

European Court of Justice, 12 November 2002, Arsenal



TRADEMARK LAW

The essential function of a trade mark is to guarantee the identity of origin

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the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality. The Community legislature confirmed that essential function of trade marks by providing, in Article 2 of the Directive, that signs which are capable of being represented graphically may constitute a trade mark only if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings. For that guarantee of origin, which constitutes the essential function of a trade mark, to be ensured, the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing it.

Excercise of the right is reserved to cases in which functions of the trade mark are affected

- The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

It follows that the exclusive right under Article 5(1)(a) of the Directive was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions. The exercise of that right must therefore be reserved to cases in which a third party's

use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods. The exclusive nature of the right conferred by a registered trade mark on its proprietor under Article 5(1)(a) of the Directive can be justified only within the limits of the application of that article.

Impression that there is a link with the trade mark proprietor

- The use of the sign is such as to create the impression that there is a material link between the goods concerned and the trade mark proprietor

Having regard to the presentation of the word 'Arsenal' on the goods at issue in the main proceedings and the other secondary markings on them (see paragraph 39 above), the use of that sign is such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor.

Immaterial that the sign is perceived as a badge of support for or loyalty or affiliation

- it is immaterial that in the context of that use the sign is perceived as a badge of support for or loyalty or affiliation to the proprietor of the mark.

Once it has been found that, in the present case, the use of the sign in question by the third party is liable to affect the guarantee of origin of the goods and that the trade mark proprietor must be able to prevent this, it is immaterial that in the context of that use the sign is perceived as a badge of support for or loyalty or affiliation to the proprietor of the mark.

Post sale confusion

- There is a possibility that some consumers, in particular if they come across the goods after they have been taken away from the stall where the notice appears, may interpret the sign as designating Arsenal FC as the undertaking of origin of the goods.

That conclusion is not affected by the presence on Mr Reed's stall of the notice stating that the goods at issue in the main proceedings are not official Arsenal FC products (...). Even on the assumption that such a notice may be relied on by a third party as a defence to an action for trade mark infringement, there is a clear possibility in the present case that some consumers, in particular if they come across the goods after they have been sold by Mr Reed and taken away from the stall where the notice appears, may interpret the sign as designating Arsenal FC as the undertaking of origin of the goods.

Use for purely descriptive purposes

- Certain uses for purely descriptive purposes are excluded from the scope of Article 5(1)

The proprietor may not prohibit the use of a sign identical to the trade mark for goods identical to those for which the mark is registered if that use cannot affect his own interests as proprietor of the mark, having regard

to its functions. Thus certain uses for purely descriptive purposes are excluded from the scope of Article 5(1) of the Directive because they do not affect any of the interests which that provision aims to protect, and do not therefore fall within the concept of use within the meaning of that provision.

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European Court of Justice, 12 November 2002

(G.C. Rodríguez Iglesias, J.-P. Puissechet, M. Wathélet, C.W.A. Timmermans, C. Gulmann, D.A.O. Edward, P. Jann, V. Skouris, F. Macken, N. Colneric and S. von Bahr)

JUDGMENT OF THE COURT

12 November 2002 (1)

(Approximation of laws - Trade marks - Directive 89/104/EEC - Article 5(1)(a) - Scope of the proprietor's exclusive right to the trade mark)

In Case C-206/01,

REFERENCE to the Court under Article 234 EC by the High Court of Justice of England and Wales, Chancery Division, for a preliminary ruling in the proceedings pending before that court between

Arsenal Football Club plc
and

Matthew Reed,

on the interpretation of Article 5(1)(a) of the 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 COURT,

composed of: G.C. Rodríguez Iglesias, President, J.-P. Puissechet, M. Wathélet, C.W.A. Timmermans (Rapporteur) (Presidents of Chambers), C. Gulmann, D.A.O. Edward, P. Jann, V. Skouris, F. Macken, N. Colneric and S. von Bahr, Judges,

Advocate General: D. Ruiz-Jarabo Colomer,

Registrar: L. Hewlett, Principal Administrator,

after considering the written observations submitted on behalf of:

- Arsenal Football Club plc, by S. Thorley QC and T. Mitcheson, Barrister, instructed by Lawrence Jones, Solicitors,

- Mr Reed, by A. Roughton, Barrister, instructed by Stunt & Son, Solicitors,

- the Commission of the European Communities, by N.B. Rasmussen, acting as Agent,

- the EFTA Surveillance Authority, by P. Dyrberg, acting as Agent,

having regard to the Report for the Hearing,

after hearing the oral observations of Arsenal Football Club plc, represented by S. Thorley and T. Mitcheson; Mr Reed, represented by A. Roughton and S. Malynicz, Barrister; and the Commission, represented by N.B. Rasmussen and M. Shotton, acting as Agent, at the hearing on 14 May 2002,

after hearing the [Opinion of the Advocate General](#) at the sitting on 13 June 2002,

gives the following

Judgment

1. By order of 4 May 2001, received at the Court on 18 May 2001, the High Court of Justice of England and Wales, Chancery Division, referred to the Court for a preliminary ruling under Article 234 EC two questions on the interpretation of Article 5(1)(a) of the 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 Directive').

2. Those questions were raised in proceedings between Arsenal Football Club plc ('Arsenal FC') and Mr Reed concerning the selling and offering for sale by Mr Reed of scarves marked in large lettering with the word 'Arsenal', a sign which is registered as a trade mark by Arsenal FC for those and other goods.

Legal background

Community legislation

3. The Directive states, in the first recital in its preamble, that national trade mark laws contain disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market. According to that recital, it is therefore necessary, in view of the establishment and functioning of the internal market, to approximate the laws of the Member States. The third recital in the preamble states that it is not necessary at present to undertake full-scale approximation of national laws on trade marks.

4. According to the 10th recital in the preamble to the Directive:

'... the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and goods or services ...'

5. Article 5(1) of the Directive provides:

'The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.'

6. Article 5(3)(a) and (b) of the Directive provides:

'The following, inter alia, may be prohibited under paragraphs 1 and 2:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes ...'

7. Under Article 5(5) of the Directive:

'Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due

cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’

8. Article 6(1) of the Directive reads as follows:

‘The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

- (a) his own name or address;
 - (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;
 - (c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;
- provided he uses them in accordance with honest practices in industrial or commercial matters.’

National legislation

9. In the United Kingdom the law of trade marks is governed by the Trade Marks Act 1994, which replaced the Trade Marks Act 1938 in order to implement the Directive.

10. Section 10(1) of the Trade Marks Act 1994 provides:

‘A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.’

11. Under Section 10(2)(b) of the Trade Marks Act 1994:

‘A person infringes a registered trade mark if he uses in the course of trade a sign where because -

...

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.’

The main proceedings and the questions referred for a preliminary ruling

12. Arsenal FC is a well-known football club in the English Premier League. It is nicknamed ‘the Gunners’ and has for a long time been associated with two emblems, a cannon device and a shield device.

13. In 1989 Arsenal FC had inter alia the words ‘Arsenal’ and ‘Arsenal Gunners’ and the cannon and shield emblems registered as trade marks for a class of goods comprising articles of outer clothing, articles of sports clothing and footwear. Arsenal FC designs and supplies its own products or has them made and supplied by its network of approved resellers.

14. Since its commercial and promotional activities in the field of sales of souvenirs and memorabilia under those marks have expanded greatly in recent years and provide it with substantial income, Arsenal FC has sought to ensure that ‘official’ products - that is, products manufactured by Arsenal FC or with its authorisation - can be identified clearly, and has endeavoured to persuade its supporters to buy official products only. The club has also brought legal proceedings, both civil and criminal, against traders selling unofficial products.

15. Since 1970 Mr Reed has sold football souvenirs and memorabilia, almost all marked with signs referring to Arsenal FC, from several stalls located outside the grounds of Arsenal FC's stadium. He was able to obtain from KT Sports, licensed by Arsenal FC to sell its products to vendors around the stadium, only very small quantities of official products. In 1991 and 1995 Arsenal FC had unofficial articles of Mr Reed's confiscated.

16. The High Court states that in the main proceedings it is not in dispute that Mr Reed sold and offered for sale from one of his stalls scarves marked in large lettering with signs referring to Arsenal FC and that these were unofficial products.

17. It also states that on that stall there was a large sign with the following text:

‘The word or logo(s) on the goods offered for sale, are used solely to adorn the product and does not imply or indicate any affiliation or relationship with the manufacturers or distributors of any other product, only goods with official Arsenal merchandise tags are official Arsenal merchandise.’

18. The High Court further states that when, exceptionally, he was able to obtain official articles Mr Reed, in his dealings with his customers, clearly distinguished the official products from the unofficial ones, in particular by using a label with the word ‘official’. The official products were also sold at higher prices.

19. Since it considered that by selling the unofficial scarves Mr Reed had both committed the tort of ‘passing off’ - which, according to the High Court, is conduct on the part of a third party which is misleading in such a way that a large number of persons believe or are led to believe that articles sold by the third party are those of the claimant or are sold with his authorisation or have a commercial association with him - and infringed its trade marks, Arsenal FC brought proceedings against him in the High Court of Justice of England and Wales, Chancery Division.

20. In view of the circumstances in the main proceedings, the High Court dismissed Arsenal FC's action in tort (‘passing off’), essentially on the ground that the club had not been able to show actual confusion on the part of the relevant public and, more particularly, had not been able to show that the unofficial products sold by Mr Reed were all regarded by the public as coming from or authorised by Arsenal FC. In this respect, the High Court observed that it seemed to it that the signs referring to Arsenal FC affixed to the articles sold by Mr Reed carried no indication of origin.

21. As to Arsenal FC's claim concerning infringement of its trade marks, based on section 10(1) and (2)(b) of the Trade Marks Act 1994, the High Court rejected their argument that the use by Mr Reed of the signs registered as trade marks was perceived by those to whom they were addressed as a badge of origin, so that the use was a ‘trade mark use’.

22. According to the High Court, the signs affixed to Mr Reed's goods were in fact perceived by the public as ‘badges of support, loyalty or affiliation’.

23. The High Court accordingly considered that Arsenal FC's infringement claim could succeed only if the protection conferred on the trade mark proprietor by section 10 of the Trade Marks Act 1994 and the provisions of the Directive implemented by that statute prohibits use by a third party other than trade mark use, which would require a wide interpretation of those provisions.

24. On this point, the High Court considers that the argument that use other than trade mark use is prohibited to a third party gives rise to inconsistencies. However, the contrary argument, namely that only trade mark use is covered, comes up against a difficulty connected with the wording of the Directive and the Trade Marks Act 1994, which both define infringement as the use of a 'sign', not of a 'trade mark'.

25. The High Court observes that it was in view of that wording in particular that the Court of Appeal of England and Wales, Civil Division, held in *Philips Electronics Ltd v Remington Consumer Products* ([1999] RPC 809) that the use other than trade mark use of a sign registered as a trade mark could constitute an infringement of a trade mark. The High Court observes that the state of the law on this point still remains uncertain.

26. The High Court also rejected Mr Reed's argument on the alleged invalidity of the Arsenal FC trade marks.

27. In those circumstances, the High Court of Justice of England and Wales, Chancery Division, decided to stay proceedings and refer the following questions to the Court for a preliminary ruling:

'1. Where a trade mark is validly registered and

(a) a third party uses in the course of trade a sign identical with that trade mark in relation to goods which are identical with those for [which] the trade mark is registered; and

(b) the third party has no defence to infringement by virtue of Article 6(1) of [Directive 89/104/EEC];

does the third party have a defence to infringement on the ground that the use complained of does not indicate trade origin (i.e. a connection in the course of trade between the goods and the trade mark proprietor)?

2. If so, is the fact that the use in question would be perceived as a badge of support, loyalty or affiliation to the trade mark proprietor a sufficient connection?'

The questions referred for a preliminary ruling

28. The High Court's two questions should be examined together.

Observations submitted to the Court

29. Arsenal FC submits that Article 5(1)(a) of the Directive allows the trade mark proprietor to prohibit the use of a sign identical to the mark and does not make exercise of that right conditional on the sign being used as a trade mark. The protection conferred by that provision therefore extends to the use of the sign by a third party even where that use does not suggest the existence of a connection between the goods and the trade mark proprietor. That interpretation is supported by Article 6(1) of the Directive, since the specific limitations on the exercise of trade mark rights there provided for show that such use falls in principle within the scope of

Article 5(1)(a) of the Directive and is permitted only in the cases exhaustively listed in Article 6(1) of the Directive.

30. Arsenal FC submits, in the alternative, that in the present case Mr Reed's use of the sign identical to the Arsenal trade mark must in any event be classified as trade mark use, on the ground that this use indicates the origin of the goods even though that origin does not necessarily have to designate the trade mark proprietor.

31. Mr Reed contends that the commercial activities at issue in the main proceedings do not fall within Article 5(1) of the Directive, since Arsenal FC has not shown that the sign was used as a trade mark, that is, to indicate the origin of the goods, as required by the Directive, in particular Article 5. If the public do not perceive the sign as a badge of origin, the use does not constitute 'trade mark use' of the sign. As to Article 6 of the Directive, nothing in that provision shows that it contains an exhaustive list of activities which do not constitute infringements.

32. The Commission submits that the right which the trade mark proprietor derives from Article 5(1) of the Directive is independent of the fact that the third party does not use the sign as a trade mark, and in particular of the fact that the third party does not use it as a badge of origin and informs the public by other means that the goods do not come from the trade mark proprietor, or even that the use of the sign has not been authorised by that proprietor. The specific object of a trade mark is to guarantee that only its proprietor can give the product its identity of origin by affixing the mark. The Commission further submits that it follows from the 10th recital in the preamble to the Directive that the protection provided for in Article 5(1)(a) is absolute.

33. At the hearing, the Commission added that the concept of 'trade mark use' of the mark, if found to be relevant at all, refers to use which serves to distinguish goods rather than to indicate their origin. The concept also covers use by third parties which affects the interests of the trade mark proprietor, such as the reputation of the goods. In any event, public perception of the word 'Arsenal', which is identical to a verbal trade mark, as a token of support for or loyalty or affiliation to the proprietor of the mark does not exclude the possibility that the goods concerned are in consequence also perceived as coming from the proprietor. Quite the contrary, such perception confirms the distinctive nature of the mark and increases the risk of the goods being perceived as coming from the proprietor. Even, therefore, if 'trade mark use' of the mark is a relevant criterion, the proprietor should be entitled to prohibit the commercial activity at issue in the main proceedings.

34. The EFTA Surveillance Authority submits that, for the trade mark proprietor to be able to rely on Article 5(1) of the Directive, the third party must use the sign to distinguish - as is the primary traditional function of a trade mark - goods or services, that is, use the mark as a trade mark. If that condition is not satisfied, only the provisions of national law referred to in Article 5(5) of the Directive may be relied on by the proprietor.

35. However, the condition of use as a trade mark within the meaning of Article 5(1) of the Directive, which must be understood as a condition of use of a sign identical to the trade mark for the purpose of distinguishing goods or services, is a concept of Community law which should be interpreted broadly, so as to include in particular use as a badge of support for or loyalty or affiliation to the proprietor of the trade mark.

36. According to the EFTA Surveillance Authority, the fact that the third party who affixes the trade mark to goods indicates that they do not come from the trade mark proprietor does not exclude the risk of confusion for a wider circle of consumers. If the proprietor were not entitled to prevent third parties from acting in that way, that could result in a generalised use of the sign. In the end, this would deprive the mark of its distinctive character, thus jeopardising its primary traditional function.

The Court's reply

37. Article 5 of the Directive defines the '[r]ights conferred by a trade mark' and Article 6 contains provisions on the '[l]imitation of the effects of a trade mark'.

38. Under the first sentence of Article 5(1) of the Directive, the registered trade mark confers exclusive rights on its proprietor. Under Article 5(1)(a), that exclusive right entitles the proprietor to prevent all third parties, acting without his consent, from using in the course of trade any sign which is identical to the trade mark in relation to goods or services which are identical to those for which the trade mark is registered. Article 5(3) gives a non-exhaustive list of the kinds of use which the proprietor may prohibit under Article 5(1). Other provisions of the Directive, such as Article 6, define certain limitations on the effects of a trade mark.

39. With respect to the situation in point in the main proceedings, it should be observed that, as is apparent in particular from point 19 of and Annex V to the order for reference, the word 'Arsenal' appears in large letters on the scarves offered for sale by Mr Reed, together with other much less prominent markings including the words 'The Gunners', all referring to the trade mark proprietor, namely Arsenal FC. Those scarves are intended inter alia for supporters of Arsenal FC who wear them in particular at matches in which the club plays.

40. In those circumstances, as the national court stated, the use of the sign identical to the mark is indeed use in the course of trade, since it takes place in the context of commercial activity with a view to economic advantage and not as a private matter. It also falls within Article 5(1)(a) of the Directive, as use of a sign which is identical to the trade mark for goods which are identical to those for which the mark is registered.

41. In particular, the use at issue in the main proceedings is 'for goods' within the meaning of Article 5(1)(a) of the Directive, since it concerns the affixing to goods of a sign identical to the trade mark and the offering of goods, putting them on the market or stocking

them for those purposes within the meaning of Article 5(3)(a) and (b).

42. To answer the High Court's questions, it must be determined whether Article 5(1)(a) of the Directive entitles the trade mark proprietor to prohibit any use by a third party in the course of trade of a sign identical to the trade mark for goods identical to those for which the mark is registered, or whether that right of prohibition presupposes the existence of a specific interest of the proprietor as trade mark proprietor, in that use of the sign in question by a third party must affect or be liable to affect one of the functions of the mark.

43. It should be recalled, first, that Article 5(1) of the Directive carries out a complete harmonisation and defines the exclusive rights of trade mark proprietors in the Community (see, to that effect, [Joined Cases C-414/99 to C-416/99 Zino Davidoff and Levi Strauss \[2001\] ECR I-8691, paragraph 39](#) and the case-law there cited).

44. The ninth recital of the preamble to the Directive sets out its objective of ensuring that the trade mark proprietor enjoys 'the same protection under the legal systems of all the Member States' and describes that objective as 'fundamental'.

45. In order to prevent the protection afforded to the proprietor varying from one State to another, the Court must therefore give a uniform interpretation to Article 5(1) of the Directive, in particular the term 'use' which is the subject of the questions referred for a preliminary ruling in the present case (see, to that effect, [Zino Davidoff and Levi Strauss, paragraphs 42 and 43](#)).

46. Second, the Directive is intended, as the first recital of the preamble shows, to eliminate disparities between the trade mark laws of the Member States which may impede the free movement of goods and the freedom to provide services and distort competition within the common market.

47. Trade mark rights constitute an essential element in the system of undistorted competition which the Treaty is intended to establish and maintain. In such a system, undertakings must be able to attract and retain customers by the quality of their goods or services, which is made possible only by distinctive signs allowing them to be identified (see, inter alia, [Case C-10/89 HAG GF \[1990\] ECR I-3711, paragraph 13](#), and [Case C-517/99 Merz & Krell \[2001\] ECR I-6959, paragraph 21](#)).

48. In that context, the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality (see, inter alia, [Case 102/77 Hoffman-La Roche \[1978\] ECR 1139, paragraph 7](#),

and [Case C-299/99 Philips \[2002\] ECR I-0000, paragraph 30](#)).

49. The Community legislature confirmed that essential function of trade marks by providing, in Article 2 of the Directive, that signs which are capable of being represented graphically may constitute a trade mark only if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings (see, inter alia, [Merz & Krell, paragraph 23](#)).

50. For that guarantee of origin, which constitutes the essential function of a trade mark, to be ensured, the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing it (see, inter alia, [Hoffmann-La Roche, paragraph 7](#), and [Case C-349/95 Loendersloot \[1997\] ECR I-6227, paragraph 22](#)). In this respect, the 10th recital of the preamble to the Directive points out the absolute nature of the protection afforded by the trade mark in the case of identity between the mark and the sign and between the goods or services concerned and those for which the mark is registered. It states that the aim of that protection is in particular to guarantee the trade mark as an indication of origin.

51. It follows that the exclusive right under Article 5(1)(a) of the Directive was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions. The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

52. The exclusive nature of the right conferred by a registered trade mark on its proprietor under Article 5(1)(a) of the Directive can be justified only within the limits of the application of that article.

53. It should be noted that Article 5(5) of the Directive provides that Article 5(1) to (4) does not affect provisions in a Member State relating to protection against the use of a sign for purposes other than that of distinguishing goods or services.

54. The proprietor may not prohibit the use of a sign identical to the trade mark for goods identical to those for which the mark is registered if that use cannot affect his own interests as proprietor of the mark, having regard to its functions. Thus certain uses for purely descriptive purposes are excluded from the scope of Article 5(1) of the Directive because they do not affect any of the interests which that provision aims to protect, and do not therefore fall within the concept of use within the meaning of that provision (see, with respect to a use for purely descriptive purposes relating to the characteristics of the product offered, [Case C-2/00 Hölterhoff \[2002\] ECR I-4187, paragraph 16](#)).

55. In this respect, it is clear that the situation in question in the main proceedings is fundamentally different from that in Hölterhoff. In the present case, the use of the sign takes place in the context of sales to consumers

and is obviously not intended for purely descriptive purposes.

56. Having regard to the presentation of the word 'Arsenal' on the goods at issue in the main proceedings and the other secondary markings on them (see paragraph 39 above), the use of that sign is such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor.

57. That conclusion is not affected by the presence on Mr Reed's stall of the notice stating that the goods at issue in the main proceedings are not official Arsenal FC products (see paragraph 17 above). Even on the assumption that such a notice may be relied on by a third party as a defence to an action for trade mark infringement, there is a clear possibility in the present case that some consumers, in particular if they come across the goods after they have been sold by Mr Reed and taken away from the stall where the notice appears, may interpret the sign as designating Arsenal FC as the undertaking of origin of the goods.

58. Moreover, in the present case, there is also no guarantee, as required by the Court's case-law cited in paragraph 48 above, that all the goods designated by the trade mark have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.

59. The goods at issue are in fact supplied outside the control of Arsenal FC as trade mark proprietor, it being common ground that they do not come from Arsenal FC or from its approved resellers.

60. In those circumstances, the use of a sign which is identical to the trade mark at issue in the main proceedings is liable to jeopardise the guarantee of origin which constitutes the essential function of the mark, as is apparent from the Court's case-law cited in paragraph 48 above. It is consequently a use which the trade mark proprietor may prevent in accordance with Article 5(1) of the Directive.

61. Once it has been found that, in the present case, the use of the sign in question by the third party is liable to affect the guarantee of origin of the goods and that the trade mark proprietor must be able to prevent this, it is immaterial that in the context of that use the sign is perceived as a badge of support for or loyalty or affiliation to the proprietor of the mark.

62. In the light of the foregoing, the answer to the national court's questions must be that, in a situation which is not covered by Article 6(1) of the Directive, where a third party uses in the course of trade a sign which is identical to a validly registered trade mark on goods which are identical to those for which it is registered, the trade mark proprietor is entitled, in circumstances such as those in the present case, to rely on Article 5(1)(a) of the Directive to prevent that use. It is immaterial that, in the context of that use, the sign is perceived as a badge of support for or loyalty or affiliation to the trade mark proprietor.

Costs

63. The costs incurred by the Commission and by the EFTA Surveillance Authority, which have submitted

observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the proceedings pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT,

in answer to the questions referred to it by the High Court of Justice of England and Wales, Chancery Division, by order of 4 May 2001, hereby rules:

In a situation which is not covered by Article 6(1) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, where a third party uses in the course of trade a sign which is identical to a validly registered trade mark on goods which are identical to those for which it is registered, the trade mark proprietor of the mark is entitled, in circumstances such as those in the present case, to rely on Article 5(1)(a) of that directive to prevent that use. It is immaterial that, in the context of that use, the sign is perceived as a badge of support for or loyalty or affiliation to the trade mark proprietor.

OPINION OF ADVOCATE GENERAL

RUIZ-JARABO COLOMER

delivered on 13 June 2002 (1)

Case C-206/01

Arsenal Football Club plc

v

Matthew Reed

(Reference for a preliminary ruling from the High Court of Justice of England and Wales, Chancery Division)

(Trade marks - Approximation of laws - Directive 89/104/EEC - Article 5 - Rights of proprietor of a trade mark - Extent and limits - Use by a third party of identical sign for similar goods - Interpretation of the concept of 'trade mark use')

1. Is the proprietor of a registered trade mark entitled to prevent any use, in the course of trade, of identical signs for identical goods or services, other than the uses covered by Article 6 of the First Directive relating to trade marks (hereinafter 'the Directive' or 'the First Directive')? (2) Or, on the contrary, does the exclusivity conferred by Article 5 only extend to use which discloses its origin, that is to say, the connection between the proprietor and the goods or services which the trade mark represents? And, if the answer to that second question is in the affirmative, is use as a badge of support, loyalty or affiliation to the owner of the sign indicative of such a connection?

2. Those are the doubts which the High Court of Justice of England and Wales - hereinafter referred to as 'the High Court' - wishes the Court of Justice to dispel in these proceedings for a preliminary ruling.

I - The facts in the main proceedings and the questions referred for a preliminary ruling

3. Arsenal Football Club plc ('Arsenal'), also nicknamed 'the Gunners', is a well-known English football club, founded in 1886.

4. Since 1989, Arsenal has registered two word trade marks, 'Arsenal' and 'Arsenal Gunners', and two graphic marks, The Crest Device and The Cannon Device, all for the purpose of distinguishing articles of clothing and sports footwear, goods falling within Class 25 of the international trade mark nomenclature.

5. Mr Matthew Reed is a trader who since 1970 has been selling souvenirs and articles of clothing connected to the claimant club in the vicinity of Highbury football ground, the team's stadium. Those items bear the signs which the club registered as trade marks.

6. In particular, he offers for sale scarves prominently marked with the word 'Arsenal'. They are products which Mr Reed advertises as unofficial in the stalls from which he carries on business, with a large notice with the following text:

'The word or logo(s) on the goods offered for sale, are used solely to adorn the product and does not imply or indicate any affiliation or relationship with the manufacturers or distributors of any other product, only goods with official Arsenal merchandise tags are official Arsenal merchandise.'

7. Arsenal brought two actions against Mr Reed. One was for 'passing off' and the other for infringement of trade mark; both actions were heard and determined in a single procedure. The first was dismissed on the ground that, according to the High Court, the claimant club had not been able to show actual confusion on the part of consumers and, in particular, had not been able to show that the unofficial products sold by the defendant were regarded by the public as coming from Arsenal or marketed with its authorisation.

8. As for the second action, the High Court rejected Arsenal's argument that the use by Mr Reed of the indications and symbols registered as trade marks was perceived by consumers as a use indicating the origin of the goods (badge of origin), that is, the use was a 'trade mark use'.

9. According to the High Court, the signs and logos affixed to the goods offered for sale by the defendant are perceived by that public as badges of support, loyalty or affiliation.

10. With that preamble, the High Court refers to the Court of Justice the following questions:

'1. Where a trade mark is validly registered and

(a) a third party uses in the course of trade a sign identical with that trade mark in relation to goods which are identical with those for whom the trademark is registered; and

(b) the third party has no defence to infringement by virtue of Article 6(1) of the Council Directive of 21st December 1988 to approximate the laws of the Member States relating to trade marks ((89/104/EEC);

does the third party have a defence to infringement on the ground that the use complained of does not indicate trade origin (i.e. a connection in the course of trade between the goods and the trade mark proprietor)?

2. If so, is the fact that the use in question would be perceived as a badge of support, loyalty or affiliation to the trade mark proprietor a sufficient connection?"

II - Procedure before the Court

11. Written observations were submitted, within the period prescribed for the purpose by Article 20 of the EC Statute of the Court of Justice, by Arsenal, Mr Reed, the Commission and by the Surveillance Authority of the European Free Trade Association.

12. The parties to the main proceedings and the Commission presented oral argument at the hearing on 14 May 2002.

III - Legal background

1. Community law: the First Directive

13. The Directive 'is aimed at approximating the laws of the Member States relating to trade marks, with the purpose of abolishing the disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market. However, the harmonisation it pursues is only partial, so that the involvement of the Community legislature is restricted to certain aspects relating to trade marks acquired by registration'. (3)

14. Article 2 of the Directive provides:

'A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.'

15. Article 5, entitled 'Rights conferred by a trade mark', lays down the various degrees of legal protection which the Directive requires to be afforded to proprietors of that kind of intellectual property. (4)

A. Article 5(1)

16. Under Article 5(1), the proprietor is entitled to prevent all third parties from using the trade mark in the course of trade. However, it distinguishes between two degrees of usage and, consequently, different levels of protection.

17. The first consists in the use of an identical sign in relation to identical goods or services (Article 5(1)(a)). It covers imitation and passing-off. Subparagraph (a) offers protection against copying, as the Surveillance Authority of the European Free Trade Association has observed in its written observations. The protection is absolute and unconditional, (5) with no limitations other than those resulting from Article 6 of the Directive.

18. For its part, Article 5(1)(b) envisages three situations: identical signs and similar goods and services; conversely, similar indications and identical goods or services; and, finally, similar signs for similar goods and services. In those cases, protection depends on whether there exists a likelihood of confusion, which includes the likelihood of association. (6)

19. In the course of these interlocutory proceedings, the participants have argued over the question whether the proprietor's powers extend to prohibiting use of the trade mark or, more broadly, of the sign of which it consists. The reasoning is byzantine. The Directive is

concerned with registered trade marks, (7) that is to say, those signs which, being capable of being represented graphically, are capable of distinguishing the goods or services of one undertaking from those of other undertakings. (8) Thus, where the symbols are identical, (9) the person committing the infringement is using the trade mark proper (the registered sign) (10) while, on the other hand, where they are similar, he is using similar indications which, however, by definition are not the trade mark itself. (11)

20. The decisive factor is that the proprietor is entitled to prevent a third party from using the trade mark in relation to the same or different goods and services, or from using signs and indications which, looked at as a whole, (12) might lead to confusion on the part of consumers on account of their similarity to those registered by him.

B. Article 5(2) and (5)

21. The Directive is aimed at partial harmonisation. It restricts its operation to trade marks acquired by registration. (13) It is, to a certain extent, a *de minimis* provision (14) which does not prevent, in certain situations, the Member States from granting more extensive protection than that afforded by the Community provision.

22. One such situation is where the mark is one with a reputation, (15) mentioned in Article 5(2), according to which national law may go further than the Community legislature and prohibit the use of a similar sign, even in respect of unrelated goods or services. Such protection is specific, supplementary and optional national protection. (16)

23. On the other hand, the Directive does not affect provisions in any Member State which, on the basis of other fields of national law, afford protection against the use of a sign registered as a trade mark other than for the purpose of distinguishing the goods and services it covers. That provision, announced in the sixth recital, (17) is contained in Article 5(5).

24. In both cases, protection is subject to the condition that the infringer is seeking to gain unfair advantage of the reputation of the trade mark or that the distinctive character or repute of the mark may be damaged. The aim is to safeguard the right of the proprietor of the distinctive sign to preserve goodwill, (18) by protecting the sign against unfair competition. (19)

C. Articles 6 and 7

25. These two provisions are the other side of the coin to Article 5, and their purpose is to reconcile the rights of the registered proprietor with the general interest, which requires free movement of goods and freedom to provide services in the common market. (20)

26. Both articles lay down the limits of the powers of the registered proprietor and set out the circumstances in which he may not prohibit third parties from using the trade mark, either because they are individual signs or for specific uses (Article 6), or because for reasons of commercial policy it is advisable to avoid compartmentalising the intra-Community market by erecting barriers to the freedoms which I have mentioned in the foregoing paragraph (Article 7).

2. United Kingdom law

27. The First Directive was transposed into United Kingdom law by the Trade Marks Act 1994, which replaced the Trade Marks Act 1938.

28. Section 10(1) of the Trade Marks Act 1994 provides:

‘A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical to those for which it is registered.

A person infringes a registered trade mark if he uses in the course of trade a sign where because -

...

(b) the sign is similar to the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.’

IV - Analysis of the questions referred

29. The High Court has made this reference to the Court of Justice in the course of proceedings between the proprietor of a trade mark and a third party who markets the same class of products as that in respect of which the mark was registered and which bear that sign, although the third party makes it clear that the sign is not intended to express any affiliation to or relationship with the proprietor.

30. The questions referred by the High Court therefore concern the interpretation of Article 5(1)(a) of the Directive. However, the answers which this Court provides must be framed on the basis of a full analysis of that provision together with those to which it is related.

1. Question 1

A. Systematic interpretation of Articles 5, 6 and 7 of the Directive

31. In the Directive, the rights of the proprietor of a registered trade mark are delimited positively and negatively.

32. From the analysis which I have carried out above I find, as a first corollary, that, on the positive side, the Directive aims (Article 5(1)) to achieve harmonisation of the rights of trade mark proprietors consisting in preventing the use of identical or similar signs to distinguish identical or similar goods, by requiring, in cases of similarity, that there be a likelihood of confusion. As the Surveillance Authority of the European Free Trade Association has pointed out, protection against copying and confusion is a matter for Community law.

33. Also falling within the field of Community law is the non-discretionary protection of trade marks of repute (Article 5(2)) against the use by third parties to distinguish identical or similar goods. Such protection must be accorded even where there is no likelihood of confusion, if that type of mark is not to be granted less protection where the goods are similar than where they bear no similarity at all. (21)

34. I consider that the meaning of Article 5(2) is that trade marks having a reputation must in any event be

protected, whether or not there is likelihood of confusion. (22) So far as concerns that type of sign, the Directive requires that the laws of the Member States be harmonised where they relate to use in relation to identical or similar goods, leaving them free to protect such marks also where the goods or services in question are dissimilar. The only requirement in either case is that the third party who uses without due cause a trade mark having a reputation is seeking to gain an unfair advantage, or is acting to the detriment of the distinctive character or the prestige and repute of that mark.

35. Thus both the protection of trade marks having a reputation where the goods are not even similar and the rules governing certain uses of the symbol other than for the purpose of distinguishing the goods or services (Article 5(2) and (5)) remain outside the harmonisation sought by the Directive.

36. The negative limits are all defined by Community law, even though one of them (Article 6(2)) (23) is the result of the recognition of certain rights by the laws of the Member States.

37. The factual situation in question in the main proceedings is that of the use of the sign registered as a trade mark to distinguish identical goods. Accordingly, it falls, in principle, within the scope of Article 5(1)(a) and is therefore fully covered by the Directive and the harmonisation which it pursues.

38. A further consequence of the systematic analysis of the various paragraphs of Article 5 is that, according to Article 5(1) and (2), the proprietor of a trade mark may not prevent ‘any use’ of a sign, but only uses whose purpose is to distinguish (24) the goods or services to which it relates from those of other undertakings. (25) Otherwise, Article 5(5) would have no *raison d’être*.

39. In other words, Article 5(1) protects the accuracy of the information which the registered sign provides on the goods or services which it represents and, thus, their identification. Article 5(2) protects proprietors of trade marks which have a reputation from exploitation by third parties, outside the ambit of that function of identification, by enabling the Member States to extend protection to those situations in which the goods or services are different. Finally, Article 5(5) excludes from the scope of the Directive protection against use of the trade mark for purposes other than distinguishing goods and services. In short, conduct consisting in the use of a sign for purposes other than distinguishing a product or a service from other products or services is not covered by Article 5(1).

40. Thus, in accordance with Article 5(1), the registered proprietor may object to use by a third party, in the course of trade, of the trade mark, or signs similar to it, to distinguish identical goods and services, or similar ones, which, moreover, is consistent with the definition of ‘trade mark’ laid down in Article 2 of the Directive. (26) In other words, taking up the terms used by the High Court and the participants in these proceedings, the proprietor may object to the use by a third party of his trade mark as such. (27)

B. Interpretation of the imprecise legal concepts of 'use of the trade mark to distinguish' and 'use as a trade mark'

41. To state that a registered proprietor may prevent a third party from using 'the trade mark as a trade mark' is as good as saying nothing at all. It is therefore necessary to give substance to that indeterminate legal concept and, in doing so, to keep the functions of a trade mark very much in mind. (28)

42. On other occasions and in different contexts (29) I have said that, the function of a trade mark being to distinguish the goods and services of various undertakings with the purpose of guaranteeing to the user or the consumer the identity of their respective origins, that immediate and specific purpose of trade marks is no more than a staging post on the road to the final objective, which is to ensure a system of genuine competition in the internal market. (30)

43. In order to reach that goal and with an obligatory stop at that intermediate stage, the journey may be made using various vehicles singly or together. With that unflinching purpose of distinguishing between the goods and services of various undertakings, distinctive signs may indicate provenance as well as quality, (31) the reputation (32) or the renown of the producer or the provider, while trade marks may also be used for advertising purposes in order to inform and persuade the consumer. (33)

44. Those ways of using a trade mark are uses which are aimed at the abovementioned goal, because they enable the consumer to distinguish between the goods and services which various undertakings offer him, enabling him to select freely between the many choices available to him and promoting competition in the internal market. (34) All of them are uses of the 'trade mark as a trade mark', which may be prevented by the proprietor, provided always that none of the circumstances exist in which, pursuant to Articles 6 and 7 of the Directive, the proprietor's right lapses.

45. I arrive at the same result if, changing perspective, I shift from the standpoint of use of the trade mark to that of the rights of the proprietor. The proprietor of a registered trade mark is granted an assortment of rights and powers in order that, by means of the exclusive use of the distinctive sign and the resultant identification of the goods and services he provides, a fair, undistorted system of competition may be established from which those who seek to take advantage of or profit from the reputation of others are excluded. That is why those legal advantages must extend only so far as strictly necessary in order for that essential function to be performed. Furthermore, it is evident that there is no reason for the proprietor of a given distinctive sign to be seen as having an exclusive use erga omnes and in any circumstances, but only vis-à-vis those who seek to profit from its status and reputation, (35) passing it off or using it in such a way as to mislead consumers with regard to the origin as well as to the quality of the goods or services it represents.

46. It seems to me to be simplistic reductionism to limit the function of the trade mark to an indication of trade

origin. The Commission, moreover, took the same view in its oral submissions to the Court. Experience teaches that, in most cases, the user is unaware of who produces the goods he consumes. The trade mark acquires a life of its own, making a statement, as I have suggested, about quality, reputation and even, in certain cases, a way of seeing life.

47. The messages it sends out are, moreover, autonomous. A distinctive sign can indicate at the same time trade origin, the reputation of its proprietor and the quality of the goods it represents, but there is nothing to prevent the consumer, unaware of who manufactures the goods or provides the services which bear the trade mark, (36) from acquiring them because he perceives the mark as an emblem of prestige or a guarantee of quality. When I regard the current functioning of the market and the behaviour of the average consumer, I see no reason whatever not to protect those other functions of the trade mark and to safeguard only the function of indicating the trade origin of the goods and services. (37)

48. Furthermore, as the Surveillance Authority of the European Free Trade Association observes, in certain cases consumers are more interested in the trade mark itself than in the goods to which it applies.

49. Having arrived at this point, I am in a position to propose that, in answer to the first question, the Court should reply to the High Court that, according to Article 5(1)(a) of the Directive, the registered proprietor is entitled to prevent third parties from using, in relation to the same goods or services, signs identical with those of which the trade mark consists, which are capable of giving a misleading indication as to their origin, provenance, quality or reputation. (38)

50. To put it in the negative and more restrictive terms in which the High Court has framed its question, anyone who uses another's trade mark may claim in defence to the proprietor's objection that his use of it does not indicate the origin of the goods or of the services or give rise to confusion over their quality and reputation.

51. As against the maximalist arguments advanced by Arsenal and the Commission, for which, in a case such as that in point in the main proceedings, and in the absence of the conditions laid down in Article 6(1) of the Directive, the proprietor of a trade mark is entitled to prevent anyone from using it, I share the more qualified view of the Surveillance Authority of the European Free Trade Association. My position is thus based on the considerations I have set out in the preceding paragraphs and, furthermore, on the reasoning which the European Free Trade Association Surveillance Authority sets out at paragraph 19 of its observations; namely that when the Directive says that protection is absolute in the case of identity (39) it must be understood as meaning that, in light of the aim and the purpose of trade mark law, 'absolute' means that protection is afforded to the proprietor, irrespective of whether there is a likelihood of confusion, because in such situations there is a presumption that there is such a likelihood, (40) and not, on the contrary, that protection is ac-

corded to the proprietor erga omnes and in all circumstances.

C. Presumption of ‘use as trade mark’

52. I have just observed that, in cases of identity, likelihood of confusion may be presumed. The same reason as that which justifies that presumption allows the conclusion that, where there is such identity, the use a third party makes of a trade mark is use of it as such. That presumption, which is *iuris tantum*, may be rebutted by proof to the contrary. Accordingly, there is a possibility, however remote it may be, that in a specific case use of a sign identical with another registered as a trade mark may not be prevented by the proprietor on the basis of Article 5(1)(a) of the Directive.

D. The assessment of the circumstances of each case is a matter for the national court

53. When use of a trade mark by a third party is use of it as such is a question of fact which falls to the national court to determine in the light of the information available to it for the purpose of deciding the case. There are situations, such as that in point in the dispute between Arsenal and Mr Reed, in which, because there is identity both of signs and of goods or services, there will be a presumption of ‘use of the trade mark as a trade mark’, but in many other cases the situation will not be so clear-cut and account will have to be taken of the nature of the goods and services, the situation of those for whom they may be intended, the structure of the market and the position in the market of the proprietor of the trade mark; examination of these matters falls outside the jurisdiction of the Court of Justice.

54. In the light of my arguments up to this point, I would propose that the Court, in its answer to the first of the questions referred for a preliminary ruling, reply as follows:

(1) Article 5(1)(a) of the Directive must be interpreted as meaning that, on the basis of that provision, the proprietor of a registered trade mark is entitled to prevent third parties from using, in relation to the same goods or services, identical signs which are capable of giving a misleading indication as to their origin, provenance, quality or reputation.

(2) Where such identity exists, there is a presumption *iuris tantum* that the use by a third party of the trade mark is use of the mark as such.

(3) The determination of when a third party uses a distinctive sign ‘as a trade mark’ is a question of fact which falls to the national court to determine in the light of the information available to it for the purpose of deciding the case.

2. Question 2

A. Uses unrelated to the functions proper to trade marks. Non-trade uses

55. In view of the scope which, to my mind, must be attributed to the rights which protect the proprietor of a registered trade mark and, consequently, the bounds which third parties may not overstep in using the registered symbol or similar signs, it remains to resolve the second question referred by the High Court, which is, moreover, the key to the case which it has to decide.

56. And here I am going to take a path in the opposite direction to the one I followed in proposing an answer to the first question referred, on which I started from the concept of a trade mark and its functions, and, in defining what is ‘use as a trade mark’, identified the limits to which the proprietor’s powers may extend. I will now attempt to elucidate the applications of the signs that make up a trade mark, which are totally unrelated to the characteristic function of that manifestation of intangible property. In this way I shall delineate the scope of the question, reducing the grey area in which the unknown quantity must be found.

57. To begin with, there is a first external boundary to the very concept of ‘use as a trade mark’, which relates to the very concept of a distinctive sign. The registered proprietor cannot, as a matter of principle, object to third parties using the registered symbol or indication where, because it does not satisfy the requirements to be met in order for it to be a trade mark or because it falls under one of the prohibitions laid down in the Directive, (41) it should never have been registered. Whether, for as long as the registration has not been cancelled, it produces effects and confers on the proprietor an appearance of legality sufficient to enable him to object to the use of the mark by others is a separate matter.

58. That is the situation in Case C-299/99, in which I delivered my Opinion on 23 January 2001. (42) My view in that case is that the trade mark which Philips Electronics NV seeks in the main proceedings to prevent Remington Consumer Products Limited from using does not fulfil the conditions required by Community law for a sign to be registered as a trade mark. That issue was also raised in the proceedings between Arsenal and Mr Reed, in which the defendant claimed that the signs registered in favour of the football club were invalid on the ground that they lacked distinctive character. That defence was rejected by the High Court.

59. As regards signs which may legitimately be a trade mark, the proprietor is not entitled, on the basis of the Directive, to object to their use by third parties outside the ‘course of trade’, (43) that is, outside any commercial activity involving the production and supply of goods and services on the market.

60. The Directive confers on the registered proprietor a monopoly over the sign which he has registered as a trade mark, but that power of exclusive disposition is, as I have pointed out, relative, because it is at the service of a purpose that transcends it. If the idea is that consumers should be able to select goods and services in the context of an open market, governed by the rules of free competition, the uses which the proprietor of a trade mark is entitled to prevent third parties from making are, precisely, those which arise in that context and which are therefore likely to affect that objective.

61. The law on trade marks has latterly been under strong pressure to include, as part of the concept of signs capable of constituting that kind of industrial property, not only those which may be perceived with the eyes, (44) but also those which may be perceived through the other senses, such as smell or hearing. (45)

This possible extension of the catalogue of signs capable of constituting a trade mark must be accompanied by a precise delimitation of the rights which their ownership confers on their proprietor. It would be absurd, even grotesque, to claim that, just because someone has registered the colour turquoise as a trade mark, plastic artists should henceforth refrain from using that pigment in their works.

62. That assertion, which, I am certain, no one would dispute, enables me to clarify the concept of 'course of trade'. The use which the proprietor of the trade mark may prevent is not any that might constitute a material advantage for the user, or even a use which is capable of being expressed in economic terms, but only, as expressed more precisely in all the language versions other than the Spanish, use which occurs in the world of business, in trade, the subject of which is, precisely, the distribution of goods and services in the market. In short, use in trade. (46)

63. It would appear that equally legitimate is the private use that someone might make of the mark BMW on a key ring, from which he gains no material advantage other than the convenience of having the keys that he habitually uses on one holder, (47) as is the use which, in the 1960s, Andy Warhol made of the Campbell brand of soup in several of his paintings, (48) from which, obviously, he obtained an economic benefit. (49) A radical conception of the scope of the rights of the proprietor of the trade mark could have deprived contemporary art of some eminently expressive pictures, an important manifestation of 'pop art'. Other non-trade uses, such as those for educational purposes, also fall outside the scope of the protection afforded to the proprietor.

64. Thus, the proprietor of a trade mark is not in a position to object to the use by third parties of the symbol or indication which he has made his property where it is one of the signs that cannot constitute a trade mark or, if it is a trade mark, where the use made of it by others is not intended for commercial purposes.

B. Uses expressing support, loyalty or affiliation to the proprietor of the trade mark constitutes, in principle, use 'as a trade mark'

65. I thus arrive at the grey area, the 'aureole of uncertainty' within which the answer to the doubt harboured by the High Court is to be found.

66. I consider that the uses to which the High Court refers in its second question are methods of using the trade mark which, as that court itself acknowledges, express a connection between the goods, the sign and its proprietor, between the scarves bearing the trade marks at issue and Arsenal. (50) The broad interpretation which I have proposed for the reply to the first question permits me to make that statement.

67. The nature or the quality of that relationship are irrelevant for the purposes of trade-mark law. Given the functions of those distinctive signs and the objective pursued by the Directive, the decisive factor is not the 'feelings' which the consumer who buys the goods which the trade mark represents, or even the third party using it, harbour towards the registered proprietor, but

the fact that they are acquired because, by bearing the sign, the goods identify the product with the trade mark - irrespective of what the consumer thinks of the mark - or even, as the case may be, with the proprietor.

68. It does not matter whether the reason for the decision to purchase is that the purchaser sees the trade mark as a sign of distinction or as a guarantee of quality or whether, on the contrary, he engages in an act of rebellion as an adherent to the cult of bad taste. In short, for the purposes of resolving the dispute, it is irrelevant whether a football fan buys the shirt of a particular team, bearing the relevant trade mark, because it is his cherished club and he wants to wear the shirt or because, since he is a fan of the rival team, his intention is to burn it. The key to the problem is that he has decided to purchase it on account of the fact that the article is identified with the trade mark and, through it, with its proprietor, that is to say with the team.

69. The debate must be moved on to a different ground. Given that, where there is identity, the consumer purchases the goods because they bear the sign, the base from which the answer to the High Court must be provided is that of the person exploiting it without being the proprietor. It is not the reason for which a person buys goods or uses services that I must examine but the reason which has led the person who is not the proprietor of the trade mark to place the goods on the market or to provide the service using the same distinctive sign. If, regardless of the reason which motivates him, he attempts to exploit it commercially, then he can be said to be using it 'as a trade mark' and the proprietor will be entitled to object, within the limits and to the extent allowed under Article 5 of the Directive.

70. It goes without saying that the proprietor of a trade mark is entitled to object to a third party using it, provided always that he has registered it in order to use it as such. If he does not exploit it commercially, he will not be making 'effective use' (51) of the distinctive sign and over his rights will hang the 'sword of Damocles' of lapse and of their atrophy when it comes to opposing the registration of new indications. (52)

71. In light of the foregoing considerations and of the factual hypothesis underlying the questions referred by the High Court, what has to be decided is whether, when a football club - or, more generally, an incorporated sports club - registers a trade mark in the register of industrial property, it does so only in order to distribute among its supporters products bearing the signs representing that entity with the aim of securing greater support to help its teams to sporting success or whether, on the contrary, it is just another business activity, designed to enhance the profit and loss account.

72. Clearly the answer cannot be derived from an examination of the intentions of each sporting entity (in this case, of Arsenal) but, rather, from an objective analysis of the position which the companies and entities which manage the major football clubs occupy in today's society and economy.

C. Football as an economic phenomenon

73. Football plays an important role in the contemporary world. From its origins in English universities in

the middle of the nineteenth century to the present day, that sport has managed to adapt with uncommon good fortune to the signs of the times and to become, through being broadcast by the media, a mass phenomenon which transcends geographical, cultural, religious and social frontiers. The key to football's success - and also its mystery, to those who do not follow it - lies in its enormous capacity to stir passions (53) whose origin lies in the deep sense of identity between the teams, which are linked to a particular city or country, and their supporters. (54)

74. For decades, football was characterised by its social significance, but was relegated to a place of secondary importance in the economic sphere. Paradoxically, an activity which excited the interest of millions of people around the world was barely exploited commercially and remained alien, for example, to the management model of the great North American professional leagues, (55) whose expansion in the 1970s was related to the sale of exclusive television rights and to the control of those rights by major entrepreneurs. (56)

75. That scenario changed radically in the early 1990s when football's true commercial potential began to be realised. (57) Following the trail of the Australian magnate Rupert Murdoch, owner of the Sky television channel, who reaped enormous profits from the exploitation of exclusive broadcasting rights for the English football league, the main European audiovisual undertakings made sizeable investments in order to acquire the television rights in respect of numerous national and international competitions, (58) making a decisive contribution to triggering one of the greatest transformations which the sport has experienced since it began. (59)

76. In a relatively short time, the professional practice of football has taken on the features of an industry which moves a volume of money which would have been unimaginable a few years ago and which also generates thousands of jobs and activities in very varied sectors. (60) It is difficult to provide accurate figures, but it is calculated that in Italy, one of the countries in which the practice of football is most professionalised, the sport moves approximately EUR 4.5 million per annum and is the 14th industry in the country. (61) In the case of Spain, it is estimated that that activity generates, both directly and indirectly, some EUR 3 000 million and employment for some 100 000 people. (62)

77. In that context, football clubs in the European major leagues have undergone substantial organisational changes. With some exceptions, they have shed their purely sporting character in order to become commercial companies, with ever more of them being quoted on the stock exchanges. (63) It is little wonder that in a few years the budgets of those clubs have generally exploded, so much so that in the case of some of the most famous clubs in Europe their budgets far exceed EUR 100 million, which is comparable to the budget for an average Spanish city. (64)

78. The most admired management model today is that of Manchester United, possibly the richest club in the world. (65) Control of several of the best teams in

Europe is in the hands of successful businessmen, whose conception of football reflects a genuine change of epoch. Thus, for example, Sergio Cragnotti, President of Rome's Lazio, considers that 'football is the most important business in an ever more globalised economy'; in his view, therefore, 'it should not be regarded as a sport, in the strict sense, but as part of the entertainment industry'. (66) That vision of things is shared by Florentino Pérez, President of Real Madrid, who, in referring to the economic prospects of the entity under his direction, has spoken of an 'unexploited Walt Disney'. (67)

79. That image hides a reality which is not so gratifying for most professional clubs, many of which are burdened with heavy debts. In fact, according to a report in *The Economist*, (68) at the present time, which is characterised by a sharp rise in players' salaries and in transfer fees, (69) clubs find themselves caught up in a dynamic which forces them to spend a large part of what they earn, without it being possible to say that they are badly managed. This explains why, for example, in Italy, whose football league attracts large numbers of investments, the total amount of debt of the clubs is today in excess of EUR 1 000 million. (70)

80. It is true that the clubs' sources of finance have increased in recent years. Traditional income from sales of tickets at the turnstiles or from shares have become less significant by comparison with other, more considerable, sources of income, such as television rights, the sale of products related to the team, the exploitation of rights to images of the players and the internet. (71) European clubs also earn money in other ways; these include the benefits they obtain through participating in the championships organised by the European Union of Football Associations (UEFA), holding friendly matches or the operation of facilities (shops, bars, conference centres).

81. One of the sources of income to have increased in importance in recent years is, in fact, the sale of goods related to the team, an activity commonly known as 'merchandising'. (72) That business, the object of which is the sale, either directly or through intermediary undertakings, of scarves, banners, articles of clothing or any other article which identifies the club, has proved to be one of the most profitable, (73) hence its transformation into a priority for those managing the business side of the clubs. (74) According to Real Madrid's marketing director, one of the reasons for the success of merchandising is simple: 'loyalty to football teams is very strong. The level of loyalty of supporters to their team is such that it would be a dream for brands in any other sector, which are always much more exposed to the vagaries of the market'. (75)

82. It is well known that the growth forecasts for merchandising show a rising curve. Transmission of football games by television and the internet allows European teams to open their markets to other regions of the world, particularly in Asia, where the following for this sport has grown considerably in recent years, in part as a result of the fact that the 2002 World Cup is being held in Japan and South Korea. (76) Some Euro-

pean clubs have decided to open shops in cities in Asia in order to offer their goods directly for sale. (77)

83. The success of merchandising has revealed the enormous potential of football as a business, which explains why the transfer value of players, the true stars of the show, depends not only on their performance on the field of play, but also on the income which their image can generate for the club, from advertising or from the sale of articles associated with the player in question. In recent years there has been a considerable number of transfers of football players which lends support to that statement, such as the acquisition of the Japanese player Nakata by Parma (78) and, in particular, of the Frenchman Zinedine Zidane by Real Madrid, the most expensive transfer in history, at around EUR 70 million, much of which the club hopes to recover from the sale of shirts. (79)

84. The great clubs, such as Arsenal, which recently became champion of the English Premier League, are not mere sporting associations whose aim is the playing of football, but genuine 'emporia' which, with the object of playing professional football, pursue an economic activity of the first order. When they register a sign in order to use it as a trade mark and to supply on the market, either directly or through a licensee, certain goods or services identified with the mark, they make effective use of their intangible property and are entitled to object to third parties using an identical indication, with the purpose of exploiting it commercially and making an economic profit, by employing all the methods available under the law, including the most extreme. (80)

85. In the result, and in response to the second of the doubts harboured by the High Court, I consider that the use by third parties which the proprietor is entitled to prevent is use for the purpose of commercial exploitation, which includes use of the distinctive signs which the undertakings which own football clubs have registered as trade marks for the purpose of marketing articles of clothing and other articles connected with the team.

86. In that regard, the reasons on which the consumer bases his choice are irrelevant. The decisive factor is that the persons for whom those articles are intended acquires or uses them because they bear the distinctive sign.

87. The reasoning set out above, and the answers which I propose to the first question referred for a preliminary ruling, do not follow to the letter the way in which the two questions from the High Court are framed but, in interpreting the Directive, may provide a helpful and appropriate answer for the purpose of enabling it to decide the case before it. (81)

V - Conclusion

88. In view of the foregoing considerations I propose that the Court give the following answers to the High Court's questions:

(1) Article 5(1)(a) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the proprietor of a regis-

tered trade mark is entitled, on the basis of that provision, to prevent third parties from using, in relation to the same goods or services, identical signs which are capable of giving a misleading indication as to their origin, provenance, quality or reputation.

(2) When use of a trade mark by a third party is use 'as a trade mark' is a question of fact which falls to the national court to determine in the light of the information available to it for the purpose of deciding the case. None the less, in cases of identity of signs and of goods or services, there is a presumption *iuris tantum* that the use by a third party of the trade mark is use thereof as such.

(3) The use which the proprietor is entitled to prevent third parties from making is use for the purposes of commercial exploitation, which includes use of the distinctive signs which the undertakings which own football clubs have registered as trade marks for the purpose of marketing articles of clothing and other articles connected with the team.

(4) In that regard, the reasons on which the consumer bases his choice of the goods and services are irrelevant. The decisive factor is that the persons for whom they are intended acquires or uses them because they incorporate the distinctive sign.

1: - Original language: Spanish.

2: - 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).

3: - Paragraph 3 of the Opinion which I delivered on 6 November 2001 in Case C-273/00 Sieckmann, in which the judgment has not yet been delivered. See the first, third, fourth and fifth recitals in the preamble to the First Directive.

4: - An examination of the content of Article 5 of the Directive may be found in the judgment in Case C-63/97 BMW [1999] ECR I-905, paragraph 27 et seq. I have myself been called upon to analyse the concept in the Opinion which I delivered on 21 March 2002 in Case C-23/01 Robelco, in which judgment has not yet been delivered (paragraph 24 et seq.).

5: - See the tenth recital in the preamble to the Directive. I will make clear below what, in my view, should be understood by 'absolute protection'.

6: - Article 5(1) is altogether parallel to Article 4(1), which regulates the relative grounds of refusal or invalidity. It should be borne in mind that, according to the case-law of the Court of Justice, the concept of likelihood of association, used in Articles 4(1)(b) and 5(1)(b), is not an alternative to that of likelihood of confusion, but serves to define its scope (see, among others, Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 34).

7: - See Article 1.

8: - See Article 2 of the Directive.

9: - Whether they be for the same goods or services or for different but similar ones.

10: - That is the case here, where Mr Reed is offering for sale articles which bear signs which Arsenal has registered as trade marks.

11: - Advocate General Jacobs, in his Opinion delivered on 17 January 2002 in Case C-291/00 LTJ Diffusion, in which judgment has not yet been delivered, states that there is identity where the mark is reproduced without any addition, omission or modification other than those which are either minute or wholly insignificant. He adds that, in the latter case, the national court must first identify what is perceived by the average, reasonably well-informed, observant and circumspect consumer as the relevant mark and sign, then assess globally the visual, aural and other sensory or conceptual features, assessing the overall impression created by them, in particular by their distinctive and dominant components.

12: - On the global appreciation of signs, see Case C-251/95 SABEL v Puma [1997] ECR I-6191, paragraphs 22 and 23, and Case C-342/97 Lloyd Schuhfabrik Meyer [1999] ECR I-3819, paragraphs 18 and 19.

13: - See the third and fourth recitals and Article 1.

14: - See the seventh recital.

15: - The ninth recital in the preamble to the Directive states that, 'it is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the Member States; whereas this should however not prevent the Member States from granting at their option extensive protection to those trade marks which have a reputation'.

16: - See the Opinion (in particular paragraph 46) of Advocate General Jacobs of 21 March 2002 in Case C-292/00 Davidoff, judgment pending.

17: - 'Whereas this Directive does not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection'.

18: - See paragraph 27 of the Opinion I delivered in *Robelco*, cited in footnote 4.

19: - So far as concerns Article 5(2), that is the view taken by Advocate General Jacobs in the Opinion in *Davidoff*, cited above (see paragraph 66).

20: - See paragraph 62 of the judgment in *BMW*, cited above.

21: - However, Advocate General Jacobs, in his Opinion in *Davidoff*, cited above, argues that well-known marks enjoy greater protection than the rest under Community law. In his view, that type of distinctive sign may only enjoy the additional and optional protection authorised by Article 5(2) of the Directive where the goods or services in question are not similar. If, on the other hand, they are similar, the national court must examine, in the light of the Court's case-law concerning the protection enjoyed by marks with a highly distinctive character, whether there exists a likelihood of confusion in accordance with Articles 4(1) or 5(1) of the Directive (paragraph 68). Despite his

most thoroughly reasoned arguments, my learned colleague nevertheless acknowledges that 'there may be an area in which a trade mark having a reputation is not protected against the use of identical or similar marks or signs' (paragraph 51), although he then immediately states that it is possible that '(that area) is likely to be insignificant in practice' and that the Court's case-law on trade marks having a highly distinctive character may limit its extent still further. An interpretation which leads to an avowedly unreasonable result cannot be maintained, under the pretext that it is of no practical relevance or that it may be tempered by the case-law, when there is an alternative interpretative criterion to hand.

Moreover, I believe that Mr Jacob's arguments are based on a mistaken premiss. The stronger the distinctive character of a sign, the less will be the likelihood of confusion. Registration of the name 'Coco-Colo' for refreshments, and subsequent commercialisation of the goods, does not give rise to any confusion with the drinks distributed by 'Coca-Cola', given the distinctiveness, penetration and reputation of that trade mark. By following the route of 'likelihood of confusion', well-known trade marks may be left without protection against those using similar indications in order to distinguish identical or similar goods.

22: - That interpretation is implicit in the case-law of the Court which, in paragraph 20 of the judgment in *Sabel*, cited above, states that Article 5(5) permits 'the proprietor of a trade mark which has a reputation to prohibit the use without due cause of signs identical with or similar to his mark and does not require proof of likelihood of confusion, even where there is no similarity between the goods in question'.

23: - 'The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised'.

24: - Below I shall analyse the scope of the term 'distinguish' which appears in Article 5(5) of the Directive.

25: - Article 5(3) sets out, purely for illustrative purposes, various ways of using a trade mark which a proprietor may prohibit third parties from doing:

'The following, inter alia, may be prohibited under paragraphs 1 and 2:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under the sign;

(d) using the sign on business papers and in advertising.

...'

26: - Advocate General Jacobs expressed himself to similar effect in the Opinion he delivered on 20 Sep-

tember 2001 in Case C-2/00 Hölterhoff [2002] ECR I-0000, (see in particular paragraph 37 of the Opinion).

27: - That is, moreover, the view taken by the Court which, in paragraph 38 of the judgment in BMW, cited above, stated that ‘the scope of application of Article 5(1) and (2) of the directive, on the one hand, and Article 5(5), on the other, depends on whether the trade mark is used for the purpose of distinguishing the goods or services in question as originating from a particular undertaking, that is to say, as a trade mark as such, or whether it is used for other purposes’.

28: - In Hölterhoff, cited above, the Court refrained from providing a definition of the concept of use of a trade mark within the meaning of Article 5(1)(a) and (b) of the Directive (see, in particular, paragraph 17).

29: - See paragraphs 35 et seq. of the Opinion which I delivered in Case C-517/99 Merz & Krell [2001] ECR I-6959; and paragraphs 16 et seq. of my Opinion in Sieckmann, cited above.

30: - In the Opinion in Sieckmann I pointed out that, paradoxically, in order to ensure free competition in the market this is a right which constitutes an exception to the general rule of competition, by according to its proprietor the right to appropriate exclusively certain signs and indications (see footnote 12 to that Opinion).

31: - The function of trade marks as an expression of quality is enshrined in Community law. Article 22(2) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) enables the proprietor to invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract with regard to the quality of the goods manufactured or of the services provided.

32: - The Court has expressly acknowledged the function regarding reputation in the context of exhaustion of rights granted by a trade mark (Joined Cases C-427/93, C-429/93 and C-436/93 Bristol-Myers Squibb and Others [1996] ECR I-3457 and Case C-337/95 Parfums Christian Dior [1997] ECR I-6013).

33: - The Court has consistently stated that the function of trade marks is not only to indicate the undertaking of origin of the goods or services to which they apply and that the intention is, through identification of origin, to protect the status and reputation of its proprietor and the quality of his creations (see Case C-10/89 Hag GF [1990] ECR I-3711, paragraph 14, and the case-law cited therein).

34: - See paragraph 17 of the Opinion I delivered in Sieckmann.

35: - See paragraphs 31, 32, 42 and 43 of the Opinion I delivered in Merz and Krell, cited above.

36: - Where the proprietor grants a licence to a third party to produce the goods covered by the trade mark, indication of trade origin becomes irrelevant and retreats into the background or may even disappear from view altogether.

37: - That interpretation is making headway in the legal systems of a number of Member States. Thus, in German law, the proprietor of a trade mark may object to another person making ‘distinctive’ use, a concept

which is broadly interpreted. In Germany, academic legal opinion, bearing in mind the functions of trade marks, maintains that the proprietor may object to his distinctive sign being used without his permission in the course of an economic activity (Fezer, *Markenrecht*, 3rd ed. 2001, § 14, ann. 31 and 34). Austrian academic legal writing follows the same line and, in particular, points out that there is infringement of a trade mark where it is used, for example, in merchandising (Schanda, *Markenschutzgesetz - Praxiskommentar*, 1999, 9 61, and *Character- und Personality-Merchandising*, ÖBl 1998, p. 323; Ciresa, *Die ‘Spanische Reitschule’ - höchstgerichtlicher Todesstoß für das Merchandising?*, RdW 1996, p. 193 et seq.).

That requirement of ‘distinctive’ use or use ‘as a trade mark’ is also to be found in legal systems such as those of Finland, Ireland, Sweden and Spain, as well as in the case-law of the Court of Justice of the Benelux, so that, on the basis of those legal systems, the answer to the question which is the subject-matter of the present order for reference will depend on the interpretation given to those concepts and, accordingly, on the conception one has of the functions proper to trade marks.

Legal systems such as those of France and Greece allow the proprietor of a trade mark to object to its use, whatever it may be, by third parties and without his consent, so that any exploitation of it for identical goods and services amounts to infringement of his industrial property. Greek case-law and academic legal opinion (N. Rokas, *Changements fonctionnels du droit de marque*, *Åàð* 1997, pp. 455 et seq.) take a broad view of the functions of the trade mark and place the function of advertising on a par with indication of origin of the goods.

Portuguese law follows the same lines in that, according to their wording, the legislative provisions do not require distinctive character in order for the proprietor of the trade mark to be able to assert his exclusive rights against third parties. That broad conception is also to be found in academic legal opinion (A. Côrte-Real Cruz, ‘O conteúdo e extensão do direito à marca: a marca de grande prestígio’, en *Direito Industrial*, Vol. I, ADPI - Associação Portuguesa de Direito Industrial, Almedina, Coimbra, 2001, p. 79 to 117, in particular, p. 88 and 94 et seq.).

In the United Kingdom, the courts, albeit not all of them, are liberal in their interpretation on this point. On the other hand, the views expressed in academic legal opinion are more restrictive.

Finally, the Italian courts had to deal with a case the facts of which were very similar to those of the Arsenal case. At issue was the use by a company of the trade mark ‘Milan A.C.’ in photographs of football players wearing that team's shirts. A court in Milan held such use to be an infringement inasmuch as the mark was not necessary in order to create a link, in the mind of the consumer, between the players in the photograph and Milan A.C. (Report Q168 in the name of the Italian Group ‘Use of a mark “as a mark” as a legal require-

ment in respect of acquisition, maintenance and infringement of rights' available at www.aippi.org.

38: - There is, in my view, a lack of symmetry in the case-law of the Court of Justice on the functions of trade marks. When defining the concept of likelihood of confusion as to origin, the Court has emphasised the function of that type of industrial property which is to indicate the trade origin of the goods or services which the trade mark represents (see the judgments in *Sabel and Marca Mode*, cited above; see also the judgment in *Case C-39/97 Canon* [1998] ECR I-5507). However, where the findings have been made in a different context, that of the exhaustion of the rights conferred by a trade mark, the Court has opted for a broader view and has borne in mind the ultimate objective of establishing in the internal market an undistorted system of competition, which depends on protecting the proprietor of the trade mark and the quality of his goods against those who would take unfair advantage of his status and the reputation of the distinctive sign, an approach which, evidently, goes beyond the narrower notion of likelihood of confusion (see the judgment in *Case 102/77 Hoffmann-La Roche* [1979] ECR 1139 and *Hag GF and Parfums Christian Dior*, cited above). In all those cases, trade marks perform similar functions and the legal status of the proprietor should therefore also be the same.

39: - Tenth recital.

40: - Advocate General Jacobs, in the Opinion which he delivered in *LTJ Diffusion*, cited above, argues that, in cases of identity, a likelihood of confusion is to be presumed (see paragraphs 35 et seq.). According to Article 16(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights, annexed to the Agreement establishing the World Trade Organisation, made in Marrakesh on 15 April 1994 (OJ 1994 L 336, p. 1), where a third party uses a sign identical to that registered as a trade mark by the proprietor, for identical goods or services, a likelihood of confusion is to be presumed.

41: - See Articles 2, 3 and 4.

42: - The Court is due to deliver its judgment on 18 June.

43: - An expression used in Article 5(1). The German version of the Directive uses the expression *geschäftlichen Verkehr*, in French it is *vie des affaires*, the English version gives *course of trade*, the Italian version reads *nel commercio* and, finally, the Portuguese text speaks of *vida comercial*.

44: - Even colours per se, in the absence of a shape, have already been registered in certain national industrial property registers and at the Office for the Harmonisation of the Internal Market. The Office has registered the colour lilac to distinguish chocolate, chocolates, chocolate products and chocolate confectionery (Community trade mark No 31336). In France, the Conseil d'État accepted the colour rouge congo for oil products (judgment of 8 February 1974, JCP 1974. III. 17.720). The Patents Office of the United Kingdom, with effect from 1 January 1994, agreed to register the colour pink to denote fibreglass insulating material

(trade mark number 2004215). That trade mark was subsequently registered in the offices for the Benelux (trade mark number 575855) and of Portugal (trade mark number 310894).

At present before the Court of Justice is *Case C-104/01*, in which the Hoge Raad of the Netherlands has asked the Court to what extent the Directive allows registration of a single colour, as such, as a trade mark.

45: - In this respect, see the Opinion I delivered in *Sieckmann*, cited above. Currently pending before the Court is *Case C-283/01 Shield Mark*, in which the Court is asked to rule on whether noises or sounds can constitute a trade mark.

46: - In the report presented to the ALAI 2001 Congress, organised by the Columbia Law School, Topic II. Relationship between copyright, trade marks and unfair competition. Section II. Further legal analysis and debate concerning the relationship of copyright and trademark exceptions: Does/should trademark law prohibit conduct to which copyright exceptions apply?, it is argued that, for use of a sign to be an infringement of trade mark law, it must be intended to indicate commercial origin of the goods or services (A. Kur).

47: - According to the abovementioned report, drawn up by A. Kur, unlike copyright, private copying is not of any concern for trade mark law.

48: - For example, '200 Campbell's soup cans', 1962, oil on canvas, 6 ft. x 8 ft 4 ins (188 x 254 cms.), New York, private collection.

49: - I would even go so far as to suggest that the use by Warhol of its distinctive sign was profitable for the famous soup.

50: - However much Mr Reed may announce that the goods which he sells neither come from Arsenal nor are authorised by it, he is able to market them - and his customers buy them - precisely because they bear the signs which, under registered protection, identify the club.

51: - I shall have the opportunity of addressing the concept of 'effective use' in the near future in the Opinion I will deliver in *Case C-40/01 Ansul BV*.

52: - See Articles 10 and 11 of the Directive.

53: - Bill Shankly, sometime legendary Liverpool manager in the 1960s and 1970s, put it in the following words: 'Football isn't a matter of life and death. It's far more important than that'.

54: - As G. Bueno, philosopher and professor emeritus of the University of Oviedo, observes, football is a sport which through the medium of television mobilises cities which identify themselves with their teams. In his view, a match between, for example, two workers' unions would never attain the same importance (see the interview published in the daily newspaper *La Nueva España* of 13 February 2002).

55: - American football, baseball and basketball.

56: - See the article in the Spanish daily newspaper *El País* of 16 July 2000 by S. Segurola entitled 'Al borde de la hipertrofia'.

57: - The order for reference makes much of this point in relation to Arsenal Football Club.

58: - It must be borne in mind that football has been the main means of attracting subscribers to digital and cable television. Additionally, the new technologies extended the range of methods of payment allowing each viewer, for a fee, to select the matches he wishes to watch.

59: - The article by S. Segurola, 'El fútbol rompe con su pasado', may be found at www.elpais.es/especiales/2001/liga-00-01/liga01.htm. The author explains that there has been the birth of a new era in football, dominated by the primacy of business.

60: - In particular in the hotel and catering trade, commerce, transport and in the media.

61: - Information available on 8 January 2001 at www.hot.it/canali/finanza/strumenti/borsacalcio.

62: - Article on football entitled 'Un Negocio de Primera División', published in the Spanish daily newspaper El Mundo, of 21 March 1999.

63: - England and Italy are the two countries where there are the most teams quoted on the stock market. Amongst them are, for example, Manchester United F.C., Chelsea F.C., Leeds F.C., S.S. Lazio, A.S. Roma and Juventus, F.C.

64: - According to a study carried out by the accounting firm Deloitte & Touche, in the 1998/99 season Manchester United was the top earning club, capable of generating in excess of UKL 100 million per annum. Next came Bayern Munich and Real Madrid, each with revenue of nearly (UKL) 80 million. Arsenal was in 10th place, with some UKL 50 million (see The Economist of 8 February 2001 in an article entitled 'It's a funny old game').

65: - According to the Spanish daily El Mundo of 8 February 2002, the English team is valued at nearly EUR 1 600 million. During the last three years, Manchester United has had an average income of UKL 120 million per season, making a profit of nearly UKL 20 million before tax (data obtained on 11 March 2002 from www.soccerbusinessonline.com). At the sporting level, Real Madrid is the most successful team and was awarded the title of 'best football club of the 20th Century' by FIFA.

66: - From www.soccerage.com, quoting an interview which appeared in the Italian daily newspaper La Repubblica of 17 July 2000.

67: - See the article by V. Verdu entitled 'El fútbol de ficción', which appeared in the daily newspaper El País of 15 July 2001.

68: - 'Football and prune juice', published on 8 February 2001.

69: - According to a study by Deloitte&Touche, which The Economist quotes in the report referred to in the foregoing footnote, while income for clubs increased by 177% between the 1993/94 and the 1998/99 seasons, players' salaries went up by 266%.

70: - According to www.futvol.com on 20 March 2002.

71: - The most popular European clubs receive several million visitors to their web pages each day. They

receive substantial amounts through those pages by means of advertising or on-line sales.

72: - As a result of the success of that activity, teams tend to promote official shops in shopping centres to the detriment of stalls outside football grounds, many of which, as in the case of Mr Reed, are run by individuals with no connection with the entities that own the teams.

73: - According to The Economist ('It's a funny old game', 8 February 2002), 'merchandising' and sponsors provided 26% of Manchester United's income. In the case of Real Madrid, that business represents approximately a fifth of the club's revenue and it is expected to grow in the future (see the 2001 budget at www.realmadrid.com).

74: - Strong evidence of that is the agreement concluded on 7 February 2001 between Manchester United and the New York Yankees baseball team, by virtue of which both undertakings will be able to offer for sale their respective trade mark goods in the exclusive shops belonging to each of them and negotiate jointly rights with sponsors and television companies.

75: - J.A. Sánchez Perriéñez, marketing director at Real Madrid, writing in the weekly El País Semanal of 3 March 2002.

76: - That is why a number of European clubs' websites also have Japanese versions.

77: - Manchester United has shops in Singapore, Bangkok, Kuala Lumpur and Hong Kong (see The Economist, 'It's a funny old game', 8 February 2001).

78: - His transfer value no doubt reflects the fact that he is the most successful Japanese player in Europe.

79: - In the current season, it is forecast that 500 000 shirts will be sold worldwide. Total income will probably be EUR 36 million, of which nearly half will go to the club.

80: - In the sports section of the Madrid edition of the El País newspaper of 25 April 2002 there is an item giving an account of the arrest by members of the Guardia Civil in Valencia of four persons for the illegal distribution of 14 000 articles bearing the Real Madrid logo with a market value in excess of EUR 336 000.

During the 1998 World Cup Football competition the French authorities initiated 41 proceedings for improper use of trade marks.

In the report on action undertaken by the customs authorities with regard to trade mark infringements, drawn up by the French Directorate-General for customs and indirect taxes of the French Ministry of Finance for the years 1994 to 1998, attention is drawn to the increase in trade mark infringements concerning articles which the public relates to a sport. In taking stock of the situation in 2001, that authority reports that 810 000 souvenirs of the 2002 World Cup football competition had been seized (the two latter documents may be consulted via internet at www.finances.gouv.fr/douanes/actu/rapport).

There is a report in www.sport.fr, dated 25 April 2002, which contains a warning that the market is about to be flooded with counterfeit shirts in the colours of the national teams participating in the World Cup being

held in Korea and Japan, and mentions that there are goods already on the market infringing the trade marks of teams such as Manchester United, Real Madrid and Juventus of Turin.

81: - In the Opinion I delivered on 5 April 2001 in Case C-55/00 Elide Gottardo [2002] ECR I-0000, I had occasion to say that ‘the interpretative role assigned to the Court of Justice by Article 234 EC, with the aim of ensuring that Community law is applied uniformly in the Member States, cannot be limited to giving an automatic response to the questions strictly in accordance with the terms in which they have been formulated; the Court, as the legitimate interpreter of Community law, must analyse the problem from a broader point of view and with greater flexibility so as to give a reply which will be of assistance to the national court which raises the questions and to the other courts in the European Union, in the light of the applicable Community provisions. Otherwise, the dialogue between courts under Article 234 EC might be excessively determined by the court which raises the question, so that, depending on the way it worded the question referred for a preliminary ruling, it could prejudice the preliminary ruling’ (second paragraph of point 36).
