

JUDGMENT OF THE COURT OF FIRST INSTANCE (First Chamber)

16 April 2008*

In Case T-181/05,

Citigroup, Inc., formerly Citicorp, established in New York, New York (United States),

Citibank, NA, established in New York,

represented initially by V. von Bomhard, A.W. Renck and A. Pohlmann, lawyers, and subsequently by V. von Bomhard, A.W. Renck, and H. O'Neill, Solicitor,

applicants,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by J. García Murillo and D. Botis, acting as Agents,

defendant,

* Language of the case: English.

the other party to the proceedings before the Board of Appeal of OHIM, intervener before the Court of First Instance, being

Citi, SL, established in Madrid (Spain), represented by M. Peris Riera, lawyer,

ACTION brought against the decision of the First Board of Appeal of OHIM of 1 March 2005 (Case R 173/2004-1) relating to opposition proceedings between, firstly, Citicorp and Citi SL, and secondly, Citibank NA and Citi SL,

THE COURT OF FIRST INSTANCE
OF THE EUROPEAN COMMUNITIES (First Chamber),

composed of J. D. Cooke, President, I. Labucka and M. Prek, Judges,

Registrar: K. Andová, Administrator,

having regard to the application lodged at the Registry of the Court of First Instance on 10 May 2005,

having regard to the response of OHIM lodged at the Registry of the Court on 6 April 2006,

having regard to the response of the intervener lodged at the Registry of the Court on 6 April 2006,

having regard to the substitution of Citigroup Inc. for Citicorp,

further to the hearing on 11 July 2007,

having regard to the reopening of the oral procedure on 21 November 2007,

gives the following

Judgment

Background to the dispute

- ¹ On 20 December 1999, Citi SL, a company governed by Spanish law, filed an application for a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

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



- 3 The services in respect of which registration of the trade mark was applied for are in Class 36 of the Nice Agreement of 15 June 1957 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: 'customs agencies, property valuers, real estate agents, evaluation and administration of house contents'.
- 4 On 11 December 2000 that application was published in the *Community Trade Marks Bulletin* No 98/2000.
- 5 On 12 March 2001, Citicorp, which subsequently merged with Citigroup Inc. on 1 August 2005 and has been subsumed by the latter, filed an opposition against registration of the trade mark applied for, relying on the following earlier trade marks and trade mark application:

— German word mark CITI No 39847157 registered on 17 March 2000 in respect of 'real estate services' and 'financial services' in Class 36;

— application for a figurative Community trade mark No 1084532 filed on 23 February 1999 for ‘real estate services’ and ‘financial services’ in Class 36, represented as follows:



— the Community word mark CITICORP No 65367 registered on 9 December 1998 for ‘real estate services’ in Class 36.

- 6 On the same date, Citibank NA filed an opposition against registration of the trade mark applied for, relying on the following 11 Community word marks, all of which were registered for ‘financial services’ and ‘real estate services’ in Class 36: CITI-BANK, CITIBANKING, CITICARD, CITIGOLD, CITIPHONE, CITIBASICS, CITIBUSINESS, CITIONE, CITIDIRECT, CITINETTING and THE CITI NEVER SLEEPS.
- 7 By letter of 3 August 2001 OHIM notified the parties that the two sets of opposition proceedings had been joined and were to be dealt with together.
- 8 Be decision of 24 February 2004, the Opposition Division upheld the opposition filed by the applicants under Article 8(5) of Regulation No 40/94, rejected the application for a Community trade mark and ordered the intervener to bear the costs.

9 On 2 March 2004, the intervener lodged an appeal at OHIM against the decision of the Opposition Division.

10 By decision of 1 March 2005 ('the contested decision') the First Board of Appeal of OHIM annulled the decision of the Opposition Division. It accepted the opposition in respect of the services of property valuers and real estate agents, and those of evaluation and administration of house contents, but rejected it in respect of the services of customs agencies.

11 In essence, the Board of Appeal found that Article 8(5) of Regulation No 40/94 was not applicable in this case. In contrast to the Opposition Division, the Board of Appeal decided that none of the evidence produced substantiated the claim that the family of trade marks, of which the element 'citi' is the common denominator, enjoyed a reputation, or that the public perceived the earlier mark CITIBANK as being part of a family of trade marks belonging to the applicants. According to the Board of Appeal, the applicants had only one trade mark with a reputation, that being the earlier trade mark CITIBANK, for financial services only. However, also according to the Board of Appeal, that trade mark and the trade mark applied for (CITI) were not similar within the meaning of Article 8(5) of Regulation No 40/94. The Board of Appeal accordingly took the view that it was not necessary to further examine the case under that latter provision.

12 Nevertheless, in the contested decision the Board of Appeal upheld the refusal of the application in respect of real estate services pursuant to Article 8(1)(b) of Regulation No 40/94, on the ground that there was a likelihood of confusion between the trade mark applied for and the earlier German trade mark 'CITI' covering financial and estate agency services. As regards customs agency services, the Board of Appeal allowed the application for registration, holding that these were not similar to the services covered by the earlier trade mark CITI.

Forms of order sought

¹³ The applicants claim that the Court should:

- annul the contested decision;

- order OHIM and the intervener to pay the costs.

¹⁴ OHIM contends that the Court should:

- dismiss the first and second of the applicants' pleas in law;

- as regards the third plea in law, determine whether there are similarities between the signs at issue:
 - if the Court should hold that the signs at issue are similar, either continue with an assessment of the other requirements of Article 8(5) of Regulation No 40/94, and in those circumstances annul the contested decision and order each of the parties to bear its own costs, or, if it cannot carry out such an assessment, annul the contested decision, refer the matter back to the Board of Appeal and order each party to bear its own costs;

- if the Court should decide that the findings of the contested decision are correct with regard to Article 8(5) of Regulation No 40/94, dismiss the application and order the applicants to pay the costs.

15 At the hearing, OHIM contended that, should the applicants be successful, the Court should order the parties to bear their own costs.

16 The intervener contends that the Court should:

- dismiss the application;

- order the applicants to pay the costs.

Law

Admissibility of a number of the forms of order sought by OHIM

17 The Board of Appeal held that, contrary to what the applicants claim, there is no similarity between the trade mark CITIBANK and the trade mark applied for (CITI). However, in its response, OHIM concurs with the applicants' arguments, presented

within the second strand of the third plea in law, that the Board of Appeal incorrectly assessed the similarity of the signs at issue within the meaning of Article 8(5) of Regulation No 40/94.

18 In that regard, the Court has held, in proceedings relating to a Board of Appeal ruling on opposition proceedings, that, while OHIM does not have the requisite capacity to bring an action against a decision of a Board of Appeal, conversely it cannot be required to defend systematically every contested decision of a Board of Appeal or automatically to claim that every action challenging such a decision should be dismissed (Case T-107/02 *GE Betz v OHIM — Atofina Chemicals (BIOMATE)* [2004] ECR II-1845, paragraph 34; Case T-379/03 *Peek & Cloppenburg v OHIM (Cloppenburg)* [2005] ECR II-4633, paragraph 22; and Case T-53/05 *Calvo Growers v OHIM — Calvo Sanz (Calvo)* [2007] ECR II-37, paragraph 26).

19 There is therefore nothing to prevent OHIM from endorsing a head of claim of the applicant's or from simply leaving the decision to the discretion of the Court, while putting forward all the arguments that it considers appropriate to assist the Court (*BIOMATE*, cited in paragraph 18 above, paragraph 36, and *Cloppenburg*, cited in paragraph 18 above, paragraph 22).

Substance

20 The applicants put forward three pleas in law in support of the action. The first alleges infringement of the second sentence of Article 73 of Regulation No 40/94; the second alleges infringement of the first sentence of Article 73 and of Article 74(1) of Regulation No 40/94, while the third alleges infringement of Article 8(5) of Regulation No 40/94.

21 The Court considers that it should, first, examine the third plea in law.

22 The third plea in law, which alleges an infringement of Article 8(5) of Regulation No 40/94, is made up of three strands, in which the applicants claim that:

— the Board of Appeal did not properly assess the reputation of their trade marks;

— the Board of Appeal made an error in assessing the similarity between the trade mark CITIBANK and the trade mark applied for;

— the other conditions of Article 8(5) of Regulation No 40/94 are satisfied in this case.

Arguments of the parties

23 In the first strand of the third plea, the applicants allege that the Board of Appeal, in essence, wrongly held that they had not proven the reputation which their family of marks enjoys, with the exception of the trade mark CITIBANK.

- 24 Under the second strand, the applicants claim that the analysis of the similarities between the earlier trade mark, CITIBANK, and the trade mark applied for, CITI, should have led to the finding that those marks induce consumers to establish a link between the services which they cover.
- 25 According to the applicants, the Board of Appeal misconstrued the criteria governing the similarity of signs under Article 8(5) of Regulation No 40/94. The Board of Appeal should have assessed whether the degree of similarity between the mark with reputation and the trade mark applied for resulted in the relevant public establishing a link between the two marks within the meaning of paragraphs 29 and 30 of the judgment of the Court of Justice in Case C-408/01 *Adidas-Salomon and Adidas Benelux* [2003] ECR I-12537 (‘the *Adidas* judgment’). The Board of Appeal did not apply that criterion, but carried out the usual comparison of the conflicting marks.
- 26 Furthermore, the applicants contest the Board of Appeal’s assumption that the relevant public has a very high level of attention. First, financial services in general do not presuppose such a level of attention, since they cover different types of services, including very straightforward transactions. Second, the Board of Appeal took account only of consumers targeted by the earlier trade mark, whereas it should have taken account of consumers affected by the services covered by the trade mark applied for, namely those of ‘customs agencies’ and ‘real estate agents’.
- 27 The trade mark with a reputation, CITIBANK, will be remembered above all by the public for its distinctive prefix ‘citi’ rather than for its descriptive ending ‘bank’. The applicants claim that the ‘citi’ prefix cannot be regarded as a descriptive component since the word does not exist in the English language. The reputation of the trade mark CITIBANK can reside only in the ‘citi’ prefix, that is, in its dominant and distinctive element, as the ‘bank’ element is purely descriptive.

28 The applicants claim that the Board of Appeal did not take account of the fact that the reputation of the trade mark CITIBANK is particularly well established in Member States where English is not widely spoken, such as Spain or Greece. The term 'citi' would not be immediately understood as corresponding to the word 'city' in those countries ('ciudad' in Spanish and 'polis' in Greek).

29 In addition, according to the applicants, the Board of Appeal should have taken into consideration that, owing to its reputation, the trade mark CITIBANK has acquired a secondary meaning for the public, who view it as a trade mark belonging to the Citibank company. The public would never think of 'a bank in a city' but will immediately think of Citibank, a well-known bank with the specific name Citi.

30 The applicants maintain that there is a clear link between the services at issue and therefore a significant risk that the trade mark applied for would take unfair advantage of or be detrimental to the reputation of the earlier trade marks.

31 They state that, as regards the services of 'customs agencies', the agents offer a series of services which can be considered as financial services to the extent that they meet the financial needs of consumers. They include monetary transactions on behalf of other businesses, and not for other agents, that is to say, a typical transaction for financial service providers such as the applicants. Consumers could therefore easily make the connection between the services of 'customs agencies' and financial services.

32 As regards real estate services, the applicants claim that there are also connections between those services and financial services, particularly with regard to loans and mortgages for the purchase of real estate.

33 In the context of the third strand of the third plea, the applicants claim that the other conditions of Article 8(5) of Regulation No 40/94 are satisfied in this case.

34 Firstly, the sign for which registration is sought would take unfair advantage of the reputation of the CITI family of trade marks and of the reputation of the trade mark CITIBANK. The association of the trade mark applied for with the applicants' banking and financial services will lead to a presumption of reliability and safe investment that may be deceitful and, in addition, lead to an unjustified image transfer. The applicants point out in that regard that CITIBANK is one of the most valued brands in the world and that the high quality of the CITI marks is demonstrated by the many awards obtained for Citigroup's excellent services.

35 Secondly, use of the trade mark applied for would have the effect of diluting the reputation and distinctiveness of the CITI trade marks. When seeing the trade mark applied for, consumers will immediately think of the applicants' financial services because of their considerable reputation. Consequently, the distinctiveness of those trade marks will be reduced and the public will no longer associate the term 'citi' with the applicants' trade marks.

36 Thirdly, the applicants claim that there is a serious risk that the trade mark applied for will be detrimental to the reputation of the CITI trade marks. They point out, in that regard, that the regulatory provisions applicable to financial services are more demanding than those concerning the services of 'customs agencies' and services relating to real estate. In providing services of a lower quality than that demanded for financial services, the intervener would damage the reputation of the CITI trade marks.

37 Fourthly, the applicants point out that the intervener has put forward no argument of due cause for use of the trade mark applied for.

38 Under the first strand of the third plea, OHIM also considers that the earlier trade mark CITIBANK enjoys a considerable reputation for financial services.

39 OHIM adds that the stronger the distinctiveness and reputation of a mark, the easier it is to accept that detriment has been caused to it both because a good reputation is more vulnerable to harm or attempts at undue exploitation and because marks with a reputation are easier to recognise even where they are combined with other elements.

40 In respect of the second strand of that plea, OHIM takes the view that the Board of Appeal did not adequately assess the similarities between the marks in dispute within the meaning of Article 8(5) of Regulation No 40/94.

41 OHIM points out that two marks are similar where one is included in the other in its entirety, or where they are at least partially identical as regards one or more relevant aspects (Case T-6/01 *Matratzen Concord v OHIM — Hukla Germany (MATRATZEN)* [2002] ECR II-4335, paragraph 30). That is all the more so where the common element is more dominant than the differentiating element, either by reason of its prominence in terms of size or position, or by reason of its comparatively greater distinctive character.

42 According to OHIM, the earlier trade mark CITIBANK and the trade mark applied for (CITI) share the ‘citi’ component, aurally identical and also placed at the beginning of the marks in both cases. In that regard, there is nothing which could advocate against application of the general rule that the public attaches more importance to the beginning of a word than to its ending, especially where, as in this case, the ending of the earlier trade mark is descriptive of the services in respect of which it is protected. The slightly stylised typeface used in the trade mark applied for is not striking enough to substantially modify its visual perception.

43 It is therefore more than likely that, when confronted with the trade mark applied for, the public will easily recognise in it the most dominant part of the earlier trade mark ‘CITIBANK’, all the more so since the word ‘bank’ will be understood by the overwhelming majority of the public in most countries of the European Union as a descriptive word for the services it covers and for which it enjoys a reputation. The Opposition Division was right in holding that consumers are likely to notice the common usage of ‘citi’ when confronted with the trade mark applied for and, therefore, they will necessarily make a connection with the earlier trade mark CITIBANK.

44 As regards the third strand of that plea, OHIM contends that, although the contested decision did not deal with the other requirements for the application of Article 8(5) of Regulation No 40/94, the Court could, on grounds of procedural economy, examine the merits of the case as a whole. OHIM observes that the administrative file contains the observations of the parties regarding those other requirements and that the Opposition Division has already delivered a decision in that regard. Moreover, it is not possible to separate the issues of reputation and similarity of the conflicting marks from the question of likely detriment or unfair advantage.

45 OHIM states that the comparison of the services at issue could be helpful in determining whether or not dilution, tarnishing or free-riding would occur. The banking

and financial services covered by the earlier trade mark CITIBANK and the customs agency services covered by the trade mark applied for (CITI) have evident connections to the extent that they are both 'business' related. Customs agency services and financial services are essential for certain business transactions, such as the import-export trade or the international carriage of goods. According to OHIM, the respective customer groups of the applicant and the intervener are largely the same, in the sense that the customers of the intervener are likely to know, or at least to have heard of, the applicants' bank, since such undertakings must, in the course of their activities, issue letters of credit or other banking instruments.

⁴⁶ Taking account of the foregoing, OHIM first considers that use of the 'citi' component with regard to services having a certain link with those for which the earlier trade mark CITIBANK has acquired an undisputed reputation, namely financial services, would take advantage of that earlier mark's distinctive character and reputation.

⁴⁷ Secondly, in respect of the existence of a likelihood of dilution by blurring, OHIM contends that, as a consequence of the undisputed high repute of the trade mark CITIBANK in the field of financial services, the public has indeed established a unique link between 'citi' and the applicants' business. That link risks being weakened by the proliferation of other 'citi' marks in a different context and in different trade areas. The intervener has failed to prove that the 'citi' element is not uniquely associated with the applicants or that it is a commonplace term.

⁴⁸ Moreover, the intervener has not demonstrated the existence of due cause for use of the trade mark applied for. The use of the CITI trade mark by the intervener in Spain does not amount to valid justification since, on the one hand, the scope of the

geographical protection of the Spanish trade mark does not correspond to that of the trade mark applied for and, on the other, the legal validity of the registration of the Spanish trade mark is being contested before the national courts.

49 As for the intervener, under the first strand of the third plea in law, it contends that the concept of a family of trade marks as interpreted by the Board of Appeal is correct and that the Board was justified in finding that the applicants had not shown that the marks at issue, with the exception of the trade mark CITIBANK, enjoyed the necessary reputation. It points out that the Board of Appeal did not, moreover, dispute the reputation of the trade mark CITIBANK.

50 Under the second strand of that plea, the intervener contends that, contrary to what the applicants claim, the Board of Appeal properly applied the appropriate criteria to determine the similarity between the conflicting marks in the context of Article 8(5) of Regulation No 40/94 (paragraphs 40 to 43 of the contested decision) and was aware that the assessment in question was less rigorous than that in respect of Article 8(1)(b) of Regulation No 40/94. Furthermore, it is common sense that, regard being had to the importance of financial services, the public availing of such services will pay them a high degree of attention.

51 The term ‘citi’ can be regarded as a descriptive term in that it is pronounced exactly like ‘city’. According to the intervener, the name of the Citibank company was originally Citybank. Moreover, the public does not think that the specific name of the bank is Citi. In particular, there are numerous CITI trade marks which do not belong to the applicants and which have nothing to do with the trade mark CITIBANK.

52 In addition, the Board of Appeal did not make a mistake regarding the reputation of the trade mark CITIBANK in countries where English is not widely spoken, in that it can be presumed, even in Spain, that the public will understand ‘city’ as meaning a city. The intervener takes the view that there is no similarity between the services covered by the conflicting marks according to the factors defined by the Court of Justice, namely their nature, destination, use and their competitive or complementary character (Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 23).

53 As regards the services of ‘customs agencies’ — the only services in respect of which the Board of Appeal allowed the registration application to proceed —, these cannot be regarded as financial services. The applicants’ reasoning leads to the absurd conclusion that all professions have a link with financial services, since professionals of all types will often carry out transfers of money on behalf of their clients.

54 Under the third branch of the third plea, the intervener contends that the other conditions of Article 8(5) of Regulation No 40/94 are not satisfied in this case.

55 First, the trade mark applied for would not take unfair advantage of any of the applicants’ trade marks. In that regard, the intervener points out that it requested registration of a first CITI trade mark in 1995, that is to say, many years before the trade mark CITIBANK became well known in Spain and also prior to the applications for registration of the other trade marks on which the opposition was founded. Moreover, the applicants have failed to demonstrate that the positive image which they allege for their trade mark is transferable to other products. The intervener refers,

in that regard, to the decision of the Third Board of Appeal of OHIM of 25 April 2001 in *HOLLYWOOD v Hollywood* (Case R 283/1999-3). In particular, it argues that there is no connection between the services covered by the marks at issue.

56 Second, there is no risk of dilution by blurring in the light of the absence of a connection and association between the trade mark applied for (CITI) and the earlier trade mark (CITIBANK).

57 Third, without such a connection or association between those marks, there is no potential prejudice to the reputation of the trade mark CITIBANK. Moreover, the applicants have not proven that a risk of such prejudice exists in this case and, in particular, have not established that the services of ‘customs agencies’, which have no negative connotations, could cause any damage as regards financial services.

58 Fourth, concerning the use of the trade mark applied for with due cause, the intervener points out that that trade mark is identical to two earlier trade marks granted by the Spanish Trade Marks Office.

Findings of the Court

59 Article 8(5) of Regulation No 40/94 provides that, ‘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 Community trade mark the trade mark has a reputation in the Community 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’.

60 Given that the services covered by the trade mark application are not similar to those for which the trade mark CITIBANK is registered, the application of Article 8(5) of Regulation No 40/94 in this case presupposes that three conditions are satisfied, namely, first, that the marks at issue are identical or similar, second, that the earlier trade mark has a reputation, and third, that there is a risk that 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.

61 Since those three conditions are cumulative, failure to satisfy one of them is sufficient to render inapplicable the provisions of Article 8(5) of Regulation No 40/94 (Case T-67/04 *Spa Monopole v OHIM — Spa-Finders Travel Arrangements (SPA-FINDERS)* [2005] ECR II-1825, paragraph 30, and judgment of 16 May 2007 in Case T-137/05 *La Perla v OHIM — Worldgem Brands (NIMEI LA PERLA MODERN CLASSIC)*, not published in the ECR, paragraph 26).

— The first strand of the plea in law

62 The Court notes that the applicants claim, in essence, that the second of the conditions set out in Article 8(5) of Regulation No 40/94 is satisfied in respect of all the

marks included in the family of marks on which they rely. They allege that the Board of Appeal misconstrued the concept of a family of marks by requiring them to prove that a number of that family's marks were well known.

⁶³ As the intervener pointed out, it is apparent from the contested decision, and in particular from paragraph 20, that the Board of Appeal did not question the reputation of the trade mark CITIBANK. In those circumstances, and in the light of the agreement between the parties that the trade mark CITIBANK has a reputation, the Court holds that the second condition laid down in Article 8(5) of Regulation No 40/94 is satisfied without it being necessary to ascertain whether that is also the case for the other marks. It follows that there is no need to rule on the arguments relating to the evidence of the reputation claimed for the other marks in the family of marks.

— The second strand of the plea in law

⁶⁴ As regards the condition concerning whether the marks at issue are identical or similar, it is clear from the case-law of the Court of Justice in relation to the interpretation of Article 5(2) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) (the legislative content of which is, essentially, identical to that of Article 8(5) of Regulation No 40/94) that, to satisfy the condition concerning similarity, it is not necessary to prove that there exists, on the part of the relevant section of the public, a likelihood of confusion between the earlier mark with a reputation and the mark applied for. It is sufficient for the degree of similarity between those marks to have the effect that the relevant section of the public establishes a link between them (*Adidas*, cited in paragraph 25 above, paragraph 31).

- 65 The existence of such a link must be appreciated globally, taking into account all factors relevant to the circumstances of the case (*Adidas*, cited in paragraph 25 above, paragraph 30). In relation to the visual, aural and conceptual similarities, the comparison of the signs must be based on the overall impression produced by the marks, taking account, inter alia, of the distinctive and dominant elements of those marks (*NIMEI LA PERLA MODERN CLASSIC*, cited in paragraph 61 above, paragraph 35).
- 66 At the visual level, the presence of the word element ‘citi’ in the two marks at issue results in their being somewhat similar. In addition, the fact that the trade mark applied for (CITI) is wholly included in the trade mark CITIBANK and that it is the first component of that mark reinforces that similarity at a visual level (see, to that effect, *MATRATZEN*, cited in paragraph 41 above, paragraphs 44, 48 and 50; *SPA-FINDERS*, cited in paragraph 61 above, paragraph 33; and *NIMEI LA PERLA MODERN CLASSIC*, cited in paragraph 61 above, paragraph 46).
- 67 The Court holds that, at a visual level also, it is the ‘citi’ element which is the most dominant and distinctive element of the trade mark CITIBANK in that it has the effect of distinguishing the applicants’ banking activities from those of all other banks.
- 68 At the aural level, the Court finds that the marks at issue have two common syllables ‘ci-ti’ and are distinguished only by one syllable ‘bank’.
- 69 As regards the conceptual comparison of the marks at issue, it should be noted that the term ‘citi’, of itself, has no conceptual meaning other than being a contrived spelling of the English word ‘city’. That component is common to both the marks at issue. The descriptive component ‘bank’ cannot be held to be the dominant element

of the CITIBANK mark at a conceptual level. Since there are hundreds of banks whose names end in the 'bank' component (Comdirectbank, HypoVereinsbank, Commerzbank, etc.), it is the first part of their names that distinguishes them one from the other.

70 It is clear that the word element 'citi' suggests the English word 'city'. They are aurally identically and visually similar. The question thus arises as to whether or not 'citi' has a distinctive character and whether it calls to mind, above all, a city. In that regard, it should be stressed that the name of Citibank was originally City Bank of New York and that the applicants make frequent use of their trade mark THE CITI NEVER SLEEPS.

71 However, the spelling of 'citi' is different from that of the English word 'city' and a consumer of financial services does not choose such a service without having seen in writing the name of the financial institution in question. Furthermore, there are millions of non-English speakers included in the relevant public. In addition, as OHIM points out, there are no banks that offer their services solely in urban areas. Originally called the City Bank of New York, the bank was subsequently renamed Citibank, as a result of its evolution and its expansion.

72 It follows that the element 'citi' does have a distinctive character.

73 The similarity thus found to exist between the marks at issue is sufficient for the public to be able to establish a link between them, as is required for the application of Article 8(5) of Regulation No 40/94, bearing in mind, in that regard, that a likelihood of confusion is not required for that purpose. Consequently, the Court finds

that the Board of Appeal erred in holding that the marks at issue were not sufficiently similar for a connection, such as that required for the purposes of the application of Article 8(5) of Regulation No 40/94, to be made.

⁷⁴ It follows that, by holding that the marks at issue were not similar, the Board of Appeal infringed Article 8(5) of Regulation No 40/94, and this is a sufficient ground for upholding the present action. However, having regard to the wishes of the main parties expressed at the hearing, the Court takes the view that it is appropriate to examine, for the sake of completeness, the third strand of the third plea in law.

— The third strand of the plea in law

⁷⁵ The third of the conditions set out in Article 8(5) of Regulation No 40/94 falls to be assessed with regard to three distinct types of risk, namely, that use of the trade mark applied for without due cause, first, would adversely effect the distinctive character of the earlier mark, second, would cause detriment to the repute of the earlier mark, and, third, would take unfair advantage of the distinctive character or repute of the earlier mark (*SPA-FINDERS*, cited in paragraph 61 above, paragraphs 43 to 53; see also, by analogy, the Opinion of Advocate General Jacobs in *Adidas*, cited in paragraph 25 above, paragraphs 36 to 39).

⁷⁶ Having regard to the wording of Article 8(5) of Regulation No 40/94, the existence of one of the above three types of risk is sufficient for that provision to apply (Case T-215/03 *SIGLA v OHIM — Elleni Holding (VIPS)* [2007] ECR II-711, paragraph 36).

- 77 The proprietor of the earlier mark is not required to demonstrate actual and present harm to his mark. He must, however, adduce *prima facie* evidence of a future risk, which is not hypothetical, of unfair advantage or detriment (*SPA-FINDERS*, cited in paragraph 61 above, paragraph 40).
- 78 Such a conclusion may be established, in particular, on the basis of logical deductions made from an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case.
- 79 The concept of taking unfair advantage of the distinctive character or repute of the earlier mark is intended to encompass instances where there is clear exploitation and free-riding on the coattails of a famous mark or an attempt to trade upon its reputation (*SPA-FINDERS*, cited in paragraph 61 above, paragraph 51).
- 80 Finally, the stronger the earlier mark's distinctive character and reputation, the easier it will be to accept that detriment has been caused to it for the purposes of Article 8(5) of Regulation No 40/94 (*SPA-FINDERS*, cited in paragraph 61 above, paragraph 41).
- 81 As has already been stated, the reputation of the trade mark CITIBANK in the European Community in regard to banking services is not disputed. That reputation is associated with features of the banking sector, namely, solvency, probity and financial support to private and commercial clients in their professional and investment activities.

82 As OHIM recognises, there is a clear relationship — as well as an overlap in the applicants' and the intervener's groups of clients — between the services of customs agencies and the financial services offered by banks such as the applicants, in that clients who are involved in international trade and in the import and export of goods also use the financial and banking services which such transactions require. It follows that there is a probability that such clients will be familiar with the applicants' bank given its extensive reputation at international level.

83 In those circumstances, the Court holds that there is a high probability that the use of the trade mark applied for, CITI, by customs agencies, and therefore for financial agency activities in the management of money and real estate for clients, may lead to free-riding, that is to say, it would take unfair advantage of the well-established reputation of the trade mark CITIBANK and the considerable investments undertaken by the applicants to achieve that reputation. That use of the trade mark applied for, CITI, could also lead to the perception that the intervener is associated with or belongs to the applicants and, therefore, could facilitate the marketing of services covered by the trade mark applied for. That risk is further increased because the applicants are the holders of several trade marks containing the component 'citi'.

84 Finally, the Court takes the view that the intervener has failed to produce evidence that the use of the trade mark applied for complies with the due cause rule.

85 The use, by the intervener, of the trade mark CITI in Spain cannot constitute a valid justification in that, first, the extent of the geographical protection of the Spanish trade mark does not correspond to the territory covered by the trade mark applied for and, second, the legal validity of the registration of the Spanish trade mark is the subject of dispute before the national courts. By the same token, the fact that the intervener is the owner of the domain name 'citi.es' is irrelevant.

86 Therefore, the third branch of the third plea in law must also be upheld and, consequently, the contested decision must be annulled without it being necessary to rule on the other pleas in law submitted by the applicants.

Costs

87 Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings.

88 As OHIM has been unsuccessful, inasmuch as the contested decision has been annulled, it must be ordered to bear its own costs and pay the costs of the applicants and the intervener must be ordered to bear its own costs.

On those grounds,

THE COURT OF FIRST INSTANCE (First Chamber)

hereby:

- 1. Annuls the decision of the First Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 1 March 2005 (Case R 173/2004-1);**

- 2. Orders OHIM to bear its own costs and to pay the costs of Citigroup, Inc., and Citibank, NA, including those costs incurred in the proceedings before the Board of Appeal;**

- 3. Orders Citi, SL, to bear its own costs.**

Cooke

Labucka

Prek

Delivered in open court in Luxembourg on 16 April 2008.

E. Coulon

J.D. Cooke

Registrar

President