

Options for settlement may also play an important role, as settlement is a time and cost saver<sup>775</sup> and the less cost needs to be subtracted from (potential) revenue streams derived from the brand the better.<sup>776</sup>

However, building a reputation for toughness in opposition cases can help reduce trade mark maintenance cost, of which prosecution and litigation cost is part. An economic study has found that “brand owners can benefit from a reputation for tough opposition to trade mark applications”, as “such a reputation induces applicants to settle trade mark opposition cases more readily”.<sup>777</sup> Hence, it can be worthwhile to determine whether the proprietor has built such a reputation.

## 5.11 Likelihood of Confusion

### 5.11.1 The Law in General

Likelihood of confusion is the major ground for invalidity of a registered trade mark arising from other proprietors’ rights.<sup>778</sup> It is therefore not being examined ex officio by OHIM in the registration procedure but belongs to the so-called ‘relative grounds for refusal’ of trade mark protection which can be raised by third parties during opposition as the earliest possible point in

775 Between 1996 and 2004, Community trade mark opposition cases settled by the parties were closed on average after three years whereas those cases adjudicated by OHIM took more than four years, cf. *von Graevenitz*, Which Reputations Does a Brand Owner Need? Evidence from Trade Mark Opposition, pp. 3, 5.

776 Of the 12,208 OHIM opposition cases closed in 2007, 7,782 were closed without judgment – most likely by settlement. Cf. *Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Statistics of Community Trade Marks 2007, p. 5.

777 *von Graevenitz*, Which Reputations Does a Brand Owner Need? Evidence from Trade Mark Opposition, p. 1.

778 Other such relative grounds for refusal of protection include, for example, double identity, Artt. 8(1)(a), 9(1)(a) CTMR, and the dilution, damage and misappropriation caases concerning marks with a reputation in the Community, Artt. 8(5), 9(1)(c) CTMR. In the case of double identity, that is identity of the mark for which registration is sought with an earlier mark and of the respective goods and services classes, the older mark is protected without further requirements which have to be met. However, double identity cases are rare in practice compared to cases of similarity, for which likelihood of confusion must be proven in order to establish trade mark violation. Double identity will therefore not be further discussed hereafter. Likelihood of confusion shall be the only relative ground for refusal covered in detail in this work due to its outstanding practical significance. In the course of practical application of the SIM, other relative grounds for refusal may have to be included in the legal dimension.

time.

Contrary to double identity cases, in which a violation can be established without having to meet any further requirements, likelihood of confusion on the part of the public must be proven in case the conflicting mark is identical with or similar to the earlier trade mark and the goods or services covered by the marks are identical or similar, Artt. 8(1)(b), 9(1)(b) CTMR. Such a risk of confusion includes the risk of association with the earlier trade mark.<sup>779</sup>

Having to prove likelihood of confusion is reasonable, as the proprietor of a younger mark which does not exactly match the older sign or of a younger mark being identical to the older one but (sought to be) registered for different goods or services shall have freedom to operate unless the older mark is harmed in its main function,<sup>780</sup> the origin function. Therefore, likelihood of confusion must be understood in light of the origin function as the risk that the relevant public might believe the goods or services in question come from the same undertaking or, if applicable, from economically linked undertakings.<sup>781</sup>

Likelihood of confusion on the part of the public must be appreciated globally, taking into account all factors significant to the circumstances of the case.<sup>782</sup> As Recital seven CTMR explains, assessment of risk of confusion depends on numerous elements, in particular “the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified”. This global assessment implies some interdependence between the relevant factors and, in particular, the similarity of the trade marks and the similarity of the goods or services identified. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa.<sup>783</sup>

779 Such likelihood of association is existent if the relevant public assume that the goods or services marked with the similar sign is of the same commercial origin – not because they confuse the signs but because they deem the differences between the signs immaterial, cf. *Fezer*, § 14 no. 136 et seq.

780 Cf. Recital seven CTMR: “... a Community trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin ...”.

781 ECJ, above fn. 125 – *Canon*, para. 29 and above fn. 644 – *Lloyd Schuhfabrik Meyer*, para. 17.

782 Cf. e.g. ECJ, judgment of 11 November 1997, Case C-251/95, [1997] ECR I-6191, *SABEL BV v. Puma AG, Rudolf Dassler Sport – SABEL*, para. 22; above fn. 125 – *Canon*, para. 16; above fn. 644 – *Lloyd Schuhfabrik Meyer*, para. 18.