

Audi scores victory in TM appeal before the EU General Court

On 12 July 2019, the EU General Court (GC) dismissed an appeal from a Lithuanian sportswear company, whose trade mark was successfully opposed by the German automobile manufacturer Audi.

Background

In October 2014, the applicant, Audimas AB, obtained through the World Intellectual Property Organisation (WIPO) an [international registration](#) for the mark displayed below, designating the European Union (EU) as one of the protection territories.



The mark above represents the applicant company's name in black font, with stylised open and closing brackets right above the word element. Registration was sought for classes 18, 25 and 35 of the Nice Agreement, covering a wide variety of leather goods, clothing, footwear and headgear as well as advertising and business management services. In June 2015, the international registration designating the EU was notified to the EU Intellectual Property Office (EUIPO), pursuant to the provisions of the [Council Regulation 207/2009](#) on the Community Trade Mark (now replaced with [Regulation 2017/1001](#) on the EU Trade Mark).

In August 2015, the German automotive company AUDI AG opposed the mark applied for on the basis of its previously [registered](#) EU word mark 'AUDI' for goods and services falling in classes 18, 25 and 35 of the Nice Agreement as well as class 12, which covers vehicles and vehicle components. Audi claimed, in particular, infringement of Article 8(1)(b) of the 2009 Regulation, i.e. invalidity based on 'relative grounds' which relate to conflicts with earlier trade mark rights that belong to third parties (these provisions are preserved under the new 2017 Regulation). The Opposition Division of the EUIPO upheld the opposition two years later. Audimas appealed the decision in November 2017 but the Office's Second Board of Appeal rejected the appeal in May 2018 ('the contested decision').

Specifically, the Board of Appeal found that the relevant public in this case consisted of 'professional customers' and 'end consumers', whose level of attention varied from medium to high. In addition, the signs at issue were broadly similar at least to the extent that Audi's earlier mark was reproduced in full in the dominant element of the applied-for mark. The Board also considered that a Spanish-speaking consumer would break down the mark applied for in two verbal parts, i.e. 'audi' and 'mas', because the latter element alluded a meaning to them, namely 'more' or 'plus'. Moreover, the figurative element of the brackets was found to be 'purely ornamental' and its combination with the term 'mas' meant that the mark in question was at best only weakly distinctive. The Board of Appeal ultimately concluded that there was a likelihood of confusion for the Spanish-speaking part of the relevant public within the meaning of Articles 8(1)(b) of the 2009 and 2017 Regulations.

The legal framework and applicable principles

Under both Regulations 2009 and 2017, an opposition must be based on rights held by the opponent in an earlier trade mark (or other form of trade sign). The grounds on which an opposition can be based are called 'relative grounds for refusal', the relevant provisions of which are found in Article 8 the Regulation. By contrast to 'absolute grounds for refusal', which are examined *ex officio* by the EUIPO, relative grounds for refusal are *inter partes* proceedings based on the likely conflict with earlier rights. This means that the burden falls on the owner of earlier rights who needs to be vigilant in checking the filing of potentially conflicting EUTM applications and oppose the registration of marks when necessary.

More specifically, under Article 8(1)(b):

upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered 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.

Audimas contested the Board of Appeal's findings in relation to the comparison of the signs and the existence of a likelihood of confusion. According to the established case law of the Court of Justice on the interpretation of Article 8(1)(b), the risk that the public might believe that the goods or services in question come from the same undertaking or from economically-linked undertakings, constitutes a likelihood of confusion (see *Canon* [1998] EUECJ [C-39/97](#)). The likelihood of confusion on the part of the public must be appreciated globally, according to the perception of the marks in the mind of the average consumer of the goods or services concerned. It is also settled case law that the average consumer normally perceives a mark as a whole and does not proceed to examine its various details (see *Sabel* [1997] EUECJ [C-251/95](#)). Consequently, the visual, aural and conceptual similarities of the marks must be assessed with reference to the overall impression created by the marks bearing in mind their distinctive and dominant components. Account must be taken of all factors relevant to the circumstances of the case and, in particular, the similarity between the marks and the goods or services. A lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa (see *Lloyd Schuhfabrik Meyer* [1999] EUECJ [C-342/97](#)). Where the earlier trade mark has a highly distinctive character, such as Audi's mark in the present case, either because of its intrinsic qualities or because of the use that has been made of it, the likelihood of confusion is greater.

The level of attention of the relevant public

The GC disagreed with the applicant's claim that buyers of Audi cars would demonstrate an increased level of attention, which would in turn decrease the likelihood of confusion between the marks at issue. Indeed, the prospect of an expensive purchase, e.g. in the case of luxury products, is a good reason for the average consumer to be more circumspect in relation to the origin and the quality of the articles concerned. A high degree of attention is likely to be displayed during the purchasing process of a specific product which is generally regarded as reflecting its owner's social status. Nevertheless, both Audi's earlier mark and Audimas' applied-for mark extended to clothing and footwear as well. These are mass consumption goods, which are frequently purchased and used by the average consumer who nevertheless still pays a fair degree of attention in choosing them, albeit not above average (see *Esprit International v OHMI-Marc O'Polo International* [2011] EUECJ [T-22/10](#)). Thus, the Board of Appeal was not wrong in assessing the relevant public's attention in the present case as varying from medium to high.

The goods and services concerned

The goods and services covered by Audimas' mark were deemed at least in part identical or similar to those covered by Audi's earlier mark. This conclusion was not disputed by the applicant and was approved by the GC.

The comparison of the signs and the likelihood of confusion

The GC agreed with the Board's ruling that the dominant element of the applied-for mark was the fanciful term 'audi', since the second verbal element of the applied-for mark, i.e. 'mas', was already well-known to Spanish speakers and had a lower distinctive character. Moreover, the figurative element of the brackets was not, in the GC's view, 'particularly original or elaborate'. As such, it did not add anything 'striking' to the overall impression created by it in the perception of the relevant public.

The visual similarity between the marks was reinforced by the fact that both shared the 'audi' element which constitutes the earlier mark and is found at the beginning of the applied-for mark. This is consistent with previous case law, according to which the fact that a mark consists exclusively of the earlier mark

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to which another word is attached is an indication of the similarity between those two marks (see *Fon Wireless v EUIPO-Henniger* [2016] EUECJ [T-777/14](#)). On the phonetic level, the degree of similarity between the marks was found to be essentially 'greater than average', notwithstanding the different pronunciation given to the contested mark by the syllable 'mas'. It is also a settled principle that both verbally and phonetically the average consumer generally pays more attention to the beginning of the mark than its ending, since the first part of a trade mark normally has a greater impact than the final part (see *L'Oréal v OHMI-SPA Monopole* [2009] EUECJ [T-109/07](#) and *Gappol Marzena Porczynska v EUIPO-Gap* [2017] EUECJ [T-411/15](#)). Finally, the GC noted that the absence of conceptual similarities between the two signs should not deflect attention from their substantial visual and phonetic similarities and concluded that they were 'broadly similar'.

In the GC's view, the Board's conclusion that the Spanish-speaking part of the relevant public would eventually establish a link between the contested mark and Audi could not be called into question. The Board of Appeal had held, and the GC agreed, that it could not be ruled out that the applied-for mark, with its element 'mas' attached to the word 'audi', could be taken to identify an exclusive series of goods or services of the Audi family of brands. The relevant public could perceive the 'Audimas' mark as a 'particular variant' of the earlier mark for a specific type of goods with a positive quality. In light of the foregoing, the GC dismissed the applicant's action.

Commentary

In sum, the GC upheld the original EUIPO decision, ruling that the applied-for mark by Audimas would likely be confused with Audi's earlier trademark. The upheld contested decision is undoubtedly a victory for Audi, one of the world leaders in the automotive sector. On the other hand, Audimas has become, since its incorporation in 1931, one of the market leaders in the design and manufacture of sports and active lifestyle apparel in the Baltic States. The brand has been cooperating with the Lithuanian National Olympic Committee as an official supplier of sportswear for the Lithuanian Olympic family for more than 15 years. In 2013, Audimas also began sponsorship of the Belarus National Olympic Committee. This is certainly a displeasing for them outcome, which might be appealed to the Court of Justice of the EU.

Despite Audi's weak connection to the clothing industry, the GC's ruling can hardly be a surprise. It is grounded in some well-established principles relating to the comparison of signs in trade mark disputes. When assessing their similarity, the marks in question will be considered as a whole. Although it is not possible to isolate and focus exclusively on one component of a complex mark and compare it with another mark, the assessment of similarity may be made solely on the basis of the dominant component of a complex mark where all the remaining components of the mark – like the brackets and the element 'mas' in this case – add very little to, or are negligible in, the overall impression produced by it.

In addition, where a complex mark comprises word and figurative elements, the former would in principle be considered more distinctive than the latter, because the average consumer tends to refer to the goods or services in question by quoting the name of the mark in question, rather than by describing its figurative element (see *Coca-Cola v OHMI-Mitico* [2014] EUECJ [T-480/12](#)). The shared 'audi' element was incapable in this instance of lending the applied-for mark a distinctive character and accentuated the likelihood of confusion. Also, the presence of a few different syllables is not always enough to exclude the existence of a phonetic similarity between two signs. In the present case, the phonetic difference between the signs at issue, resulting from the addition of a second syllable 'mas' in the applied-for mark, was not sufficient to overcome and preclude the phonetic similarity between 'Audi' and 'Audimas' taken as a whole.

These opposition proceedings also confirm that, if a likelihood of confusion between two conflicting rights relating to the EU is established in a specific linguistic area, this is enough for the registration of the later mark to be refused. When an opposition is filed pursuant to Article 8(1)(b) and a likelihood of confusion can indeed be found on a substantial part of the public, the reasoning of the decision typically concentrates on that part of the public that is most prone to confusion, making the examination of the perception of the marks in several languages redundant. In addition, where the relevant public consists

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of both professional and general consumers, the finding of a likelihood of confusion in relation to just one part of the public is enough to uphold an opposition.

Finally, the outcome serves as a useful reminder of the need to conduct comprehensive trademark searches prior to filing a trade mark application, which needs to be carefully tailored to in order to maximise the chances of a successful registration. Opposition hearings can be very costly to defend. If unsuccessful, an applicant will have to pay not only their legal costs but some of the costs of the other party too – and will still not be able to achieve registration of their mark.

Audimas v EUIPO - Audi (AUDIMAS) (Judgment) French Text [2019] EUECJ T-467/18 (12 July 2019)

<https://www.bailii.org/eu/cases/EUECJ/2019/T46718.html>

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Alexandros Antoniou

University of Essex

School of Law

a.antoniou@essex.ac.uk