SL before the General Court of the European Union in Case T-6/17;**
- 3. Orders Equivalenza Manufactory SL to bear its own costs relating both to the proceedings at first instance in Case T-6/17 and to the appeal proceedings and to pay the costs incurred by the European Union Intellectual Property Office (EUIPO) in both of those proceedings.**

[Signatures]