

In *Comercial Losan SLU v Office for Harmonisation in the Internal Market (OHIM)* (Case T-466/09, July 5 2012), the General Court has upheld a decision of the First Board of Appeal confirming that a mark that was the subject of a Community trademark (CTM) application was likely to be confused with an earlier similar mark for identical or similar goods and services owned by fast food giant *McDonald's*.

In November 2005 *Comercial Losan SLU* applied to register the following device mark as a CTM:

Mc. Baby

The application specified goods and services in Classes 25, 35 and 39 of the *Nice Classification* with the following description:

- Class 25: "Ready-made baby clothing, clothing, shoes".
- Class 35: "Retail sales of ready-made clothes and textile products, import-export".
- Class 39: "Distribution and storage of ready-made clothes and textile products".

In September 2006 McDonald's International Property Co Ltd opposed the application for all of the goods and services on two grounds: Article 8(1)(b) and Article 8(5) of the *Community Trademark Regulation (40/94)*, now the *Community Trademark Regulation (207/2009)*.

Unsurprisingly, McDonald's has an extensive IP portfolio on which it could base its opposition. The key trademark relied upon was a 2006 CTM registration for goods in Class 16 (eg, "magazines, books and other printed material for use by, or intended for, children"), Class 25 ("clothing, footwear, headgear") and Class 28 ("games and playthings") with the following representation:



McDonald's is also the owner of a 1999 CTM registration for MCDONALD'S for goods and services in Classes 25, 28 to 32, 35, 41 and 42, and a 1999 CTM registration for goods and services in Classes 25, 28 to 32, 35, 41 and 42 with the following representation:



McDonald's is also the owner of the word mark MCDONALD'S and device mark in the same form as the second device mark above in numerous European countries for goods and services in Classes 16, 25, 28 to 32, 35, 41 and 42.

In September 2008 the Opposition Division allowed the opposition under Article 8(1)(b) in part, confirming that there was a likelihood of confusion between the MC. BABY and MCKIDS marks in respect of the goods in Class 25 covered by the registration and the services in Class 35 as described in the application (retail services only). In contrast, the Opposition Division considered that there was no likelihood of confusion for import-export services or distribution and storage services, and also rejected the opposition under Article 8 (5). However, in its decision, the Opposition Decision allowed the opposition in respect of goods in Class 25 and all of the services in Class 35.

The applicant appealed.

In September 2009 the First Board of Appeal of OHIM held as follows:

- the relevant public was the average EU consumer, as the goods and services related to clothes;
- the Class 25 goods in the application and registration were identical;
- the retail sale services in Class 35 in the application and goods in Class 25 in the registration were similar; and
- the marks were visually and phonetically similar and were obviously conceptually similar.

Accordingly, the board considered that there was a likelihood of confusion between the marks for the goods in Classes 25 and 35. However, in respect of the import-export services, the board recognised an obvious inconsistency between the Opposition Division's reasoning and its judgment, and remitted this part of the case to the Opposition Division for further consideration under Article 8(5).

The applicant appealed to the General Court, alleging breach of Article 8(1)(b).

First, the applicant invited the court to order the registration of the mark applied for. The court said that this was not within its powers and held this part of the argument inadmissible.

Second, the applicant invited the court to declare that there was no likelihood of confusion between the marks in respect of goods in Class 25 and “retail sales” in Class 35 specified in the application, and the goods in Class 25 covered by the registration.

The court agreed with the board that the relevant public were average consumers in all of the EU countries.

The court then proceeded to compare the goods. First, it noted that the Class 25 goods, as described in the application (ie, baby clothes, clothes, shoes), fell squarely within the scope of the Class 25 goods covered by the earlier registration (clothes, footwear, headgear) and, therefore, in line with case law, would be considered identical. Second, the court confirmed that there was case law to indicate that goods and retail sales of those goods were similar; therefore, the board was right to consider that retail sales of clothes in Class 35 and clothes in Class 25 were similar.

The court then rejected the applicant’s arguments that the goods and services in the application were not directed at the same consumers or distribution channels as the earlier mark, and that the parties did not operate in the same sectors. It emphasised that OHIM could consider only the goods as described in the application and had to examine the mark prospectively.

The court then proceeded to compare the marks from a visual, phonetic and conceptual perspective.

First, considering the visual similarities, the court noted that the applicant mark comprised the words ‘Mc’ and ‘baby’ in a stylised form separated by a full stop and space, whereas the earlier mark had both word and device elements ‘Mc’ and ‘kids’ in a rectangle. The ‘Mc’ part was in a darker rectangle, whilst the ‘kids’ part was in a light rectangle, and text appeared in front of a picture of a globe on which a group of children and a clown were holding hands. Below the picture, the words “always quality always fun” were written in small letters.

The court emphasised that both marks used the prefix ‘Mc’, which comprised a capital ‘M’ and lower case ‘c’. The ‘Mc’ was distinctive due to its case and because it was followed by a full stop. The court accepted that the ‘baby’ and ‘kids’ elements were different, but acknowledged that they were both short words written in a childlike style. The court also accepted that the “always quality always fun” part distinguished the two

marks. but highlighted that this was background text and written in small letters only.

Therefore, the court concluded that there was a weak degree of visual similarity between the marks.

Second, considering the phonetic similarities between the marks, the court noted that ‘Mc’ is pronounced ‘mac’, such that the applicant mark is pronounced ‘mac-beibi’ and the registered mark would be pronounced ‘mac-kids’. The second element “always quality always fun” would not normally be pronounced due to its ancillary nature. The court also accepted that the words ‘baby’ and ‘kids’ would sound different, but the inclusion of ‘Mc’ was a common theme. Therefore, the court concluded that the marks were phonetically similar.

Third, the court considered the conceptual similarities of the marks. It noted that ‘baby’ means ‘a very young child’, whilst ‘kids’ means ‘children’ and would be understood by the relevant public as referring to children. It further noted that the ‘Mc’ prefix is typical of Scottish or Irish surnames and would be understood by at least part of the public. Therefore, the court concluded that the marks were conceptually similar.

Rejecting all of the applicant’s arguments, and on the basis that the marks were conceptually and phonetically similar and had a weak degree of visual similarity and that the goods were identical or similar, the court upheld the decision of the Board of Appeal on the basis that there was a likelihood of confusion between the marks.

This decision follows the court’s customary approach to CTM oppositions based on the ground of Article 8 (1)(b). The outcome is relatively unsurprising given the conceptual similarities of ‘baby’ and ‘kids’ and the historic success of McDonald’s in enforcing its rights in the ‘Mc’ prefix. It is noted that the issue relating to import-export services had, at the time of writing, not yet been reconsidered by the Opposition Division.

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