

In Case T-63/09 **Volkswagen AG v OHIM** (21 March 2012), the General Court has upheld a decision of the Second Board of Appeal which had rejected an opposition to a CTM application for the mark **SWIFT GTi**.

In October 2003, Suzuki Motor Corp. applied to register **SWIFT GTi** as a CTM for the following goods in class 12:

- *Motor vehicles and component parts, land vehicles and engines and parts, vehicle accessories in class 12, covers for steering wheels, seats, tyre pumps, sunroofs, roof racks, luggage carriers, bike racks, windsurfing racks, ski racks and snow chains, in each case, for motor vehicles.*

In November 2004, Volkswagen AG, opposed the application for all goods on the basis of Article 8(1)(b) of Trade Mark Regulation No 40/94 (now 207/2009).

Volkswagen is the owner of a 1995 German registration of the word mark **GTi** for automobiles and their parts and engines in class 12 and an international registration of the word mark **GTi** covering the same goods designating the Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovenia, Slovakia, Spain, Portugal, Benelux, France, Italy, Austria and Sweden.

In 2005, pursuant to a request from Suzuki, Volkswagen sought to demonstrate genuine use of the earlier marks and, pursuant to a further request from Suzuki, the mark applied for was altered from **SWIFT GTi** to **SWIFT GTi** (as had been requested by Suzuki at the outset).

In March 2007, notwithstanding the alteration to the application, the Opposition Division rejected the opposition due to lack of evidence of genuine use of the earlier marks. Volkswagen appealed.

In December 2008, the second Board of Appeal rejected the opposition for the following reasons:

- a) the opposition based on the Czech Republic, Estonian, Lithuanian, Latvian, Polish, Slovenian and Slovakian designations was rejected because the application had been filed 6 months prior to the accession of those member states to the Madrid Agreement;
- b) the opposition based on the Spanish and Portuguese designations was rejected because Spain and Portugal had refused to protect the mark prior to the date of the opposition;

- c) the opposition based on the Swedish designation was rejected since there was no likelihood of confusion between the marks in the minds of the relevant public, as the common combination of the letters 'gti' would be largely, if not entirely, negated by the name **SWIFT** appearing in the initial part of the applicant's mark;
- d) the opposition based on the German registration was rejected along similar lines;
- e) the opposition based on the designations in the Benelux territories, France, Italy and Austria was rejected on the same basis as the Swedish designation and the German mark.

Volkswagen appealed to the General Court on the basis of violation of Article 8(1)(b) and also emphasised the relevance of paragraph 2 (a)(ii) and (iii) of the same in its appeal.

Absence of a likelihood of confusion

Comparison of the goods

Unsurprisingly, it was not challenged by either party that the goods in the application were identical or, in certain cases, similar to the goods already covered by the registrations.

The relevant public

The General Court noted the general principle that the level of attention of an average consumer depends on the type of goods and services. In the case in point, the Board of Appeal had confirmed, and the General Court did not challenge, that the goods, being motor vehicles and related accessories, were used by professionals in the automobile industry (namely, dealers, garages, car part sellers) and the average consumer (being the end user of the goods in question).

The Board of Appeal had also confirmed that the average consumer would have a comparable level of knowledge to that of professionals in relation to cars, since the purchase of a car is not an everyday purchase and, due to its high cost, requires a great deal of consideration. Indeed, there were individuals who had a specific interest in cars and were selective in their choice of car and certain individuals would intentionally invest in a "GTi" car.

The relevant territory

The General Court acknowledged that the appeal did not cover the Spanish and Portuguese designations or the Czech, Estonian, Latvia, Lithuanian, Polish, Slovenian and Slovakian designations and these territories were therefore omitted from its analysis.

In respect of the other designations and the national German mark, Volkswagen considered that there would have to be a separate review on the basis of the law of the relevant marks for each geographical zone. The General Court considered that the Board of Appeal had considered Sweden initially, but had then considered each of the other member states in which the earlier international mark had effect in addition to Germany (where the earlier German national mark had effect) as a result of its analysis of the widespread use of the mark.

Comparison of the marks

- *GTI and GTi and their lack of distinctiveness*

It was confirmed that all of the marks had the letters “gti” in common. In line with the Board of Appeal, the General Court then considered the perception of professionals in the automobile industry and the average consumer (specifically, those with an interest in cars) with respect to the distinctiveness of the GTI element of the application.

In respect of professionals, the Court was persuaded by evidence produced by Suzuki (and relied on by the Board) which included excerpts from dictionaries illustrating widespread use of “gt” and “gti” to mean “gran turismo”, a German Wikipedia webpage citing “other manufacturers of GTI models” such as Rover, Nissan, Peugeot, Suzuki and Toyota and a Swedish car dealer site which confirmed the same, in addition to the rules of the International Automobile Association (IAA) which define a GT vehicle as “*an open or closed car with more than one door on each side and at least two seats in the centre of the car*” which can be used “*on the road or be adapted for racing circuits or inside.*”

Accordingly, the Court agreed with the Board that GTI was descriptive. It was also persuasive that there was widespread use of GTI in the European car industry to indicate technical qualities and hence, there were other marks comprising a model name followed by “gti” (for example, French and international registrations of Peugeot GTI and a French registration of Citroen GTI).

In respect of the average consumer, the Court emphasised that the term GTI was published in dictionaries and in German, English, Dutch and Swedish encyclopaedias, which indicated, to an extent, that GTI could be understood by anyone, not just professionals. Moreover, the Board anticipated, and the Court did not challenge, that the average consumer would, at least intuitively, understand that GTI referred to a car or the technical qualities of its engine.

The Court therefore endorsed the Board’s analysis that the letters “gti” had an extremely low degree of inherent distinctiveness for the general public throughout Europe, including Sweden.

Volkswagen raised a series of points in support of its opposition, each of which were rejected by the Court.

First, Volkswagen claimed that the Board should have taken foreign factors into account in other jurisdictions when considering the Swedish designation. The Court confirmed that the Board had reviewed a Swedish car dealer website, Swedish encyclopaedias, the rules of the IAA and in particular, the widespread use of indications ending in “i” on motor vehicles. The Court noted that the Board had stressed that each of the factors relied on could apply to any EU consumer and in support of this assumption, noted that a previous decision involving the TDI mark for cars had acknowledged that vehicles were often sold within the EU under the same trade marks.

Second, Volkswagen claimed that the decision of the Board contradicted national decisions, which had held that GTI was distinctive. In this regard, the Court clarified that OHIM was not required to base its decision on a national decision.

Third, Volkswagen argued that the fact that the term GTI had been registered within trade marks for other businesses showed that it merited protection. In this regard, the Court clarified that the Board had only found that the widespread use of GTI supported the conclusion that professionals would perceive the mark as being known and that consumers would consider it to refer to a technical aspect of a car.

Fourth, Volkswagen claimed that OHIM had wrongly concluded that GTI should be available to other businesses. The Court held that this argument alone was not sufficient to contradict the Board’s decision.

Fifth, Volkswagen claimed that the Board had wrongly concluded that “gti” was always descriptive; the Court clarified that the Board had only held that those letters might be perceived as descriptive, which did not amount to claiming that any mark containing those letters was excluded from protection.

Sixth, Volkswagen claimed that the Board had failed to take in account the manner in which Volkswagen had promoted “GTI” within the EU for years. The Court disagreed and highlighted evidence of the registration and use of other marks incorporating the GTI part. It clarified that Volkswagen should instead have shown that it had historically had substantial success in preventing other car manufacturers from using the term. The Court also emphasised that the GTI and GTi marks could co-exist easily.

- *‘swift’ and its distinctiveness*

The General Court agreed with the Board that the ‘swift’ element was the most distinctive and dominant part of the applicant mark (comprising 5 out of the 8 letters in the mark and occupying first position) and would be perceived as fanciful by the relevant public.

The Court acknowledged that “swift” means ‘fast’, ‘quick’ or ‘speedy’ in English but is not generally used by non-native English speakers in relation to cars and, even though the standard of English was relatively high in certain countries, including Sweden, English was nonetheless a foreign language. However, even in countries where English was widely spoken, the Court considered that the average consumer could consider ‘swift’ to be a fanciful word when used in relation to cars.

- *Comparison of the marks from visual, phonetic and conceptual perspectives*

The Court conceded that the marks were visually and phonetically similar, as the earlier marks were contained within the applicant's mark and the lower case 'i' did not significantly change this. However, in the Court's view, any similarity between the marks was largely, if not entirely, counterbalanced by the distinctiveness of the 'swift' part.

The Court further agreed that any similarity between the marks from a conceptual angle resulting from the overlap of the GTI element would also be largely, if not entirely counterbalanced by the fanciful 'swift' model name, which consumers would customarily use to distinguish between a Suzuki car and cars of other manufacturers. Moreover, due to the widespread use of 'GTi', consumers were likely to perceive the sign as a reference to the technical qualities of the car, rather than as a badge of origin.

Likelihood of confusion between the marks

- *Swedish designation*

The Court agreed with the Board that it was unlikely that the use of the GTI mark on a Suzuki car would make a professional think that the car would be made by the same manufacturer as a Volkswagen car.

The Court also agreed that the general public would be unlikely to be confused by the use of the marks due to the greater level of attention paid to car purchases, the widespread use of the GTI term in the automobile industry, the numerous other factors involved in considering which car to purchase (e.g. brand, logo, model name) and the addition of the word 'swift' to denote the model of the car.

Volkswagen raised an argument in relation to a series of earlier trade marks but the Court considered that two conditions had to be fulfilled for this argument to be successful, neither of which were satisfied in this case. The first condition was that the owner of a series of earlier registrations must prove use of each of the marks, or at least of a sufficient number of marks to constitute a 'series' and the second was that the applicant's mark must not only be similar but have characteristics which would indicate that it was part of a series of marks.

- *Austrian, Benelux, French and Italian designations*

The Court agreed with the Board that Volkswagen has not demonstrated that the inherent perception of the GTI term would be materially different in Austria, Benelux, France and Italy than in Sweden. Indeed, certain evidence had been produced by the applicant that showed that there were general trends across Europe indicating the use of GTI in relation to cars and established case law that vehicles are generally marketed under the same names across the EU.

- *German national mark*

The Court agreed that Volkswagen had not adequately proved its allegations that the German public would have a different perception of the marks to other EU consumers nor that, prior to the application, the earlier marks had a greater degree of distinctiveness and fame in Germany such that "the public would know that GTI cars were manufactured by Volkswagen" nor that it had substantial historical success in preventing others from using the mark. It was noted that the definition of GTI appeared in a German dictionary which was illustrative of the general public understanding of the term.

Accordingly, as a consumer would not automatically assume that all vehicles bearing the GTi mark would come from the same manufacturer, there was no likelihood of confusion between the marks either in respect of any of the international designations or the German mark itself.

Comment

This case illustrates that no opposition is guaranteed to succeed, even where an earlier registered mark is contained within a later trade mark application and the application is for identical or substantially similar goods. The decision opens the way for other car manufacturers to register GTi/GTI marks alongside a model name without the realistic prospect of a successful challenge on the basis of Article 8(1)(b).

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This article first appeared on WTR Daily, part of World Trademark Review, in April 2012. For further information, please go to www.worldtrademarkreview.com.