

European Court of Justice, 19 February 2009, UDV v Brandtraders



TRADEMARK LAW

Right of the proprietor of a registered mark to prevent the use by a third party of a sign which is identical to the mark

- **The fact that the third party at issue uses a sign which is identical with a registered mark in relation to goods which are not its own goods, in that it does not have title to them, is not relevant and can therefore not mean by itself that that use does not fall under the concept of ‘use’ for the purpose of Article 9(1) of Regulation No 40/94.**

Indeed, having regard to the established case-law of the Court concerning the concept of ‘use’ within the meaning of Article 5(1) of 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) (see, inter alia, [Case C-206/01 Arsenal Football Club \[2002\] ECR I-10273](#); [Case C-245/02 Anheuser-Busch \[2004\] ECR I-10989](#); [Case C-48/05 Adam Opel \[2007\] ECR I-1017](#); [Case C-17/06 Céline \[2007\] ECR I-7041](#) and [Case C-533/06 O2 Holdings and O2 \(UK\) \[2008\] ECR I-0000](#), paragraph 57), a provision which is identical to Article 9(1) of Regulation No 40/94 and must be interpreted in the same way, in order for the proprietor of a mark to be able to invoke its exclusive rights, in a situation such as that at issue in the main proceedings, which comes within the scope of that referred to in the abovementioned Articles 5 and 9(1)(a), namely the use by a third party of any sign which is identical with that mark in relation to goods or services which are identical with those for which that mark was registered, it suffices that the following four conditions be fulfilled:

- that use is without the consent of the proprietor of the mark,

- it is in the course of trade,
- it is in relation to goods or services,
- the third party uses that sign as a trade mark, that is to say that the use of that sign by the third party must affect or be capable of affecting the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services.

In light of those conditions for application, the fact that the third party at issue uses a sign which is identical with a registered mark in relation to goods which are not its own goods, in that it does not have title to them, is not relevant and can therefore not mean by itself that that use does not fall under the concept of ‘use’ for the purpose of Article 9(1) of Regulation No 40/94.

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European Court of Justice, 19 February 2009

(C.W.A. Timmermans, J.-C. Bonichot, K. Schieman, P. Kūris and L. Bay Larsen)

ORDER OF THE COURT (Second Chamber)

19 February 2009 (*)

(Article 104(3), second subparagraph, of the Rules of Procedure – Community trade mark – Regulation (EC) No 40/94 – Article 9(1)(a) and (2)(d) – Right of the proprietor of a registered mark to prevent the use by a third party of a sign which is identical to the mark – Concept of ‘use’ – Use of a sign which is identical to the mark by a trade intermediary in its business papers – Intermediary acting in its own name but on behalf of a vendor)

In Case C-62/08,

REFERENCE for a preliminary ruling under Article 234 EC from the Hof van Cassatie (Belgium), made by decision of 7 February 2008, received at the Court on 18 February 2008, in the proceedings

UDV North America Inc.

v

Brandtraders NV,

THE COURT (Second Chamber),

composed of C.W.A. Timmermans (Rapporteur), President of the Chamber, J.-C. Bonichot, K. Schieman, P. Kūris and L. Bay Larsen, Judges, Advocate General: D. Ruiz-Jarabo Colomer, Registrar: R. Grass,

having informed the referring court that the Court proposes to give its decision by reasoned order in accordance with the second subparagraph of Article 104(3) of its Rules of Procedure,

having invited the interested parties referred to in Article 23 of the Statute of the Court of Justice to submit any observations they may have on that subject, after hearing the Advocate General, makes the following

Order

1 This reference for a preliminary ruling concerns the interpretation of Article 9(1)(a) and (2)(d) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1).

2 The reference was made in the context of proceedings between UDV North America Inc. ('UDV'), a company established in Stamford (United States of America), and Brandtraders NV ('Brandtraders'), a company established in Zeebrugge (Belgium), concerning the use by Brandtraders of the Community trade mark Smirnoff Ice, of which UDV is the proprietor.

Legal context

3 In the words of the seventh recital in the preamble to Regulation No 40/94:

'... the protection afforded by a Community 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 [between] the goods or services; ... the protection applies also in cases of similarity between the mark and the sign and [between] the goods or services; ... an interpretation should be given of the concept of similarity in relation to the likelihood of confusion; ... the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection'.

4 Article 9 of Regulation No 40/94, entitled 'Rights conferred by a Community trade mark', provides:

'1. A Community 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 Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;
- (b) any sign where, because of its identity with or similarity to the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- (c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.

2. The following, inter alia, may be prohibited under paragraph 1:

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) offering the goods, 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 that sign;

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

...'

The dispute in the main proceedings and the questions referred for a preliminary ruling

5 UDV is the proprietor of the Community trade mark Smirnoff Ice. That mark was registered under No 001540913, with effect from 6 March 2000, for goods within Class 33 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, in respect of goods corresponding to the description 'Alcoholic beverages, namely, distilled spirits, and liqueurs'.

6 Brandtraders operates a website ('the website') on which member companies can anonymously place advertisements, as either vendors or purchasers, and on which they can, also anonymously, negotiate their transactions and possibly reach an agreement in accordance with the general terms and conditions to be found on that site.

7 Non-members can also visit the website where they can consult the offers and requests, although they are not provided with any information about the location of the goods or the price which is sought for them.

8 In accordance with the general terms and conditions, Brandtraders, as soon as it is informed of an agreement, concludes with the purchaser a contract of sale for commission, acting as the vendor's broker, that is to say, in its own name but on behalf of the vendor.

9 On 11 December 2001, a vendor placed an offer on the website for goods described as 'Smirnoff Ice/24 btl/30 cl/5%', indicating the quantity available and the fact that those were goods with the customs status 'T1', that is to say, goods in external Community transit.

10 On 13 December 2001, at the request of UDV, a court bailiff drew up a report which includes a full copy of the website, and therefore of the offer relating to the goods in question, in the form accessible to non-members.

11 On 19 December 2001, following an ex parte application for an injunction brought by UDV, the voorzitter van de rechtbank van koophandel te Brussel (President of the Commercial Court of Brussels) ordered Brandtraders to maintain the goods concerned as they were, subject to a periodic penalty payment of EUR 500 per item not so maintained. That order also appointed an expert in order to describe in more detail the alleged infringement.

12 In the light, in particular, of the expert's report, the facts in the main proceedings were subsequently established as follows, as is apparent from the order for reference and the file.

13 Following the offer which it had placed on the website, Hillyard Trading Ltd ('Hillyard'), a company established in Gibraltar, reached an agreement with Checkprice UK Ltd ('Checkprice'), a company established in Norwich (United Kingdom), for the sale to Checkprice of 3 040 cases of 24 bottles of Smirnoff Ice from Cape Town (South Africa).

14 On 3 September 2001, Brandtraders, in its own name but on behalf of Hillyard, entered into a contract of sale with Checkprice, adopting the terms and conditions of sale agreed by Hillyard and Checkprice, and also sent a letter to Hillyard confirming the conclusion of that contract. The mark Smirnoff Ice was mentioned in that letter of confirmation, but not in the contract of sale. In that letter, it was also stated that Brandtraders was acting in its own name but on behalf of the vendor.

15 On 15 October 2001, Brandtraders issued an invoice to Checkprice for 2 846 cases of goods without customs clearance, 194 cases having been damaged during unloading. That invoice included the sale price, plus Brandtraders' commission. It mentioned the Smirnoff Ice mark.

16 Following payment of that invoice on 22 October 2001, the goods, unloaded in the port of Felixstowe (United Kingdom), were made available to Checkprice. Subsequently, they were put into free circulation.

17 On 30 October 2001, after receipt of a credit note issued on 29 October 2001 by Hillyard for the damaged cases, Brandtraders paid the invoice which Hillyard had issued to it on 18 September 2001 for the goods concerned. That invoice mentioned the Smirnoff Ice mark.

18 On 28 December 2001, UDV sought an injunction against Brandtraders in proceedings before the voorzitter van de rechtbank van koophandel te Brussel, hearing an application for interim relief.

19 By order of 19 April 2002, that application was declared to be admissible and well founded.

20 According to that order, given following inter partes proceedings, Brandtraders infringed Article 9(1) and (2) of Regulation No 40/94 on account of the fact that, first, on 3 September 2001 it purchased a consignment of bottles of Smirnoff Ice from Hillyard which it resold to Checkprice, second, it had previously advertised for that transaction on the website and, finally, it again advertised for such a transaction on that site on 13 December 2001. Furthermore, Brandtraders was ordered not to repeat those infringements, subject to a periodic penalty payment of EUR 100 per infringement.

21 Hearing the appeal against that order, the hof van beroep te Brussel (Court of Appeal, Brussels), by judgment of 23 September 2003, annulled the order and dismissed as unfounded UDV's application for an injunction.

22 That court decided, first, that the unloading of the goods in the port of Felixstowe by Brandtraders' logistical partner could not possibly amount to use of the Smirnoff Ice mark by Brandtraders.

23 Second, according to the hof van beroep te Brussel, since the references on the website were not put there by Brandtraders and that company has, moreover, no control over the offers placed on that site, the offer of the goods with the Smirnoff Ice mark at issue in the main proceedings cannot be attributed to Brandtraders. That court concluded that, in this case, there is no 'use' for the purpose of Article 9(2)(b) of Regulation No 40/94.

24 Third, concerning the mention of the Smirnoff Ice mark in Brandtraders' business papers, particularly in the letter of confirmation and the invoices, the hof van beroep te Brussel held that it amounts to use in the course of trade which is made, furthermore, in the territory of the Community even if, in some circumstances, the goods are not in that territory.

25 However, according to that court, since Brandtraders did not use the sign which is identical to a mark at issue in the main proceedings as an interested party in relation to trade in goods in which it was itself a contractual party, given that it was acting on behalf of a third party, in this case the vendor, that company did not make use of that sign for the purpose of Article 9(1)(a) and (2)(d) of Regulation No 40/94.

26 UDV brought an appeal before the Hof van Cassatie (Court of Cassation) against the judgment of 23 September 2003 claiming that, contrary to the findings of the hof van beroep te Brussel, it is not necessary, for the application of Article 9(1)(a) and (2)(d) of Regulation No 40/94, that the third party concerned, in this case Brandtraders acting as a trade intermediary, act on its own behalf and/or use the sign at issue as an interested party in relation to trade in goods in which it is itself a contractual party, in order for it to be considered to have made use of that sign for the purpose of those provisions.

27 In those circumstances, the Hof van Cassatie decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

'(1) For there to be use of the sign within the meaning of Article 9(1)(a) and (2)(d) of ... Regulation No 40/94 ..., is it necessary that a third party, within the meaning of Article 9(1)(a) of [that] regulation:

(a) uses the sign on his own behalf?
(b) uses the sign as an interested party in relation to trade in goods in which he is himself a contractual party?

(2) Can a trade intermediary who acts in his own name, but not on his own behalf, be regarded as a third party who uses the sign within the meaning of Article 9(1)(a) and (2)(d)?'

The questions referred for a preliminary ruling

28 Since the answer to the questions referred admits of no reasonable doubt, the Court, in accordance with the second subparagraph of Article 104(3) of its Rules of Procedure, informed the referring court that it proposed to give its decision by reasoned order and invited the interested parties referred to in Article 23 of the Statute of the Court of Justice to submit any observations they might have on that subject.

29 In its response to the Court's invitation, UDV did not make any objection to the Court's intention to give its decision by reasoned order. The United Kingdom Government responded to that invitation by stating that it did not wish to submit any observations on that subject.

30 By its questions, the referring court is asking, in essence, whether the concept of 'use' for the purpose of Article 9(1)(a) and (2)(d) of Regulation No 40/94 covers a situation, such as that at issue in the main

proceedings, in which a trade intermediary, which is acting in its own name but on behalf of the vendor and is thus not an interested party in relation to trade in goods in which it is itself a contractual party, uses, in its business papers, a sign which is identical with a Community trade mark in relation to goods or services which are identical with those for which the mark is registered.

31 As a preliminary point, it should, first, be noted that one of the infringements Brandtraders is alleged to have committed, on which the hof van beroep te Brussel ruled to the effect that the mention on the website of the Smirnoff Ice mark, as appearing in the offer at issue in the main proceedings, cannot be attributed to Brandtraders and does not amount therefore to ‘use’ for the purpose of Article 9(2)(b) of Regulation No 40/94, is not the subject of UDV’s appeal before the Hof van Cassatie or, therefore, of the reference for a preliminary ruling.

32 As a result, there is no need to address the arguments put forward by Brandtraders in its written observations in so far as they relate to that alleged infringement.

33 Second, there is also no need to examine the arguments that Brandtraders raises in its written observations relating to principles arising from the case-law of the Court, in particular, Case C-405/03 Class International [2005] ECR I-8735, on the subject of goods placed under the external transit customs procedure and concerning acts consisting in offering or importing goods under a sign which is identical with or similar to a registered mark, such as those referred to in Article 9(2)(b) and (c) of Regulation No 40/94.

34 Indeed, the infringement alleged in the main proceedings concerns acts relating to the use of such a sign in business papers, such as those referred to in Article 9(2)(d) of Regulation No 40/94, which, according to the hof van beroep te Brussel and as was stated in paragraph 24 above, are carried out in the territory of the Community even if, in some circumstances, the goods are not in that territory.

35 However, since the judgment of the hof van beroep te Brussel has not been subject on that point to an appeal in cassation before the referring court, the legal question decided by the hof van beroep te Brussel is not covered by the present reference for a preliminary ruling.

36 It is apparent from the order for reference that the questions submitted for a preliminary ruling derive from the argument, put forward by Brandtraders before the hof van beroep te Brussel and accepted by that court, according to which the mention by that company of the Smirnoff Ice mark in its business papers, in particular in the letter of confirmation and the invoices, does not amount to use of a sign which is identical with a registered mark for the purpose of Article 9(1)(a) and (2)(d) of Regulation No 40/94, since Brandtraders did not use the sign as an interested party in relation to trade in goods in which it was itself a contractual party, in view of the fact that it acted on behalf of a third party, in this case the vendor.

37 In its written observations, Brandtraders based that argument on the following reasoning, which reproduces that put forward before the hof van beroep te Brussel.

38 Under Belgian law, a broker such as that at issue in the main proceedings acts in his own name but on behalf of a third party, the principal, in this case the vendor. Thus, if he acts in a contract of sale on behalf of a vendor, the broker does not acquire title to the goods.

39 In the belief that it can derive an argument by analogy from the case-law of the Benelux Court of Justice, Brandtraders claims that the use by a third party of a sign which is identical with a registered mark must relate to that third party’s own goods in order for the proprietor of that mark to be able to prevent the use by virtue of his exclusive rights.

40 Since, in this case, the use of that sign by the broker by definition does not concern its own goods, the proprietor of the mark at issue could not oppose it by reason of its exclusive rights.

41 That argument must be rejected.

42 Indeed, having regard to the established case-law of the Court concerning the concept of ‘use’ within the meaning of Article 5(1) of 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) (see, inter alia, Case C-206/01 Arsenal Football Club [2002] ECR I-10273; Case C-245/02 Anheuser-Busch [2004] ECR I-10989; Case C-48/05 Adam Opel [2007] ECR I-1017; Case C-17/06 Céline [2007] ECR I-7041 and Case C-533/06 O2 Holdings and O2 (UK) [2008] ECR I-0000, paragraph 57), a provision which is identical to Article 9(1) of Regulation No 40/94 and must be interpreted in the same way, in order for the proprietor of a mark to be able to invoke its exclusive rights, in a situation such as that at issue in the main proceedings, which comes within the scope of that referred to in the abovementioned Articles 5 and 9(1)(a), namely the use by a third party of any sign which is identical with that mark in relation to goods or services which are identical with those for which that mark was registered, it suffices that the following four conditions be fulfilled:

- that use is without the consent of the proprietor of the mark,
- it is in the course of trade,
- it is in relation to goods or services,
- the third party uses that sign as a trade mark, that is to say that the use of that sign by the third party must affect or be capable of affecting the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services.

43 In light of those conditions for application, the fact that the third party at issue uses a sign which is identical with a registered mark in relation to goods which are not its own goods, in that it does not have title to them, is not relevant and can therefore not mean by itself that that use does not fall under the concept of

'use' for the purpose of Article 9(1) of Regulation No 40/94.

44 First, the Court has held that, for that use to be considered to be in the course of trade, it must take place in the context of commercial activity with a view to economic advantage and not as a private matter (Arsenal Football Club, paragraph 40).

45 In the present case, the use at issue in the main proceedings by an operator such as Brandtraders is clearly in the context of a commercial activity with a view to economic advantage.

46 Indeed, it is common ground that, in the main proceedings, Brandtraders acted in a contract of sale and received remuneration for that action. The fact that, in that context, the broker acted on behalf of the vendor is in that regard irrelevant.

47 In addition, it is clear that the use at issue in the main proceedings is in relation to goods since, even though it is not a case of affixing to a third party's goods a sign which is identical with a registered mark, there is use 'in relation to goods or services' within the meaning of Article 9(1)(a) of Regulation No 40/94 where the third party uses that sign in such a way that a link is established between the sign and the goods marketed or the services provided by the third party, in the main proceedings in the form of the use of the sign at issue in business papers (see, to that effect, Arsenal Football Club, paragraph 41, and Céline, paragraphs 22 and 23).

48 Since such a link is established, it is, besides, irrelevant that the third party uses a sign which is identical with a registered mark for the marketing of goods which are not its own goods in the sense that it does not acquire title to those goods in the course of the transaction in which it acts.

49 It cannot, furthermore, be disputed that the use of that sign by the third party, in a situation such as that at issue in the main proceedings, is likely to be interpreted by the public targeted as designating or tending to designate the third party as the undertaking from which the goods originate and is therefore such as to create the impression that there is a material link in trade between those goods and the undertaking from which they originate (see, to that effect, Anheuser-Busch, paragraph 60).

50 Indeed, by such use, the third party assumes de facto the essential prerogative that is granted to the proprietor of a mark, namely the exclusive power to use the sign at issue so as to distinguish goods.

51 In such a case, this is clearly a question of use of the mark as a mark. In that regard, it is, moreover, irrelevant that the use is by the third party in the context of the marketing of goods on behalf of another operator having sole title to those goods.

52 Finally, it is common ground that the use of the sign at issue in the main proceedings by Brandtraders was not authorised by UDV.

53 It follows that the use by a third party of a sign which is identical to a registered mark, in circumstances such as those in the main proceedings, falls under the concept of 'use' for the purpose of Article

9(1) of Regulation No 40/94 since all the conditions of application laid down in that provision with regard to that concept are clearly fulfilled.

54 In light of the above, the answer to the questions referred is that the concept of 'use' for the purpose of Article 9(1)(a) and (2)(d) of Regulation No 40/94 covers a situation, such as that at issue in the main proceedings, in which a trade intermediary, which is acting in its own name but on behalf of the vendor and is thus not an interested party in relation to trade in goods in which it is itself a contractual party, uses, in its business papers, a sign which is identical with a Community trade mark in relation to goods or services which are identical with those for which the mark is registered.

Costs

55 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

The concept of 'use' for the purpose of Article 9(1)(a) and (2)(d) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark covers a situation, such as that at issue in the main proceedings, in which a trade intermediary, which is acting in its own name but on behalf of the vendor and is thus not an interested party in relation to trade in goods in which it is itself a contractual party, uses, in its business papers, a sign which is identical with a Community trade mark in relation to goods or services which are identical with those for which the mark is registered.