

European Court of Justice, 18 June 2009, L'Oréal v Bellure



Tresor



La valeur



Miracle



Pink Wonder

TRADEMARK LAW - ADVERTISING

Unfair advantage

- Does not require that there be a likelihood of confusion or a like-likelihood of detriment to the distinctive character or the repute of the mark

In the light of the above, the answer to the fifth question is that Article 5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a like-likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor.

- Where the third party seeks to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark

The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.

Comparison lists – jeopardising the essential function of the mark

- The proprietor of a trade mark is entitled to prevent the use by a third party, in an unlawful comparative advertisement of a sign identical with that mark in relation to goods or services which are identical with those for which that mark was regis-

tered, even where such use is not capable of jeopardising the essential function of the mark

In the light of the above considerations, the answer to the first and second questions is that Article 5(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of a registered trade mark is entitled to prevent the use by a third party, in a comparative advertisement which does not satisfy all the conditions, laid down in Article 3a(1) of Directive 84/450, under which comparative advertising is permitted, of a sign identical with that mark in relation to goods or services which are identical with those for which that mark was registered, even where such use is not capable of jeopardising the essential function of the mark, which is to indicate the origin of the goods or services, provided that such use affects or is liable to affect one of the other functions of the mark.

These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.

Comparison lists – unfair advantage

- Stating explicitly or implicitly in comparative advertising that the product is an imitation of a product bearing a well-known trade mark makes the advertisement unlawful and any advantage gained as a result is unfair advantage

Consequently, the answer to the third and fourth questions is that Article 3a(1) of Directive 84/450 must be interpreted as meaning that an advertiser who states explicitly or implicitly in comparative advertising that the product marketed by him is an imitation of a product bearing a well-known trade mark presents 'goods or services as imitations or replicas' within the meaning of Article 3a(1)(h). The advantage gained by the advertiser as a result of such unlawful comparative advertising must be considered to be an advantage taken unfairly of the reputation of that mark within the meaning of Article 3a(1)(g).

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European Court of Justice, 18 June 2009

(P. Jann, M. Ilešić, A. Tizzano, A. Borg Barthet and E. Levits)

JUDGMENT OF THE COURT (First Chamber)

18 June 2009 (*)

(Directive 89/104/EEC – Trade marks – Article 5(1) and (2) – Use in comparative advertising – Right to have such use prevented – Taking unfair advantage of the repute of a trade mark – Impairment of the functions of the trade mark – Directive 84/450/EEC – Comparative advertising – Article 3a(1)(g) and (h) – Conditions under which comparative advertising is permitted – Taking unfair advantage of the reputation of a trade mark – Presentation of goods as imitations or replicas)

In Case C-487/07,
REFERENCE for a preliminary ruling under Article 234 EC from the Court of Appeal (England and Wales) (Civil Division) (United Kingdom), made by decision of 22 October 2007, received at the Court on 5 November 2007, in the proceedings
L'Oréal SA,
Lancôme parfums et beauté & Cie SNC,
Laboratoire Garnier & Cie
v
Bellure NV,
Malaika Investments Ltd, trading as 'Honey pot cosmetic & Perfumery Sales',
Starion International Ltd,
THE COURT (First Chamber),
composed of P. Jann, President of the Chamber, M. Ilešič (Rapporteur), A. Tizzano, A. Borg Barthet and E. Levits, Judges,
Advocate General: P. Mengozzi,
Registrar: R. Şereş, Administrator,
having regard to the written procedure and further to the hearing on 5 November 2008,
after considering the observations submitted on behalf of:

– L'Oréal SA, Lancôme parfums et beauté & Cie SNC and Laboratoire Garnier & Cie, by H. Carr QC and D. Anderson QC, and by J. Reid, Barrister, instructed by Baker & McKenzie LLP,
– Malaika Investments Ltd and Starion International Ltd, by R. Wyand QC, and by H. Porter and T. Moody-Stuart, Solicitors,
– the United Kingdom Government, by T. Harris and subsequently by L. Seeboruth, acting as Agents, and by S. Malynciz, Barrister,
– the French Government, by G. de Bergues and by A.-L. During and B. Beaupère-Manokha, acting as Agents,
– the Netherlands Government, by C. Wissels, acting as Agent,
– the Polish Government, by A. Rutkowska and K. Rokicka, acting as Agents,
– the Portuguese Government, by L. Inez Fernandes and I. Vieira da Silva, acting as Agents,
– the Commission of the European Communities, by W. Wils and H. Krämer, acting as Agents,
after hearing the [Opinion of the Advocate General](#) at the sitting on 10 February 2009,
gives the following

Judgment

1 This reference for a preliminary ruling relates to the interpretation of Article 5(1) and (2) 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) and Article 3a(1) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising (OJ 1984 L 250, p. 17), as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997 (OJ 1997 L 290, p. 18) ('Directive 84/450').

2 The reference was made in proceedings brought by L'Oréal SA, Lancôme parfums et beauté & Cie SNC

and Laboratoire Garnier & Cie (together 'L'Oréal and Others') against Bellure NV ('Bellure'), Malaika Investments Ltd, trading as 'Honey pot cosmetic & Perfumery Sales' ('Malaika'), and Starion International Ltd ('Starion'), in which the claimants seek a declaration that their trade mark rights have been infringed by the defendants.

Legal context

Community legislation

3 Directive 89/104 has been repealed by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25), which entered into force on 28 November 2008. However, having regard to the date of the facts in the main proceedings, those proceedings continue to be governed by Directive 89/104.

4 The 10th recital in the preamble to Directive 89/104 is worded as follows:

'... 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; ... the protection applies also in case of similarity between the mark and the sign and the goods or services; ... it is indispensable to give an interpretation 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, of the association which can be made with the used or registered sign, of 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; ... the ways in which likelihood of confusion may be established, and in particular the onus of proof, are a matter for national procedural rules which are not prejudiced by the Directive'.

5 Article 5 of Directive 89/104, which is entitled 'Rights conferred by a trade mark', states:

'1. 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.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State

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 trade mark.

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

...
(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;

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

...
6 Article 6 of the directive is entitled 'Limitation of the effects of a trade mark'. Article 6(1) provides: 'The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

...
(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;

...
7 The provisions relating to comparative advertising were introduced into the original version of Directive 84/450 by Directive 97/55.

8 Recitals 2, 7, 9, 11, 13 to 15 and 19 in the preamble to Directive 97/55 are worded as follows:

'(2) ... the completion of the internal market will mean an ever wider range of choice; ... given that consumers can and must make the best possible use of the internal market, and that advertising is a very important means of creating genuine outlets for all goods and services throughout the Community, the basic provisions governing the form and content of comparative advertising should be uniform and the conditions of the use of comparative advertising in the Member States should be harmonised; ... if these conditions are met, this will help demonstrate objectively the merits of the various comparable products; ... comparative advertising can also stimulate competition between suppliers of goods and services to the consumer's advantage;

...
(7) ... conditions of permitted comparative advertising, as far as the comparison is concerned, should be established in order to determine which practices relating to comparative advertising may distort competition, be detrimental to competitors and have an adverse effect on consumer choice; ... such conditions of permitted advertising should include criteria of objective comparison of the features of goods and services;

...
(9) ... in order to prevent comparative advertising being used in an anti-competitive and unfair manner, only comparisons between competing goods and services meeting the same needs or intended for the same purpose should be permitted;

...
(11) ... the conditions of comparative advertising should be cumulative and respected in their entirety; ...

(13) ... Article 5 of ... Directive 89/104 ... confers exclusive rights on the proprietor of a registered trade mark, including the right to prevent all third parties from using, in the course of trade, any sign which is identical with, or similar to, the trade mark in relation to identical goods or services or even, where appropriate, other goods;

(14) ... it may, however, be indispensable, in order to make comparative advertising effective, to identify the goods or services of a competitor, making reference to a trade mark or trade name of which the latter is the proprietor;

(15) ... such use of another's trade mark, trade name or other distinguishing marks does not breach this exclusive right in cases where it complies with the conditions laid down by this Directive, the intended target being solely to distinguish between them and thus to highlight differences objectively;

...
(19) ... a comparison which presents goods or services as an imitation or a replica of goods or services bearing a protected trade mark or trade name shall not be considered to fulfil the conditions to be met by permitted comparative advertising.'

9 Article 1 of Directive 84/450 states that its purpose is, inter alia, to lay down the conditions under which comparative advertising is permitted.

10 Article 2(1) of that directive provides that 'advertising' means 'the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services, including immovable property, rights and obligations'. Article 2(2a) states that 'comparative advertising' means 'any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor'.

11 Article 3a(1) of that directive provides: 'Comparative advertising shall, as far as the comparison is concerned, be permitted when the following conditions are met:

(a) it is not misleading according to Articles 2(2), 3 and 7(1);

...
(d) it does not create confusion in the market place between the advertiser and a competitor or between the advertiser's trade marks, trade names, other distinguishing marks, goods or services and those of a competitor;

(e) it does not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities, or circumstances of a competitor;

...
(g) it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products;

(h) it does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name.'

National legislation

12 The provisions of Directive 89/104 were transposed into national law by the Trade Marks Act 1994. Article 5(1)(a) and (2) of Directive 89/104 were transposed by sections 10(1) and (3) of that act.

13 The provisions of Article 3a of Directive 84/450 were transposed into national law by the Control of Misleading Advertisements (Amendment) Regulations 2000 (SI 2000/914), which introduced a new regulation 4A into the Control of Misleading Advertisements (Amendment) Regulations 1988 (SI 1988/915).

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

14 L'Oréal and Others are members of the L'Oréal group, which produces and markets fine fragrances. In the United Kingdom, they are proprietors of the following well-known trade marks, which are registered for perfumes and other fragrance products:

- the Trésor perfume marks:
- the word mark Trésor ('the Trésor word mark');
- the word and figurative mark consisting of a representation of the Trésor perfume bottle, viewed from the front and the side, showing, in particular, the word 'Trésor' ('the Trésor bottle mark');
- the word and figurative mark consisting of a representation of the packaging in which that bottle is marketed, viewed from the front, showing, in particular, the name Trésor ('the Trésor packaging mark');
- the Miracle perfume marks:
- the word mark Miracle ('the Miracle word mark');
- the word and figurative mark consisting of a representation of the Miracle perfume bottle, viewed from the front, showing, in particular, the word 'Miracle' ('the Miracle bottle mark');
- the word and figurative mark consisting of a representation of the packaging in which the Miracle perfume bottle is marketed, viewed from the front, showing, in particular, the word 'Miracle' ('the Miracle packaging mark');
- the word mark Anaïs-Anaïs;
- the Noa perfume marks:
- the word mark Noa Noa; and
- the word and figurative marks consisting of the word 'Noa' in a stylised form.

15 In the United Kingdom, Malaika and Starion market imitations of fine fragrances as the 'Creation Lamis' range. Starion also markets imitations of fine fragrances as the 'Dorall' and 'Stitch' ranges.

16 The 'Creation Lamis' and 'Dorall' ranges are produced by Bellure.

17 The 'Creation Lamis' range comprises, in particular, the La Valeur perfume, which is an imitation of the Trésor perfume, with the bottle and packaging in which it is sold being generally similar in appearance to those of the Trésor brand. It also comprises the Pink Wonder perfume, which is an imitation of the Miracle perfume, with the bottle and packaging in which it is sold being generally similar in appearance to those of the Miracle brand.

18 In both cases, it is not in dispute that that similarity is unlikely to mislead professionals or the public.

19 The 'Dorall' range comprises, in particular, the Coffret d'Or perfume, which is an imitation of the Trésor perfume, with the bottle and packaging in which it is sold being slightly similar in appearance to those of the Trésor brand.

20 The packaging in which the 'Stitch' range is sold is basic in appearance and bears no resemblance to the bottles and packaging of the fragrances marketed by L'Oréal and Others.

21 In marketing perfumes in the 'Creation Lamis', 'Dorall' and 'Stitch' ranges, Malaika and Starion use comparison lists which they provide to their retailers and which indicate the word mark of the fine fragrance of which the perfume being marketed is an imitation ('the comparison lists').

22 L'Oréal and Others brought proceedings before the High Court of Justice of England and Wales (Chancery Division) against Bellure, Malaika and Starion, alleging infringement of their trade mark rights.

23 L'Oréal and Others claimed, first, that the use of the comparison lists constituted an infringement of the rights pertaining to their Trésor, Miracle, Anaïs-Anaïs and Noa word marks, and of their Noa word and figurative marks. They submitted that such infringement is prohibited by section 10(1) of the Trade Marks Act 1994.

24 They argued, secondly, that the imitation of the bottles and packaging of their products and the sale of perfumes in that packaging constituted an infringement of the rights pertaining to their Trésor and Miracle word marks, together with their Trésor bottle word and figurative marks, the Trésor packaging mark, the Miracle bottle mark and the Miracle packaging mark, in each case prohibited by section 10(3) of the Trade Marks Act 1994.

25 By judgment of 4 October 2006, the High Court granted the application in so far as it was based on section 10(1) of the Trade Marks Act 1994. However, to the extent to which the application was based on section 10(3) of the act, it granted the application as regards only the Trésor packaging mark and the Miracle bottle mark.

26 Malaika and Starion and L'Oréal and Others brought an appeal against that judgment before the Court of Appeal (England and Wales) (Civil Division).

27 As regards the use of the comparison lists mentioning the word marks owned by L'Oréal and Others, which the latter consider constitutes comparative advertising within the meaning of Directive 84/450, the referring court is uncertain whether the use of a competitor's trade mark in such lists may be prevented under Article 5(1)(a) of Directive 89/104.

28 If that is the case, the referring court wonders whether such use could none the less be permitted by virtue of Article 6(1)(b) of Directive 89/104. Since it takes the view in that regard that the use of a competitor's trade mark in comparative advertising satisfies the requirements of Article 6 of Directive 89/104 where that advertising complies with Article 3a of Directive 84/450, it considers that an interpretation of the latter

provision is necessary in order for it to give judgment in the main proceedings.

29 As regards the use of packaging and bottles similar to those of the fine fragrances marketed by L'Oréal and Others, the referring court seeks clarification of the concept of 'unfair advantage' within the meaning of Article 5(2) of Directive 89/104.

30 In those circumstances, the Court of Appeal (England and Wales) (Civil Division) decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

'(1) Where a trader, in an advertisement for his own goods or services, uses a registered trade mark owned by a competitor for the purpose of comparing the characteristics (and in particular the smell) of goods marketed by him with the characteristics (and in particular the smell) of the goods marketed by the competitor under that mark in such a way that it does not cause confusion or otherwise jeopardise the essential function of the trade mark as an indication of origin, does his use fall within either (a) or (b) of Article 5(1) of Directive 89/104?

(2) Where a trader in the course of trade uses (particularly in a comparison list) a well-known registered trade mark for the purpose of indicating a characteristic of his own product (particularly its smell) in such a way that:

(a) it does not cause any likelihood of confusion of any sort; and

(b) it does not affect the sale of the products under the well-known registered mark; and

(c) it does not jeopardise the essential function of the registered trade mark as a guarantee of origin and does not harm the reputation of that mark, whether by tarnishment of its image or dilution or in any other way; and

(d) it plays a significant role in the promotion of the trader's product,
does that use fall within Article 5(1)(a) of Directive 89/104?

(3) In the context of Article 3a[1](g) of [Directive 84/450], what is the meaning of "take unfair advantage of" and in particular, where a trader in a comparison list compares his product with a product under a well-known trade mark, does he thereby take unfair advantage of the reputation of the well-known mark?

(4) In the context of Article 3a[1](h) of the said directive, what is the meaning of "present[ing] goods or services as imitations or replicas" and in particular does this expression cover the case where, without in any way causing confusion or deception, a party merely truthfully says that his product has a major characteristic (smell) like that of a well-known product which is protected by a trade mark?

(5) Where a trader uses a sign which is similar to a registered trade mark which has a reputation, and that sign is not confusingly similar to the trade mark, in such a way that:

(a) the essential function of the registered trade mark of providing a guarantee of origin is not impaired or put at risk;

(b) there is no tarnishing or blurring of the registered trade mark or its reputation or any risk of either of these;

(c) the trade mark owner's sales are not impaired; and

(d) the trade mark owner is not deprived of any of the reward for promotion, maintenance or enhancement of his trade mark;

(e) but the trader gets a commercial advantage from the use of his sign by reason of its similarity to the registered mark,

does that use amount to the taking of an "unfair advantage" of the reputation of the registered mark within the meaning of Article 5(2) of [Directive 89/104]?"

The questions referred for a preliminary ruling

31 As the referring court has indicated, the first to the fourth questions, which concern the interpretation of Article 5(1) of Directive 89/104 and Article 3a(1) of Directive 84/450, relate to the use in comparison lists by the defendants in the main proceedings of the word marks belonging to L'Oréal and Others, whereas the fifth question, which concerns the interpretation of Article 5(2) of Directive 89/104, relates to the use of packaging and bottles similar to those of the fine fragrances marketed by L'Oréal and Others, which are protected by word and figurative marks. Since, however, Article 5(2) can also be applied to the use of those marks in the comparison lists at issue, the fifth question should be answered first.

The fifth question

32 By its fifth question, the referring court is essentially asking whether Article 5(2) of Directive 89/104 must be interpreted as meaning that a third party who uses a sign similar to a trade mark with a reputation can be held to take unfair advantage of the mark, within the meaning of that provision, where such use gives that party an advantage in the marketing of his goods or services, without, however, giving rise, as far as the public is concerned, to a likelihood of confusion or causing or risking causing detriment to the mark or to its proprietor.

33 As a preliminary point, it should be noted that the legal and factual context falls to be determined by the referring court and, accordingly, that it is not for the Court of Justice to call into question findings of a factual nature (see, to that effect, Case C-153/02 Neri [2003] ECR I-13555, paragraphs 34 and 35, and Case C-347/06 ASM Brescia [2008] ECR I-0000, paragraph 28). It follows that the Court is bound by the approach to the facts adopted by the referring court, even if, as the United Kingdom Government and the French Government have argued, it may appear *prima facie* unlikely that use by a third party of a sign similar to a trade mark, in order to market goods which imitate those for which that mark was registered, will benefit the marketing of the goods of that third party without such use concomitantly causing harm to the image or the marketing of the goods bearing that mark.

34 Article 5(2) of Directive 89/104 establishes, for the benefit of trade marks with a reputation, a wider form of protection than that laid down in Article 5(1).

The specific condition of that protection consists of a use without due cause of a sign identical with or similar to a registered mark which takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark (see, to that effect, [Case C-425/98 Marca Mode \[2000\] ECR I-4861, paragraph 36](#); [Case C-408/01 Adidas-Salomon and Adidas Benelux \[2003\] ECR I-12537, paragraph 27](#); and [Case C-102/07 adidas and adidas Benelux \[2008\] ECR I-2439, paragraph 40](#); together with, as regards Article 4(4)(a) of Directive 89/104, [Case C-252/07 Intel Corporation \[2008\] ECR I-0000, paragraph 26](#)).

35 In addition, the Court has stated that Article 5(2) of Directive 89/104 also applies in relation to goods and services identical with or similar to those in respect of which the mark was registered (see, to that effect, [Case C-292/00 Davidoff \[2003\] ECR I-389, paragraph 30](#); [Adidas-Salomon and Adidas Benelux, paragraphs 18 to 22](#); and [adidas and adidas Benelux, paragraph 37](#)).

36 The infringements referred to in Article 5(2) of Directive 89/104, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them without confusing them. It is thus not necessary that the degree of similarity between the mark with a reputation and the sign used by the third party is such that there exists a likelihood of confusion between them on the part of the relevant section of the public. It is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark (see [Adidas-Salomon and Adidas Benelux, paragraphs 29 and 31](#), and [adidas and adidas Benelux, paragraph 41](#)).

37 The existence of such a link in the mind of the public constitutes a condition which is necessary but not, of itself, sufficient to establish the existence of one of the types of injury against which Article 5(2) of Directive 89/104 ensures protection for the benefit of trade marks with a reputation (see, to that effect, [Intel Corporation, paragraphs 31 and 32](#)).

38 Those types of injury are, first, detriment to the distinctive character of the mark, secondly, detriment to the repute of that mark and, thirdly, unfair advantage taken of the distinctive character or the repute of that mark (see, to that effect, [Intel Corporation, paragraph 27](#)).

39 As regards detriment to the distinctive character of the mark, also referred to as 'dilution', 'whittling away' or 'blurring', such detriment is caused when that mark's ability to identify the goods or services for which it is registered is weakened, since use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is particularly the case when the mark, which at one time aroused immediate association with the goods or services for which it is registered, is

no longer capable of doing so (see, to that effect, [Intel Corporation, paragraph 29](#)).

40 As regards detriment to the repute of the mark, also referred to as 'tarnishment' or 'degradation', such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark's power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.

41 As regards the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as 'parasitism' or 'free-riding', that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

42 Just one of those three types of injury suffices for Article 5(2) of Directive 89/104 to apply (see, to that effect, [Intel Corporation, paragraph 28](#)).

43 It follows that an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor.

44 In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, [Intel Corporation, paragraphs 67 to 69](#)).

45 In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark.

46 In the present case, it is a matter of agreement that Malaika and Starion use packaging and bottles similar to the marks with a reputation registered by

L'Oréal and Others in order to market perfumes which constitute 'downmarket' imitations of the luxury fragrances for which those marks are registered and used.

47 In that regard, the referring court has held that there is a link between certain packaging used by Malaika and Starion, on the one hand, and certain marks relating to packaging and bottles belonging to L'Oréal and Others, on the other. In addition, it is apparent from the order for reference that that link confers a commercial advantage on the defendants in the main proceedings. It is also apparent from the order for reference that the similarity between those marks and the products marketed by Malaika and Starion was created intentionally in order to create an association in the mind of the public between fine fragrances and their imitations, with the aim of facilitating the marketing of those imitations.

48 In the general assessment which the referring court will have to undertake in order to determine whether, in those circumstances, it can be held that unfair advantage is being taken of the distinctive character or the repute of the mark, that court will, in particular, have to take account of the fact that the use of packaging and bottles similar to those of the fragrances that are being imitated is intended to take advantage, for promotional purposes, of the distinctive character and the repute of the marks under which those fragrances are marketed.

49 In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

50 In the light of the above, the answer to the fifth question is that Article 5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.

The first and second questions

51 By its first question, the referring court is asking whether Article 5(1)(a) or (b) of Directive 89/104 must be interpreted as meaning that the proprietor of a registered trade mark is entitled to prevent the use by a third party, in comparative advertising, of a sign identical with that mark in relation to goods or services which are identical with those for which that mark was registered, where such use is not capable of jeopardising the essential function of the mark, which is to indicate the origin of the goods or services. By its second question, which should be considered together with the first question, the referring court is essentially asking whether the proprietor of a well-known mark can oppose such use, under Article 5(1)(a), where that use is not capable of jeopardising the mark or one of its functions but none the less plays a significant role in the promotion of the goods or services of the third party.

52 It should be noted at the outset that comparison lists such as those at issue in the main proceedings may constitute comparative advertising. Article 2(1) of Directive 84/450 provides that 'advertising' comprises the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services. Article 2(2a) states that such advertising falls to be treated as comparative where, explicitly or by implication, it identifies a competitor or goods or services offered by a competitor. Those particularly broad definitions mean that the forms which comparative advertising may take are very varied (see, to that effect, [Case C-112/99 Toshiba Europe \[2001\] ECR I-7945, paragraphs 28 and 31](#); [Case C-44/01 Pippig Augenoptik \[2003\] ECR I-3095, paragraph 35](#); [Case C-381/05 De Landtsheer Emmanuel \[2007\] ECR I-3115, paragraph 16](#); and [Case C-533/06 O2 Holdings and O2 \(UK\) \[2008\] ECR I-4231, paragraph 42](#)).

53 Moreover, the Court has already held that the use by an advertiser, in a comparative advertisement, of a sign identical with or similar to the mark of a competitor for the purposes of identifying the goods or services offered by the latter can be regarded as use for the advertiser's own goods and services for the purposes of Article 5(1) and (2) of Directive 89/104. Such use may therefore be prevented, where appropriate, by virtue of those provisions (see [O2 Holdings and O2 \(UK\), paragraphs 36 and 37](#)).

54 However, the Court has stated that the proprietor of a registered trade mark is not entitled to prevent the use by a third party of a sign identical with or similar to his mark in a comparative advertisement which satisfies all the conditions, laid down in Article 3a(1) of Directive 84/450, under which comparative advertising is permitted (see [O2 Holdings and O2 \(UK\), paragraphs 45 and 51](#)).

55 It should also be pointed out that it is not in dispute that, in the comparison lists relating to perfumes, Malaika and Starion have used the word marks Trésor, Miracle, Anaïs-Anaïs and Noa, as registered by L'Oréal and Others, and not signs which are merely similar to those marks. Furthermore, that use was made in respect of products which are identical with those in

respect of which those marks were registered, that is to say, perfumes.

56 Such use falls within the scope of application of Article 5(1)(a) of Directive 89/104 and not that of Article 5(1)(b).

57 The first sentence of Article 5(1) of Directive 89/104 provides that the registered trade mark is to confer on the proprietor exclusive rights therein. By virtue of Article 5(1)(a) of that directive, those exclusive rights entitle the proprietor to prevent all third parties not having his consent from using, in the course of trade, 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.

58 The Court has already held that the exclusive right under Article 5(1)(a) of Directive 89/104 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 and that, therefore, the exercise of that right must 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 ([Case C-206/01 Arsenal Football Club \[2002\] ECR I-10273, paragraph 51](#); [Case C-245/02 Anheuser-Busch \[2004\] ECR I-10989, paragraph 59](#); and [Case C-48/05 Adam Opel \[2007\] ECR I-1017, paragraph 21](#)). These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.

59 The protection conferred by Article 5(1)(a) of Directive 89/104 is thus broader than that provided by Article 5(1)(b), the application of which requires that there be a likelihood of confusion and accordingly the possibility that the essential function of the mark may be affected (see, to that effect, [Davidoff, paragraph 28](#), and [O2 Holdings and O2 \(UK\), paragraph 57](#)). By virtue of the 10th recital in the preamble to Directive 89/104, the protection afforded by the registered trade mark is absolute in the case of identity between the mark and the sign and also between the goods or services, whereas, in case of similarity between the mark and the sign and between the goods or services, the likelihood of confusion constitutes the specific condition for such protection.

60 It is apparent from the case-law cited in paragraph 58 of this judgment that the proprietor of the mark cannot oppose the use of a sign identical with the mark on the basis of Article 5(1)(a) of Directive 89/104 if that use is not liable to cause detriment to any of the functions of that mark (see also [Arsenal Football Club, paragraph 54](#), and [Adam Opel, paragraph 22](#)).

61 Thus, the Court has already held that certain uses for purely descriptive purposes are excluded from the scope of application of Article 5(1) of Directive 89/104, because they do not affect any of the interests which that provision is intended to protect and accordingly do not constitute 'use' within the meaning of that

provision (see, to that effect, [Case C-2/00 Hölterhoff \[2002\] ECR I-4187, paragraph 16](#)).

62 It must, however, be made clear that the situation described in the main proceedings is fundamentally different from that which gave rise to the judgment in Hölterhoff, in that the word marks belonging to L'Oréal and Others are used in the comparison lists distributed by Malaika and Starion not for purely descriptive purposes, but for the purpose of advertising.

63 It is for the referring court to determine whether, in a situation such as that which arises in the main proceedings, the use which is made of the marks belonging to L'Oréal and Others is liable to affect one of the functions of those marks, such as, in particular, their functions of communication, investment or advertising.

64 Furthermore, in so far as that court has held that those marks have a reputation, their use in the comparison lists may also be prevented under Article 5(2) of Directive 89/104, the applicability of which does not necessarily require, as was held in paragraph 50 of this judgment, that there be a likelihood of detriment to the mark or its proprietor, provided that the third party takes unfair advantage of the use of that mark.

65 In the light of the above considerations, the answer to the first and second questions is that Article 5(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of a registered trade mark is entitled to prevent the use by a third party, in a comparative advertisement which does not satisfy all the conditions, laid down in Article 3a(1) of Directive 84/450, under which comparative advertising is permitted, of a sign identical with that mark in relation to goods or services which are identical with those for which that mark was registered, even where such use is not capable of jeopardising the essential function of the mark, which is to indicate the origin of the goods or services, provided that such use affects or is liable to affect one of the other functions of the mark.

The third and fourth questions

66 By its third and fourth questions, which should be considered together, the referring court is essentially asking whether Article 3a(1) of Directive 84/450 must be interpreted as meaning that where an advertiser indicates through a comparison list, without in any way causing confusion or deception, that his product has a major characteristic similar to that of product marketed under a well-known trade mark, of which the advertiser's product constitutes an imitation, that advertiser takes unfair advantage of the reputation of that trade mark, within the meaning of Article 3a(1)(g) or presents 'goods or services as imitations or replicas' within the meaning of Article 3a(1)(h).

67 Article 3a(1)(a) to (h) of Directive 84/450 lists cumulative conditions which comparative advertising must satisfy in order to be permitted.

68 The purpose of those conditions is to achieve a balance between the different interests which may be affected by allowing comparative advertising. Thus, it is apparent from a reading of recitals 2, 7 and 9 in the preamble to Directive 97/55 that the aim of Article 3a is to stimulate competition between suppliers of

goods and services to the consumer's advantage, by allowing competitors to highlight objectively the merits of the various comparable products while, at the same time, prohibiting practices which may distort competition, be detrimental to competitors and have an adverse effect on consumer choice.

69 It follows that the conditions listed in Article 3a(1) must be interpreted in the sense most favourable to permitting advertisements which objectively compare the characteristics of goods or services (see, to that effect, *De Landtsheer Emmanuel*, paragraph 35 and the case-law cited), while ensuring at the same time that comparative advertising is not used anti-competitively and unfairly or in a manner which affects the interests of consumers.

70 As regards, more specifically, the use of a competitor's trade mark in comparative advertising, Article 3a(1) of Directive 84/450 makes such use subject inter alia to four particular conditions, laid down in Article 3a(1)(d), (e), (g) and (h) respectively. It is thus provided that the use of the mark must not create a likelihood of confusion, it must not discredit or denigrate the mark, it must not take unfair advantage of the reputation of the mark and it must not present goods or services as imitations or replicas of goods or services bearing the mark.

71 As is apparent from recitals 13 to 15 in the preamble to Directive 97/55, the object of those conditions is to reconcile the interest of the proprietor of the mark in benefiting from protection of his exclusive right, on the one hand, and the interest of the proprietor's competitors and of consumers in having effective comparative advertising which objectively highlights the differences between the goods or services offered.

72 It follows that the use of a competitor's trade mark in comparative advertising is permitted by Community law where the comparison objectively highlights differences and the object or effect of such highlighting is not to give rise to situations of unfair competition, such as those described inter alia in Article 3a(1)(d), (e), (g) and (h) of Directive 84/450 (see, to that effect, *Pippig Augenoptik*, paragraph 49).

73 As regards, in the first place, Article 3a(1)(h) of Directive 84/450, which provides that comparative advertising must not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name, it is clear from the wording of that provision and that of recital 19 in the preamble to Directive 97/55 that that condition applies not only to counterfeit goods but also to any imitation or replica.

74 In addition, it follows from a systematic interpretation of Article 3a(1)(h) of Directive 84/450 that that provision does not require either that the comparative advertising be misleading in nature or that there be a likelihood of confusion. The requirement that there be no misleading effect and the requirement that there be no likelihood of confusion are distinct conditions as regards the question whether comparative advertising is permitted, set out under Article 3a(1)(a) and (d).

75 The particular object of the condition laid down in Article 3a(1)(h) of Directive 84/450 is to prohibit an advertiser from stating in comparative advertising that the product or service marketed by him constitutes an imitation or replica of the product or the service covered by the trade mark. In that regard, as the Advocate General stated in point 84 of his Opinion, it is not only advertisements which explicitly evoke the idea of imitation or reproduction which are prohibited, but also those which, having regard to their overall presentation and economic context, are capable of implicitly communicating such an idea to the public at whom they are directed.

76 It is not in dispute that the object and effect of the comparison lists at issue in the main proceedings are to draw the attention of the relevant public to the original fragrance of which the perfumes marketed by Malaika and Starion are purportedly an imitation. Those lists thus attest to the fact that those perfumes are imitations of the fragrances marketed under certain marks belonging to L'Oréal and Others, and they consequently present the goods marketed by the advertiser as being imitations of goods bearing a protected trade mark within the meaning of Article 3a(1)(h) of Directive 84/450. As the Advocate General stated in point 88 of his Opinion, it is irrelevant in that regard whether the advertisement indicates that it relates to an imitation of the product bearing a protected mark as a whole or merely the imitation of an essential characteristic of that product such as, in the present case, the smell of the goods in question.

77 As regards, in the second place, Article 3a(1)(g) of Directive 84/450, which provides that comparative advertising must not take unfair advantage of the reputation of a trade mark, the expression 'take[s] unfair advantage' of that reputation, which is used both in that provision and in Article 5(2) of Directive 89/104, must, in the light of recitals 13 to 15 in the preamble to Directive 97/55, in principle be given the same interpretation (see, by way of analogy, *O2 Holdings and O2 (UK)*, paragraph 49).

78 Given that it was found in paragraph 76 of this judgment that the comparison lists used by the defendants in the main proceedings present the perfumes which they market as being an imitation or a replica of goods bearing a protected trade mark within the meaning of Article 3a(1)(h) of Directive 84/450, the third question must be understood as meaning that it seeks to ascertain whether, in such circumstances, the use of those lists results in the taking of an unfair advantage of the reputation of that protected mark for the purposes of Article 3a(1)(g).

79 In that regard, it must be held that since, under Directive 84/450, comparative advertising which presents the advertiser's products as an imitation of a product bearing a trade mark is inconsistent with fair competition and thus unlawful, any advantage gained by the advertiser through such advertising will have been achieved as the result of unfair competition and must, accordingly, be regarded as taking unfair advantage of the reputation of that mark.

80 Consequently, the answer to the third and fourth questions is that Article 3a(1) of Directive 84/450 must be interpreted as meaning that an advertiser who states explicitly or implicitly in comparative advertising that the product marketed by him is an imitation of a product bearing a well-known trade mark presents 'goods or services as imitations or replicas' within the meaning of Article 3a(1)(h). The advantage gained by the advertiser as a result of such unlawful comparative advertising must be considered to be an advantage taken unfairly of the reputation of that mark within the meaning of Article 3a(1)(g).

Costs

81 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 (First Chamber) hereby rules:

1. Article 5(2) of 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 taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of that mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.

2. Article 5(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of a registered trade mark is entitled to prevent the use by a third party, in a comparative advertisement which does not satisfy all the conditions, laid down in Article 3a(1) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising, as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997, under which comparative advertising is permitted, of a sign identical with that mark in relation to goods or services which are identical with those for which that mark was registered, even where such use is not capable of jeopardising the essential function of the mark, which is to indicate the origin of the goods or services, provided that such use affects or is liable to affect one of the other functions of the mark.

3. Article 3a(1) of Directive 84/450, as amended by Directive 97/55, must be interpreted as meaning that an advertiser who states explicitly or implicitly in com-

parative advertising that the product marketed by him is an imitation of a product bearing a well-known trade mark presents 'goods or services as imitations or replicas' within the meaning of Article 3a(1)(h). The advantage gained by the advertiser as a result of such unlawful comparative advertising must be considered to be an advantage taken unfairly of the reputation of that mark within the meaning of Article 3a(1)(g).

OPINION OF ADVOCATE GENERAL

MENGOZZI

delivered on 10 February 2009 1(1)

Case C-487/07

L'Oréal SA

Lancôme parfums et beauté & Cie

Laboratoire Garnier & Cie

v

Bellure NV

Malaika Investments Ltd

Starion International Ltd

(Reference for a preliminary ruling from the Court of Appeal (England and Wales) (Civil Division))

(Approximation of laws – Trade marks – Directive 89/104/EEC – Article 5(1)(a) – Use of another person's trade mark for identical goods in comparative advertising – Article 5(2) – Unfair advantage taken of the repute of a trade mark – Comparative advertising – Directives 84/450/EEC and 97/55/EEC – Article 3a(1) – Conditions under which comparative advertising is permitted – Unfair advantage taken of the reputation of a competitor's trade mark – Imitation or replica of the goods protected by a competitor's trade mark)

1. The present reference for a preliminary ruling from the Court of Appeal (England and Wales) (Civil Division) poses questions concerning the interpretation of Article 5 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (2) and Article 3a(1) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising, (3) as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997. (4)

I – Legislative framework

2. Article 5 of Directive 89/104, (5) entitled 'Rights conferred by a trade mark', is worded as follows:

'1. 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.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State 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 trade mark.

3. 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.

...

3. Article 6(1) of Directive 89/104, entitled 'Limitation of the effects of a trade mark', states that '[t]he 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'.

4. Directive 97/55 inserted into Directive 84/450, which initially related only to misleading advertising, a series of provisions on comparative advertising.

5. Article 2(2a) of Directive 84/450, as amended by Directive 97/55 ('Directive 84/450'), (6) defines 'comparative advertising' for the purposes of that directive as 'any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor'.

6. Article 3a(1) of Directive 84/450 provides as follows:

'Comparative advertising shall, as far as the comparison is concerned, be permitted when the following conditions are met:

...

- (d) it does not create confusion in the market place between the advertiser and a competitor or between the advertiser's trade marks, trade names, other distinguishing marks, goods or services and those of a competitor;
- (e) it does not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities, or circumstances of a competitor;

...

- (g) it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing

marks of a competitor or of the designation of origin of competing products;

- (h) it does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name.'

II – The proceedings before the national court and the questions referred for a preliminary ruling

7. L'Oréal SA, Lancôme parfums et beauté & Cie and Laboratoire Garnier & Cie (collectively, 'L'Oréal') are companies forming part of the L'Oréal group, which is engaged, inter alia, in the production and marketing of luxury perfumes.

8. L'Oréal is the proprietor, in particular, of the following national (British), international or Community trade marks, registered for perfumes and other fragrance products:

- the 'Trésor' brand:
- the national word mark Trésor (without an accent) ('the word mark Trésor');
- the national word and device mark consisting of the representation of a perfume bottle, viewed from the front and the side, showing, in particular, the word Trésor ('the Trésor perfume bottle trade mark');
- the national word and device mark consisting of the representation in colour of a perfume box, viewed from the front, showing, in particular, the word Trésor ('the Trésor box trade mark');
- the 'Miracle' brand:
- the Community word mark Miracle ('the word mark Miracle');
- the Community word and device mark consisting of the representation of a perfume bottle, viewed from the front, showing, in particular, the word Miracle ('the Miracle perfume bottle trade mark');
- the international word and device mark consisting of the representation in colour of a perfume box, viewed from the front, showing, in particular, the word Miracle ('the Miracle box trade mark');
- the national word mark Anaïs-Anaïs;
- the 'Noa' brand:
- the national word mark Noa Noa;
- the national and Community word and device marks, both consisting of the word Noa in a stylised form.

9. Bellure NV ('Bellure'), a company constituted under Belgian law, started, in 1996 and 2001 respectively, marketing on the European perfume markets the Creation Lamis and Dorall ranges, produced on its behalf and to its design specifications in a non-member country. Starion International Ltd ('Starion') purchased those perfumes from Bellure and distributed them to wholesalers and 'hard discount' stores in the United Kingdom. Starion also distributed perfumes from the Stitch range in the United Kingdom. Malaika Investments Ltd, trading under the name HoneyPot Cosmetics & Perfumery Sales ('Malaika'), sold wholesale in the United Kingdom perfumes from the Creation Lamis range, which were supplied to it by Starion. The perfumes in those three ranges were imitations of the fragrance of successful perfumes and were sold at extremely low retail prices (less than GBP 4).

10. In marketing those perfumes in the United Kingdom, Starion and Malaika made use of and supplied to their retailers comparison lists which made an analogy, in terms of similarity of smell, between each of those perfumes and a luxury perfume identified by reference to the word mark by which it is known ('the comparison lists'). L'Oréal's word marks Trésor, Miracle, Anaïs-Anaïs and Noa Noa appeared on those lists.

11. Moreover, four perfumes from the Creation Lamis range and one from the Dorall range were sold in bottles and boxes which were generally similar in appearance to the bottles and boxes of the Trésor, Miracle, Anaïs-Anaïs and Noa perfumes, although it is accepted that that similarity was unlikely to mislead retailers or consumers as to the origin of the product.

12. L'Oréal brought proceedings before the High Court of Justice of England and Wales (Chancery Division) alleging trade mark infringement against, inter alia, Bellure, Starion and Malaika. It submitted, first, that the use of comparison lists by Starion and Malaika constituted an infringement of the rights pertaining to its Trésor, Miracle, Anaïs-Anaïs and Noa Noa word marks and also to the Noa word and device marks, contrary to section 10(1) of the Trade Mark Act 1994 ('the TMA'), which transposed Article 5(1)(a) of Directive 89/104 into domestic law. Secondly, L'Oréal maintained that the imitation of the names, bottles and boxes of its Trésor, Miracle, Anaïs-Anaïs and Noa perfumes and the sale of perfumes in such imitative bottles and boxes constituted infringement of the rights pertaining, in particular, to its Trésor, Miracle, Anaïs-Anaïs and Noa Noa word marks and its Trésor and Miracle perfume bottle and box trade marks, contrary to section 10(3) of the TMA, which transposed Article 5(2) of Directive 89/104 into domestic law.

13. The High Court granted the action against the use of the comparison lists based on section 10(1) of the TMA but the action based on section 10(3) of the TMA was granted only in part, since the court held that there had been infringement only of the Trésor box trade mark and the Miracle perfume bottle trade mark.

14. Starion and Malaika ('the appellant companies') appealed against the decision of the High Court to the Court of Appeal. L'Oréal cross-appealed, seeking a declaration that the Trésor and Miracle word marks, the Trésor perfume bottle trade mark and the Miracle box trade mark had been infringed.

15. The Court of Appeal dismissed L'Oréal's cross-appeal and decided that it was necessary, for the purpose of resolving the remaining dispute, to refer the following questions to the Court of Justice for a preliminary ruling:

(1) Where a trader, in an advertisement for his own goods or services, uses a registered trade mark owned by a competitor for the purpose of comparing the characteristics (and in particular the smell) of goods marketed by him with the characteristics (and in particular the smell) of the goods marketed by the competitor under that mark in such a way that it does not cause confusion or otherwise jeopardise the essential function of the trade mark as an indication of

origin, does his use fall within either (a) or (b) of Article 5(1) of Directive 89/104?

(2) Where a trader in the course of trade uses (particularly in a comparison list) a well-known registered trade mark for the purpose of indicating a characteristic of his own product (particularly its smell) in such a way that:

(a) it does not cause any likelihood of confusion of any sort; and

(b) it does not affect the sale of the products under the well-known registered mark; and

(c) it does not jeopardise the essential function of the registered trade mark as a guarantee of origin and does not harm the reputation of that mark, whether by tarnishment of its image, or dilution or in any other way; and

(d) it plays a significant role in the promotion of the trader's product;

does that use fall within Article 5(1)(a) of Directive 89/104?

(3) In the context of Article 3a[1](g) of [Directive 84/450], what is the meaning of "take unfair advantage of" and in particular, where a trader in a comparison list compares his product with a product under a well-known trade mark, does he thereby take unfair advantage of the reputation of the well-known mark?

(4) In the context of Article 3a[1](h) of the said directive, what is the meaning of "present[ing] goods or services as imitations or replicas" and in particular does this expression cover the case where, without in any way causing confusion or deception, a party merely truthfully says that his product has a major characteristic (smell) like that of a well-known product which is protected by a trade mark?

(5) Where a trader uses a sign which is similar to a registered trade mark which has a reputation, and that sign is not confusingly similar to the trade mark, in such a way that:

(a) the essential function of the registered trade mark of providing a guarantee of origin is not impaired or put at risk;

(b) there is no tarnishing or blurring of the registered trade mark or its reputation or any risk of either of these;

(c) the trade mark owner's sales are not impaired; and

(d) the trade mark owner is not deprived of any of the reward for promotion, maintenance or enhancement of his trade mark;

(e) but the trader gets a commercial advantage from the use of his sign by reason of its similarity to the registered mark,

does that use amount to the taking of an "unfair advantage" of the reputation of the registered mark within the meaning of Article 5(2) of [Directive 89/104]?

16. Finding that the comparison lists at issue constitute comparative advertising within the meaning of Directive 84/450, the Court of Appeal states that the first four questions referred seek to establish whether the use of L'Oréal word marks in the appellant companies' comparison lists is lawful.

17. On the other hand, the fifth question referred seeks a ruling on whether the use by those companies of bottles and boxes similar to those protected by the Trésor box trade mark and the Miracle perfume bottle trade mark is lawful.

III – Legal analysis

A – The first four questions referred for a preliminary ruling

1. Introductory observations

18. All the first four questions referred for a preliminary ruling relate to the use by an advertiser of another person's trade mark in comparative advertising consisting, in particular, of comparison lists such as those at issue in the present case. In that context, another person's trade mark is used for the purposes of distinguishing goods, which are in fact the goods of the proprietor of the trade mark itself and not those of the advertiser.

19. The Court of Appeal finds that the distribution of such comparison lists to retailers constitutes advertising within the meaning of Article 2(1) of Directive 84/450. This is, in fact, a representation made in connection with trade for the purpose of promoting the supply of goods.

20. As mentioned above, the Court of Appeal also held that such advertising constitutes comparative advertising within the meaning of Article 2(2a) of Directive 84/450, a concept which requires, inter alia, the advertiser to be in competition with the undertaking identified (or whose goods or services are identified) in the advertisement. The first question referred, which does not concern the provisions of Directive 84/450, refers to the use of a trade mark owned by 'a competitor'.

21. It is, in fact, apparent from the findings of fact made by the Court of Appeal that 'the parties' products are not in competition with each other. They are in different price and market sectors'. (7) Such a finding does not, in my view, mean that it is impossible to establish that this case involves comparative advertising within the meaning of Article 2(2a) of Directive 84/450 if account is taken of the broad definition that is to be given to the competitive relationship required under that provision. In that regard, I shall simply refer to the considerations set out at points 63 to 90 of my Opinion in *De Landtsheer Emmanuel* (8) and at paragraphs 32 to 42 of the judgment in that case, (9) and in particular to the fact that it is also necessary, in that context, to take account of situations of potential competition and how the current state of the market and consumer habits might evolve. Moreover, as *L'Oréal* correctly observes, account must also be taken of a competitive relationship that exists only at an intermediate level in the distribution chain (for example, at wholesale level). It is for the referring court to examine in greater depth, if appropriate, the question whether there is an actual competitive relationship as required under Article 2(2a) in the light of the criteria for interpretation provided in that judgment.

22. For the purposes of these proceedings, in the absence of clear evidence to the contrary, it is necessary

to proceed on the basis of the premiss adopted by the Court of Appeal, namely that the comparison lists at issue constitute comparative advertising within the meaning of Article 2(2a) of Directive 84/450, and no doubt can therefore be cast upon the admissibility of the third and fourth questions in terms of their relevance to the subject-matter of the proceedings pending before the national court.

23. In order to answer the four questions under consideration, in particular the first two, it is necessary first of all to determine the relationship between the provisions governing the protection of trade marks to be found, on the one hand, in Directive 89/104, in particular Articles 5 and 6, and, on the other, in Directive 84/450, in particular Article 3a(1), given the conflict between the need to protect trade marks and the need to facilitate the use of comparative advertising.

24. In the recent *O2* judgment, (10) the Court has already provided a number of significant clarifications in this area. In particular, it stated that:

– '[t]he use by an advertiser, in a comparative advertisement, of a sign identical with, or similar to, the mark of a competitor for the purposes of identifying the goods and services offered by the latter can be regarded as use for the advertiser's own goods and services for the purposes of Article 5(1) and (2) of Directive 89/104' and 'may therefore be prevented, where necessary, by virtue of those provisions'; (11)

– however, the proprietor of a registered trade mark is not entitled, under those provisions, to prevent the use by a third party of a sign identical with, or similar to, his mark in a comparative advertisement which satisfies all the conditions laid down in Article 3a(1) of Directive 84/450 under which comparative advertising is permitted. (12)

25. Compliance with those conditions therefore constitutes, for such an advertiser, a valid ground of defence in an action based on national provisions implementing Article 5(1) or (2) of Directive 89/104. In that connection, I do not consider to be correct or necessary the interpretation put forward in the order for reference, with which *L'Oréal* concurs, that where it is established that those conditions have been complied with, it is possible, as such, simply to regard the use of another person's registered trade mark (for the sake of brevity, 'mark') in a comparative advertisement as being permitted under Article 6(1) of Directive 89/104. While it may be argued that such a use which complies with the requirements laid down in Article 3a of Directive 84/450 is 'in accordance with honest practices in industrial or commercial matters', the fact remains that the limitation of the effects of a trade mark under Article 6(1) of Directive 89/104 also requires one of the conditions in (a) to (c) of that provision to be satisfied. However, it seems to me that, in the present case, none of those conditions can be taken into consideration and none is suitable to 'host' in Directive 89/104 the ground of defence based on compliance with the conditions laid down in Article 3a(1) of Directive 84/450. I concur, in particular, with the view expressed at the hearing by the Commission's representative that Article

6(1)(b) of Directive 89/104 relates only to the use of elements of a trade mark which are descriptive of one of the characteristics of goods or services referred to in the provision (descriptive 'indications'). That would appear to be confirmed, in my view, by the judgment in *adidas and adidas Benelux*, where it states that 'Article 6(1)(b) of the directive seeks to ensure that all economic operators have the opportunity to use descriptive indications' and 'therefore gives expression to the requirement of availability'. (13) Compliance with the conditions under which comparative advertising is permitted under Article 3a(1) of Directive 84/450 constitutes, in my view, an independent ground of defence, in addition to those in Articles 6 and 7(1) of Directive 89/104, which is capable of defeating an action brought against a comparative advertisement based on national provisions implementing Article 5(1) or (2) of Directive 89/104.

2. The first two questions referred for a preliminary ruling, concerning the interpretation of Article 5(1) of Directive 89/104

26. Since, therefore, the use of any sign which is identical with, or similar to, the trade mark of a competitor is not excluded from the application of Article 5(1) of Directive 89/104 simply because the sign is used in comparative advertising, but such use can, subject to certain conditions, be prohibited on the basis of that provision, it is necessary to answer the first two questions referred by examining those very conditions in the light of the facts set out in those questions.

27. As the Court of Appeal pointed out, the first question referred has already been put in essence to the Court of Justice by that court in the reference for a preliminary ruling which gave rise to the judgment in *O2*. In the main proceedings in that case, the subject of the comparison between the (mobile telephone) services provided by the advertiser and those provided by the proprietor of the trade mark used by that advertiser in comparative advertising was identified by the referring court as the price, whereas in the present case the subject of the comparison is identified as smell (with regard to perfumes).

28. Another difference between the two cases is that, in the *O2* case, what was challenged before the national court was the use by an advertiser of a sign that was not identical but merely similar to a competitor's trade mark, whereas the services offered by those parties and presented in the advertisement were the same. It is for this reason that in the judgment in *O2* the Court answered the first question referred for a preliminary ruling, which was formulated essentially in the same terms as the first question in these proceedings, by providing an interpretation only of Article 5(1)(b) of Directive 89/104, considering that it was unnecessary to give an interpretation of Article 5(1)(a) of the directive. In the present case, however, what is contested in the proceedings before the national court, in the action challenging the comparison lists used by the appellant companies, is the use by an advertiser of a sign that is identical with another person's trade mark for goods that are identical (14) with those bearing that mark.

29. Consequently, the first question referred in these proceedings, which refers to Article 5(1) of Directive 89/104 in its entirety, must be construed as meaning that the Court of Appeal asks whether Article 5(1)(a) must be interpreted as meaning that the proprietor of a trade mark can prevent a third party from using in comparative advertising a sign that is identical with that mark for goods or services that are identical with those for which that mark is registered even where such use does not give rise to a likelihood of confusion on the part of the public as regards the origin of the goods or services in question.

30. On the other hand, in the second question, the Court of Appeal expressly seeks an interpretation only of Article 5(1)(a) of Directive 89/104 in order to ascertain whether, under that provision, the proprietor of a well-known trade mark can prevent the use by a third party in the course of trade, in particular in comparative advertising, of a sign that is identical with that mark for goods or services that are identical with those for which that mark was registered, even where such use, while playing a significant role in the promotion of the third party's goods, does not give rise to a likelihood of confusion on the part of the public as regards the origin of the goods or services in question, does not affect sales of the goods or services designated by that mark and does not in any way harm the reputation of that mark.

31. According to the case-law of the Court, the risk that the public might be confused as to the origin of goods or services, that is, the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings must exist in order for the use of a sign that is identical with, or similar to, another person's trade mark to be regarded as prohibited under Article 5(1)(b) of Directive 89/104. In other words, the prohibition laid down in that provision applies only where the mark's essential function, which is precisely to provide consumers with a guarantee of the origin of goods or services, is liable to be affected. (15)

32. Must the same conclusion be drawn with regard to the prohibition laid down in Article 5(1)(a) of that directive?

33. The Commission suggests that the answer to that question – which, as the appellant companies observe, must be answered, following the judgment in *O2*, without having regard to the fact that it is possible to raise defences based on Article 6 of Directive 89/104 or Article 3a(1) of Directive 84/450 to such a prohibition – should be in the affirmative. In its view, the sole purpose of Article 5(1) of Directive 89/104 in its entirety is to protect the essential function of the trade mark, which is precisely to provide the public with a guarantee as to the identity of the origin of the goods identified by that mark. In support of that view, it refers in particular to the judgments in *Arsenal*, *Anheuser Busch* and *Adam Opel*. (16) The first question should therefore be answered in the negative. The appellant companies are of the same opinion.

34. On the other hand, L'Oréal and the French Government propose that the first question should be

answered in the affirmative, arguing that Article 5(1)(a) of Directive 89/104 is not designed solely to protect the trade mark's function of providing the public with a guarantee as to the identity of the origin of the goods bearing that mark but also to afford protection to the trade mark's other functions. The 10th recital in the preamble to that directive and the judgments in Arsenal, Anheuser Busch and Adam Opel are relied on in support of that contention. L'Oréal submits that that provision protects in particular the trade mark's 'communication functions', as is apparent from the judgments of the Court of Justice in Parfums Christian Dior (17) and Boehringer Ingelheim and Others (18) and the judgment of the Court of First Instance in VIPS. (19) The French Government, which refers to the trade mark's function of 'permitting its proprietor to control and protect the image of its own trade mark in the eyes of consumers', also prays in aid the judgment in Parfums Christian Dior, which recognised such a function precisely with regard to well-known trade marks identifying luxury perfumes.

35. I would point out that the ninth recital in the preamble to Directive 89/104 provides 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' and that 'this should however not prevent the Member States from granting at their option extensive protection to those trade marks which have a reputation'.

36. With regard to the first aspect, it is to be observed that the scope of the harmonised protection afforded to trade marks prescribed by Directive 89/104 derives essentially from Article 5(1) and (3) and the limitations laid down in Articles 6 and 7 of that directive.

37. As regards the second aspect, Article 5(2) of the directive permits Member States to confer upon well-known trade marks greater protection than that provided for under Article 5(1). In fact, unlike the latter provision, Article 5(2) does not require Member States to introduce the protection established in that provision into national law but simply gives them the option to provide for such protection. Therefore, where a Member State has exercised that option, trade marks enjoying a reputation benefit in that State both from the protection conferred by Article 5(1) and that provided for in Article 5(2) of the directive. (20)

38. As regards the protection which must be granted to a trade mark pursuant to Article 5(1) of Directive 89/104, the Commission's position that the purpose of that provision is solely to protect the function of indicating the origin of the mark is certainly not an arbitrary construction. The 10th recital in the preamble to Directive 89/104, which deals in general terms with the 'protection afforded by the registered trade mark', states, apparently not referring only to situations involving similarity between the trade mark and the sign and between the goods or services, that 'the likelihood of confusion ... constitutes the specific condition for such protection'. The fact that that recital specifies that

the protection 'is absolute in the case of identity between the mark and the sign and goods or services' could simply mean that, in such a case, the proprietor of the mark is not required to prove that there is a likelihood of confusion, (21) in that that is presumed to be the case, (22) and not necessarily that use of the mark may be prohibited also where there is no such likelihood. The judgment in adidas and adidas Benelux (23) states that '[t]he likelihood of confusion is the specific condition of the protection conferred by the trade mark, in particular against use by third parties of non-identical signs'.

39. However, it is in fact apparent from the 10th recital in the preamble to Directive 89/104 that the function of the protection in question 'is in particular to guarantee the trade mark as an indication of origin'. (24)

40. It was also in noting that interpretation that the Court stated for the first time in its judgment in Arsenal(25) 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' and that '[t]he 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'.

41. While those assertions were confirmed by the Court in its subsequent judgments in Anheuser Busch (26) and Adam Opel, (27) there has been some development in their scope.

42. In Arsenal, the Court was required in particular to '[determine] 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 with the trade mark for goods identical with 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'. (28)

43. It is in that context that the Court set out the considerations mentioned at point 40 above before going on to conclude that '[t]he proprietor may not prohibit the use of a sign identical with the trade mark for goods identical with 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. (29)

44. What the judgment in Arsenal therefore seems to suggest is, in essence, that the use of a sign identical with the trade mark for goods identical with those for which the mark is registered does not necessarily affect or is not necessarily likely to affect the functions of the mark and that only where one of the functions of the mark is affected or is likely to be affected may the use by a third party of a sign identical with that mark be prevented under Article 5(1)(a) of Directive 89/104 (the exercise of the exclusive rights is thus 'reserved' to

such cases). It is on that ground that the Court has held that certain uses for purely descriptive purposes are excluded from the scope of Article 5(1) of the directive; such uses do not infringe any of the interests which that provision is intended to protect and are therefore not covered by the concept of use within the meaning of that provision. (30)

45. The judgment in Arsenal made impairment (or likelihood of impairment) of one of the functions of the trade mark a prerequisite for the exercise of the exclusive rights laid down in Article 5(1)(a), as is apparent from paragraph 16 of the judgment in Céline. (31) Clearly, that does not mean, however, that it has yet been recognised that use of a trade mark by a third party may be prevented on the basis of that provision where any of the functions of the trade mark is affected or is likely to be affected or, in other words, that all the functions which the trade mark may fulfil are legally protected by that provision. The Arsenal judgment does not identify the various functions of a trade mark nor does it state in an unequivocal manner that all those functions are afforded legal protection by Article 5(1)(a) of Directive 89/104. Moreover, on the basis of the facts in that case, the Court found that the essential function of the trade mark of providing a 'guarantee of origin' of the goods was affected or liable to be affected. (32) It could therefore be maintained that in its judgment in Arsenal the Court intended simply not to rule out – without, however, recognising – protection, on the basis of that provision, of a trade mark's functions other than its essential function, and ultimately left that question open.

46. I am of the view, however, that in its judgment in Adam Opel, the Court took a further step towards recognising, on the basis of that provision, that protection is to be afforded to a trade mark's functions other than its essential function.

47. In that judgment, while the Court, enlarging on the considerations set out at point 40 above, stated, first of all, that 'the affixing by a third party of a sign identical with a trade mark registered for toys to scale models of vehicles cannot be prohibited under Article 5(1)(a) of the directive unless it affects or is liable to affect the functions of that trade mark', (33) it then went on in its conclusion to repeat that concept, but omitted the word 'unless', when it stated that 'where a trade mark is registered both for motor vehicles – in respect of which it is well known – and for toys, the affixing by a third party, without authorisation from the trade mark proprietor, of a sign identical with that trade mark on scale models of vehicles bearing that trade mark, in order faithfully to reproduce those vehicles, and the marketing of those scale models ... constitute, for the purposes of Article 5(1)(a) of the directive, a use which the proprietor of the trade mark is entitled to prevent if that use affects or is liable to affect the functions of the trade mark as a trade mark registered for toys'. (34) It would not be arbitrary to conclude that that view does not simply amount to an assertion that, in the absence of any impairment (or likelihood of impairment) of the function of the trade mark, the protection conferred by

Article 5(1)(a) cannot be called upon (there can be no protection if not even one of the functions of the mark is affected or likely to be affected), but means that what is necessary for such protection to be activated is that any one of the functions of the mark is affected (or likely to be affected) (there is protection if any of the functions of the mark is affected or likely to be affected).

48. However, also in that judgment the Court did not identify the functions of a trade mark other than its essential function, since it does not appear to have been claimed in the main proceedings that use of the trade mark at issue affected 'functions of that trade mark other than its essential one'. (35)

49. Nevertheless, that gradual development in the case-law of the concept of protection under Article 5(1)(a) of trade mark functions other than as a guarantee of origin raises a number of important questions, including in particular that of identifying what those functions are and, in addition, the question of ascertaining how such protection may be reconciled and consistent with the protection granted to well-known trade marks, under Article 5(2) of the directive under consideration, given that, in so far as that provision refers to detriment to the distinctive character or the repute of such a mark, it would also seem to be designed to safeguard trade mark functions.

50. With regard to the first of those questions, neither Directive 89/104 nor, as far as I am aware, the case-law of the Court has provided a list or a description of the functions of a trade mark other than that as a guarantee of origin.

51. A useful contribution was provided in that connection by Advocate General Jacobs in his Opinion in Parfums Christian Dior. (36) After observing that '[a]lthough the Court has traditionally emphasised the role of trade marks in indicating the origin of products ... it has not purported to say that trade mark rights can only ever be relied on in order to uphold that function', he set out other possible trade mark functions, concluding, moreover, that they are an inherent part or merely derivatives of the essential function: the 'quality function' of the mark, in that it 'symbolise[s] qualities associated by consumers with certain goods or services' and guarantees that 'the goods or services measure up to expectations', and "'communication", investment, or advertising functions', which 'arise from the fact that the investment in the promotion of a product is built around the mark' and are, therefore, 'values which deserve protection as such, even when there is no abuse arising from misrepresentations about either origin or quality'.

52. In his Opinion in Arsenal, (37) Advocate General Ruiz-Jarabo Colomer expressed the view that it was 'simplistic reductionism to limit the function of the trade mark to an indication of trade origin' and that '[e]xperience teaches that, in most cases, the user is unaware of who produces the goods he consumes' and the trade mark 'acquires a life of its own, making a statement ... about quality, reputation and even, in certain cases, a way of seeing life'. In view of 'the current

functioning of the market and the behaviour of the average consumer', he '[saw] 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'. (38)

53. With regard to the guarantee of quality, or perhaps, to be more precise, consistency (or uniformity) in the quality of products identified by a trade mark, it has been stated that what this amounts to at most is an aspect of its function as a guarantee of origin. (39) The exclusive right conferred by the mark protects the interests of the trade mark proprietor and consumers cannot rely on it in the expectation that the products will be of a certain quality. While, in general terms, it satisfies the interests of the producer who is the trade mark proprietor, consistency of quality is obviously not automatically ensured by the fact that goods are of the same origin and are all therefore subject to the same quality control procedures, as guaranteed by the trade mark. As Advocate General Kokott recently observed, 'trade mark rights are granted in order to guarantee the possibility of control over the quality of goods, not the actual exercise of that control'. (40) A trade mark therefore permits the proprietor not only to prevent goods which are not produced by him from appearing to be so (the function of guarantee of origin) but also to prevent the quality of goods produced by him being impaired, in a manner unauthorised by him, at the marketing stage after the goods have first been placed on the market by him or with his consent (see Article 7(2) of Directive 89/104).

54. With regard to the trade mark's communication functions, to which L'Oréal refers, there can be no doubt that the trade mark can convey to consumers various kinds of information on the goods identified by it. That may be information communicated directly by the sign which the mark consists of (for example, information on the product's physical characteristics communicated by descriptive elements which may be incorporated into a composite trade mark) or, as is more frequently the case, 'accumulated' information (41) on the mark as a result of promotion and advertising carried out by the proprietor – for example, messages relating to non-physical characteristics which give an image of the product or the company in terms which are general (for example, quality, trustworthiness, reliability, etc.) or particular (for example, a certain style, luxury, strength). That capacity of the trade mark to communicate information merits protection, including where use of the mark by a third party is unlikely to give rise to confusion as to the origin of the goods or services. (42)

55. As L'Oréal pointed out, it has already been recognised by the case-law of the Court that the 'reputation' of a trade mark merits protection and is protected by virtue of the exclusive right conferred under Article 5 of Directive 89/104. The Court considered that '[t]he damage done to the reputation of a trade mark may, in principle, be a legitimate reason, within the meaning of Article 7(2) of the directive, allowing the proprietor to oppose further commercialisation of

goods which have been put on the market in the Community by him or with his consent'. (43)

56. In particular, the fact that the presentation of a repackaged product is liable to damage the reputation of the trade mark identifying that product constitutes a legitimate reason for the purpose of that provision. (44) Accordingly, for example, 'a repackaged pharmaceutical product could be presented inappropriately and, therefore, damage the trade mark's reputation in particular where the carton or label, while not being defective, of poor quality or untidy, is such as to affect the trade mark's value by detracting from the image of reliability and quality attaching to such a product and the confidence it is capable of inspiring in the public concerned'. (45) Moreover, where a reseller makes use of a trade mark in order to bring the public's attention to further commercialisation of prestigious luxury goods bearing that mark, he must endeavour 'to prevent his advertising from affecting the value of the trade mark by detracting from the allure and prestigious image of the goods in question and from their aura of luxury'. (46)

57. While such cases confirm that the protection which the trade mark enjoys as a result of the exclusive right conferred under Article 5 of Directive 89/104 goes beyond the need to protect the trade mark's function as a guarantee of origin and the existence therefore of a likelihood of confusion as to the origin of the goods or services, the question nevertheless remains open as to the extent to which the protection of the mark's communication functions, in particular that of communicating the mark's reputation, against the use of a sign identical with the mark for identical goods is covered by Article 5(1)(a) of Directive 89/104 (in relation therefore to all marks and not only those with a reputation) and the extent to which that protection is covered by Article 5(2) of that directive, a provision which, according to settled case-law, also provides protection regardless of whether there is a likelihood of confusion on the part of the public, albeit only in the case of well-known marks. (47) That question is a delicate one, primarily in view of the fact that:

- the rules laid down in the two provisions are different, given that the protection under Article 5(1) is mandatory for the Member States, whereas that under Article 5(2) is optional;

- the Court has held, from the judgment in *Davidoff* onwards, that Article 5(2) also applies to goods and services which are identical or similar – and not only, as expressly indicated in that provision, to goods or services which are not similar – to those for which the trade mark is registered. (48)

58. The provision under Article 5(2) of optional protection against harm to the reputation of a trade mark as a result of the use of an identical sign for identical goods might be taken to indicate that the purpose of Article 5(1)(a) is not to protect all the functions of a trade mark against such use. In interpreting the scope of that provision, it may be preferable to follow the approach taken in *Arsenal* (there can be no protection if not even one of the functions of the mark is affected or

likely to be affected) rather than that which may be inferred from the judgment in *Adam Opel* (there is protection if any of the functions of the mark is affected or likely to be affected). However, it cannot be ruled out that the broad interpretation of Article 5(2) followed by the case-law initiated by *Davidoff*, which I referred to at the second indent of the preceding point, covers, clearly in addition to the situations expressly referred to in that provision, situations in which a sign is used that is identical with the well-known mark for similar goods or services, a sign is used that is similar to the well-known mark for identical goods or services and a sign is used that is similar to the well-known mark for similar goods or services, but not a situation in which a sign is used that is identical with the well-known mark for identical goods or services, which remains subject to Article 5(1)(a).

59. In the light of the circumstances of the present case, however, it is unnecessary, in order to answer the questions put by the Court of Appeal, to pursue any further the examination of the problems of interpretation outlined in the two preceding points or to arrive at an exhaustive description of the trade mark functions which may be protected under Article 5(1)(a).

60. In that connection, I would observe that the first two questions referred are based on the finding of the Court of Appeal that, in the present case, there is neither any likelihood of confusion on the part of the public as to the origin of the goods and, accordingly, no impairment of the essential function of the trade marks for which protection is sought, nor any harm to the reputation of those marks and, accordingly, to the functions (of communication) which those marks perform as a result of that reputation. L'Oréal does not appear to be claiming that harm is being done to any of the functions of its various trade marks other than those just referred to. Moreover, in its written observations, after setting out the communication functions of the marks for which it seeks protection, L'Oréal does not put forward even one type of detriment (or the likelihood of detriment) to the reputation of those marks but simply submits that the use of those marks that is complained of enables the appellant companies to take unfair advantage of that reputation. (49) However, the fact that such an advantage may be taken does not mean, unlike in situations in which the reputation of a well-known mark is tarnished or degraded, that such a use undermines or is liable to undermine the communication functions which the marks in question perform as a result of that reputation.

61. I therefore consider that the first and second questions may be answered by stating that Article 5(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of a trade mark is not entitled to prevent use by a third party in comparative advertising of a sign that is identical with that mark for goods or services which are identical with those for which the mark is registered where such use does not affect or is not likely to affect the mark's essential function of providing a guarantee of origin or any of the mark's other functions, even if such use plays a

significant role in the promotion of the advertiser's goods and, in particular, permits that advertiser to take unfair advantage of the mark's reputation.

62. However, I should immediately make it clear that, while it cannot be prevented under Article 5(1)(a) of Directive 89/104, such use of a trade mark may of course be prevented, provided the necessary requirements are satisfied, pursuant to (the national provisions transposing) Article 5(2) of that directive and/or Article 3a(1) of Directive 84/450.

63. It is precisely on the latter provision that the third and fourth questions referred focus and I shall examine them in that order, but I shall first point out, as a preliminary matter, that L'Oréal's action against the comparison lists in question is based, according to the order for reference, only on the national provision transposing Article 5(1)(a) of Directive 89/104 (section 10(1) of the TMA) and not, in addition, on the provision transposing Article 5(2) of that directive or directly on the provisions on comparative advertising.

64. It is for the referring court to assess – in the event that it finds, in the light of the answers to be given by the Court to the first two questions referred, that the requirements for the application of section 10(1) of the TMA are not satisfied in the circumstances of the present case – whether, under its own domestic law, including its procedural law, the third and fourth questions nevertheless remain relevant for the purpose of resolving the dispute before it as regards the lawfulness of the use of the comparison lists.

3. The third question referred for a preliminary ruling

65. By its third question, the Court of Appeal requests the Court to interpret the expression 'take unfair advantage of' used in Article 3a(1)(g) of Directive 84/450. On the basis of the premiss, which is not disputed even by the appellant companies, that the use of comparison lists enables those companies to take advantage of the reputation of L'Oréal's luxury perfumes, and pointing out that any kind of advertisement making a comparison with a product that is well known on the market potentially entails a significant element of 'free riding', the Court of Appeal asks in particular, in the second part of the third question, whether the comparison with a product bearing a well-known trade mark, in a comparison list, of itself permits the advertiser to take unfair advantage of the reputation of that mark.

66. As I have stated in previous Opinions, (50) the purpose of comparative advertising is in most cases to make a comparison with a more established competitor and therefore intrinsically involves the establishment of a certain 'link' with the competitor's reputation or the reputation of the distinguishing marks concerned. If the legislature uses the word 'unfair' in Article 3a(1)(g) of Directive 84/450, it is obviously because it considered that the fact that there may be an advantage for the advertiser deriving from the reputation of the competitor's distinctive signs is not sufficient in itself to justify prohibiting comparative advertising. (51) In order for it to be prohibited, it is necessary for that advantage to be classified as 'unfair'. The fact should not

be overlooked that Directive 97/55 clearly expresses the Community legislature's intention that comparative advertising should be encouraged, as it is a legitimate means of informing consumers and stimulating competition between suppliers of goods and services to the consumer's advantage (see recitals 2 and 5 in the preamble), (52) and nor should the settled case-law according to which 'the conditions required of comparative advertising must be interpreted in the sense most favourable to it'. (53)

67. The second part of the question under consideration must therefore, in my view, be answered in the negative.

68. However, the purpose of that question is also, in more general terms, to ascertain the criteria by which the advantage that may be taken of the reputation of a trade mark by means of comparative advertising may be classified as unfair.

69. L'Oréal refers to the definition given by Advocate General Jacobs in his Opinion in Adidas-Salomon and Adidas Benelux, (54) according to which '[t]he concepts of taking unfair advantage of the distinctive character or repute of the mark ... must be intended to encompass "instances where there is clear exploitation and free-riding on the coat-tails of a famous mark or an attempt to trade upon its reputation"'. (55) L'Oréal maintains, in essence, that an advantage is unfair where an increase in the sales and prices of a third party's products is obtained simply by exploiting the marketing strategies of the proprietor of the well-known mark without undertaking any marketing of his own. The advantage taken of another's reputation is unfair where the comparison is unnecessary for the purpose of distinguishing the content and benefits of the advertised product in relation to those of the product identified by the well-known mark. L'Oréal observes that, in the present case, the use of its well-known marks was not essential for the purpose of describing the smell of the perfumes sold by the appellant companies, which could easily have been described by references to recognised smells (for example, the smell of flowers, spices or citrus fruits).

70. The appellant companies refer to the judgment in Siemens, (56) pointing out in particular that at paragraphs 24 and 18 of that judgment the Court stated, first, that 'the benefit of comparative advertising to consumers must necessarily be taken into account in determining whether an advertiser is taking unfair advantage of the reputation of a trade mark ... of a competitor' and, second, that it was necessary to determine whether the adoption in that case by an advertiser of the core element of the competitor's system of order numbers could 'cause the public at whom the ... advertising [was] directed to associate the manufacturer of the controllers at issue in the main proceedings ... with the competing supplier, since the public might [have associated] the reputation of that manufacturer's products with the products distributed by that supplier'.

71. First of all, I concur with the view of the Commission and the United Kingdom Government that the

expression 'take unfair advantage of' used by the Community legislature does not lend itself to a general definition. It would appear to have been specifically intended to be applied in a flexible manner on a case-by-case basis, in the light of the factual circumstances of each case. (57)

72. With regard to the passage from the Opinion of Advocate General Jacobs referred to at point 69 above, which deals, however, with the interpretation of Article 5(2) of Directive 89/104 and not the interpretation of Article 3a(1)(g) of Directive 84/450, Advocate General Sharpston recently observed correctly that that passage is not to be interpreted as a definition of the extent of the protection afforded by Community law to marks with a reputation but, rather, as the presentation of the historical and conceptual context in which that protection was adopted, as an aid to understanding. (58) Moreover, the expressions 'free-riding on the coat-tails of' a famous mark and 'an attempt to trade upon its reputation' also remain equally undefined and are essentially of little assistance in the context of comparative advertising, which, as I stated above, involves, almost by definition, conduct of that kind on the part of the advertiser concerned.

73. The criterion, referred to by the appellant companies, of determining whether the public at whom the advertising is directed is caused to associate the proprietor of the well-known mark with the advertiser in such a way that the public might associate by way of extension the reputation of the former's products with the products sold by the latter (in the interest of brevity, 'association with reputation by way of extension') was in fact referred to by the Court in Toshiba (59) and Siemens (60) as relevant for the purpose of the analysis aimed at determining whether the use of another person's mark in comparative advertising may confer upon the advertiser an unfair advantage deriving from the mark's distinctive character or reputation. The importance to be attached to that criterion in the context of that analysis does not emerge very clearly, however, from those judgments. As a result of my reflections on the observations submitted in these proceedings and the interpretation to be given to Article 5(2) of Directive 89/104 for the purpose of answering the fifth question referred, I am led to the conclusion that, where it is established that an association is made with a reputation by way of extension, it can be said that advantage is taken of the reputation of another person's mark, but it cannot also be said that that advantage is unfair. On the other hand, it is not possible to understand the reason for which the Court in Siemens recognised the importance of 'the benefit of comparative advertising to consumers' in determining whether an advertiser is taking unfair advantage of the reputation of a competitor's distinctive sign (61) and, it must be emphasised, did so separately from the analysis as to whether an association was made with a reputation by way of extension.

74. Accordingly, in order to determine whether comparative advertising permits an advertiser to take unfair advantage of the reputation of a competitor's mark, it will be necessary first of all to ascertain

whether such advertising may cause the public at whom it is directed to make an association with reputation by way of extension. The Court has stated that, for the purpose of such an assessment, 'account should be taken of the overall presentation of the advertising at issue and the type of persons for whom the advertising is intended', (62) and has also suggested that where those persons are specialist traders, they are much less likely than final consumers to make an association with reputation by way of extension. (63)

75. Where it is established that there is such an effect and, accordingly, advantage taken of the reputation of another person's trade mark, it cannot be automatically concluded that the advertising in question is contrary to Article 3a(1)(g) of Directive 84/450. It is also necessary to determine whether that advantage is unfair. Such an assessment must be made, in my view, by reference to the individual circumstances of each case.

76. For that purpose, the primary factor to be taken into account is the benefit of the comparative advertising to consumers, (64) be they intermediate or final consumers. The existence of such a benefit is inherent in the advertising's compliance with the conditions laid down in Article 3a(1)(a) to (d) under which comparative advertising is permitted. However, such a benefit must be balanced, in my view, against other relevant factors, such as how well the competitor's mark is known by comparison with the advertiser's mark – should that be well known at all –, the particular image which consumers associate with the product identified by the well-known mark and the reasons which lead them to purchase that product or the one that is advertised, whether it is necessary or useful to use the well-known mark or related means in relation to the specific information objectives of the advertising in question, and the part played by comparative advertising in the advertiser's commercial policy (whether, in particular, it is sporadic or forms a more integral part of promotional activities or whether such a commercial policy focuses systematically on highlighting a comparison with the product identified by the well-known mark). The extent of the advantage to the advertiser and of the potential loss to the proprietor of the well-known mark in terms of the luring-away of customers can be taken into account but must carry less weight than other factors in determining whether the advantage is unfair, since they may be regarded as inherent in the very nature of the phenomenon known as comparative advertising. (65)

77. Accordingly, it cannot be ruled out that advertising that has a genuine informative content may also be regarded as liable to confer an unfair advantage on the advertiser where, when there is an association with reputation by way of extension, that content is, viewed objectively, of limited value, the competitor's mark enjoys a high degree of brand recognition and the funds invested for the purpose of promoting the advertiser's product are fully utilised in advertising which makes a comparison with the product identified by that mark.

78. Contrary to the suggestion put forward by L'Oréal and the French Government, it should not be regarded as a decisive factor that the comparative advertising does not seek to distinguish characteristics and advantages of the advertised product by reference to those of the product identified by the well-known mark or that the characteristics of the former product may be described without reference being made to the product identified by that mark. As regards the first aspect, the Court has already held on two occasions that even 'a positive statement that the technical features of ... two products are equivalent' constitutes 'a comparison of relevant, verifiable and representative features of the goods within the meaning of Article 3a(1)(c) of Directive 84/450' (66) and, as regards the second aspect, the purpose of comparative advertising, which the Community legislature intended to promote by adopting Directive 97/55, is precisely to describe the advertiser's own product (or its characteristics) in relative terms, that is, by reference to the product of a competitor or competitors (or its relevant characteristics) in addition to the obvious possibility of describing those products in absolute terms. However, it is true that where 'the aim of ... advertising is solely to distinguish between the products of the advertiser and those of his competitor and thus to highlight differences objectively', the advantage gained by such an advertiser cannot be regarded as unfair. (67)

79. I would state, finally, that the assessment to be carried out is of a factual nature and is a matter for the referring court. In *Adam Opel*, (68) the Court, albeit interpreting Article 5(2) of Directive 89/104, stated correctly, in my view, that it is for the national court, where necessary, to determine in particular whether the use of the well-known mark at issue in the main proceedings makes it possible to take unfair advantage of that mark. I am of the view that the same applies with regard to Article 3a(1)(g) of Directive 84/450.

80. I therefore consider that the third question may be answered to the effect that Article 3a(1)(g) of Directive 84/450 must be interpreted as meaning that it is not possible to conclude on the basis of the simple fact that a trader, in a comparison list, compares his product with a product identified by a well-known mark that the advertiser takes unfair advantage of that mark's reputation and that, if the existence of such an advantage presupposes that the public at whom the advertising is directed is caused to associate the proprietor of the well-known mark with the advertiser in such a way that the public might associate by way of extension the reputation of the former's products with those of the latter, it is for the national court to determine whether that advantage is unfair in the light of all the relevant individual circumstances of the case.

4. The fourth question referred for a preliminary ruling

81. The fourth question, concerning the interpretation of Article 3a(1)(h) of Directive 84/450, is, in my view, less problematic than the third question. I shall therefore answer it more succinctly.

82. That provision is clear in so far as it prohibits the presentation of goods or services as imitations or replicas (69) of goods or services protected by a trade mark or trade name. In my opinion, the concepts of imitation and replica allude to the fact that, in conceiving his own product, the manufacturer did not rely on his own creative resources but attempted, only partly successfully, to endow it with the same characteristics as a product protected by another person's trade mark or attempted, successfully, to endow it with very similar characteristics (both situations concerning imitations) or has actually succeeded in reproducing entirely the characteristics of the latter product (replicas).

83. The prohibition is therefore aimed at a particular kind of presentation of the goods or services. Contrary to the appellant companies' submissions, the provision in question is not concerned with counterfeit goods as such for the purpose of prohibiting comparative advertising designed to promote such goods (it should be borne in mind, moreover, that, according to the findings of the Court of Appeal, the perfumes marketed by those companies are not counterfeit goods, since it is perfectly lawful in the United Kingdom to manufacture and sell a perfume with a smell identical with or similar to a well-known luxury perfume). Nor is the provision formulated in such a way as to prohibit the comparative advertising of goods or services which may be rightly said to be imitations or replicas of goods or services protected by another person's mark, contrary to what L'Oréal maintains.

84. The provision also does not appear to be intended to prohibit a positive statement that the advertiser's product or one of its characteristics and the product protected by another person's mark or one of its characteristics are equivalent. Accordingly, where the advertiser simply states that his product is equivalent (or has an equivalent characteristic) to the product protected by another person's mark (or to one of that product's characteristics), without, however, alluding to the fact that that equivalence is the result of copying the latter product (or one of its characteristics), it does not seem to me that one product is being presented as an imitation or replica of another. On the other hand, what is prohibited includes, for example – in addition to cases involving explicit admission of imitation or replica of a product protected by another person's mark – cases in which formulas such as 'type' or 'style' are appended to that mark in describing the advertiser's product. It is also possible that the advertisement, whilst not containing such a formula or formulas which in a different but none the less explicit manner evoke the idea of imitation or replica, is none the less capable, in the light of its overall presentation and economic context, of communicating such an idea to the public at whom it is directed, even if it does so only by implication.

85. I therefore believe that an advertiser who states that his product has an essential characteristic that is identical with that of a product protected by a trade mark, whether or not it is well known, does not on ac-

count of that fact alone infringe the rule laid down in Article 3a(1)(h) of Directive 84/450. I would add that whether such a statement is truthful, a point that is emphasised in the question under consideration, is irrelevant for the purpose of the application of that provision, but that it is relevant for the purpose of the application of Article 3a(1)(a) of that directive.

86. The appellant companies submit that Article 3a(1)(h) of Directive 84/450 does not prohibit a specific characteristic of a product being presented as equivalent to that of the product protected by a trade mark to which it is compared. In the present case, the positive statement of equivalence in the comparative advertising, as referred to in the question under examination, precisely concerns only one of the characteristics (smell) of the product (perfume) and not the product as a whole. At the hearing, the Commission's representative, referring to the appellant companies' argument, suggested that if the product has other characteristics which are relevant to the consumer's choice and those characteristics do not feature in the comparison, the conditions are not fulfilled for prohibiting, on the basis of the provision in question, an advertisement which states that only some of the characteristics of the product are equivalent.

87. Since, in my view, what is relevant for the purpose of that provision is not a statement that the products are totally or partly identical or equivalent but a statement of the fact that the advertised product has been manufactured according to a process of imitation or reproduction on the basis of the model of the product protected by the trade mark, the question which those arguments raise is whether the condition in question under which such advertising is permitted is infringed only where the advertisement presents the advertiser's product as a whole as an imitation or replica of the marked product, or also where it presents only one or some of the product's characteristics as imitations or replicas.

88. In that regard, since it is precisely the open 'confession' in advertising that a product is an imitation or replica of a product protected by a trade mark that the legislation is designed to combat in order to protect that product, I am of the opinion that an advertisement which indicates, explicitly or by implication, that a characteristic of the advertised product imitates or reproduces the corresponding characteristic of a product protected by another person's trade mark does not comply with the condition in question under which comparative advertising is permitted, provided that it is an essential characteristic in the eyes of the public at whom the advertisement is directed.

89. I therefore propose that the answer to the fourth question should be that Article 3a(1)(h) of Directive 84/450 must be interpreted as meaning that:

– it prohibits an advertisement which alludes, explicitly or by implication, bearing in mind its economic context, to the fact that the advertiser's product has been manufactured in such a way as to imitate or reproduce, even if only in respect of one or more

essential characteristics, a product protected by another person's mark and,

– consequently, it does not prohibit an advertisement solely on the ground that it states that the advertiser's product has an essential characteristic that is identical with that of a product protected by a – possibly well-known – trade mark.

B – The fifth question referred for a preliminary ruling

90. The fifth question, which is concerned with the interpretation of Article 5(2) of Directive 89/104, is raised in connection with the part of the main proceedings that is concerned not with the comparison lists but with the forms of packaging (boxes and bottles) of certain perfumes marketed by the appellant companies.

91. The Court of Appeal simply asks the Court to rule on the concept of taking 'unfair advantage of ... the repute of the trade mark' in Article 5(2) of Directive 89/104, asking in particular whether the use of a sign that is similar to a well-known mark which does not affect and is not liable to affect the function of that mark of providing a guarantee of origin, which does not cause the well-known mark to be tarnished or blurred, which does not have a negative impact on the trade mark owner's sales or on the return on investments made in connection with the mark itself, but which confers upon the trader who uses the mark a commercial advantage by reason of the similarity between his sign and that mark, enables that trader to 'take unfair advantage' of the repute of that mark within the meaning of that provision.

92. In raising that question, the Court of Appeal makes it clear in particular that, where it is established that, as a result of the similarity between the packaging of the appellant companies' products and L'Oréal's registered trade marks, the public makes a connection between those products and L'Oréal's, that connection confers an advantage upon the appellant companies, in that it enables them to charge higher prices than they would otherwise be able to. However, the Court of Appeal is of the view that to conclude that in the circumstances referred to in the question under consideration there is an unfair advantage would mean that the word 'unfair', which nevertheless appears in Article 5(2) of Directive 89/104, is deprived of any meaning.

93. I have already mentioned at point 57 above that, according to the case-law, the protection conferred by that provision also covers situations involving the use of a sign that is similar to the well-known mark for goods that are identical or similar and is not designed to combat only the likelihood of confusion on the part of the public.

94. That protection presupposes that, where there is a certain degree of similarity between the well-known mark and the sign used by a third party, this results in the relevant section of the public making a connection between the sign and the mark, even though it does not necessarily confuse them. (70)

95. Another specific condition of protection consists of a use of the sign in question without due cause, which takes unfair advantage of, or is detrimental to,

the distinctive character or the repute of the trade mark. (71) These are different sets of circumstances, each of which may be present in a particular case without the others and justify of itself the protection in question. (72)

96. Paraphrasing the observations of Advocate General Sharpston concerning Article 4(4)(a) of Directive 89/104, (73) I would also state that the concept of unfair advantage clearly focuses on benefit to the sign used by a third party rather than on harm to the well-known mark.

97. It follows from the above considerations that it cannot be ruled out on the basis of the circumstances to which the Court of Appeal refers at (a) to (d) of the question under examination – namely where there is no impairment (or likelihood of impairment) of the essential function of the mark of providing a guarantee of origin, no detriment (or likelihood of detriment) to the mark's distinctive character or reputation, and no impact on the sales of the products identified by the well-known mark or on the return on the investments made in connection with that mark – that the advantage which a trader gains from the use for his own products of a sign that is similar to another person's well-known mark may be classified as unfair within the meaning of Article 5(2) of Directive 89/104.

98. That does not mean, however, that, for an advantage to be thus classified, it is sufficient for the connection referred to above to be made by the public between the sign and the mark as a result of the similarity between them. (74)

99. In a number of judgments in which it has interpreted Article 8(5) of Regulation No 40/94, the Court of First Instance has stated that 'the concept of the unfair advantage taken of the distinctive character or the repute of the earlier mark by the use without due cause of the mark applied for ... [relates to] the risk that the image of the mark with a reputation or the characteristics which it projects are transferred to the goods covered by the mark applied for, with the result that the marketing of those goods is made easier by that association with the earlier mark with a reputation'. (75)

100. Furthermore, in those judgments, the Court of First Instance also stated that the risk in question continues to exist 'where the consumer, without necessarily confusing the commercial origin of the product or service in question, is attracted by the mark applied for itself and buys the product or service covered by it on the ground that it bears that mark, which is identical or similar to an earlier mark with a reputation'. (76)

101. I would observe that it is one thing to say, as in the passage cited at point 99 above, that the reflection of the well-known mark's image on the products identified by the mark applied for makes easier the marketing of those goods; it is, however, quite another to say, as the passage cited at point 100 would appear to suggest, that it is solely as a result of that reflection that the consumer is induced to buy such products in preference to others. The latter view is very restrictive, since it means that the well-known mark is protected against free-

riding behaviour only where it can be demonstrated that, but for the reflection of the image of the well-known mark on the product identified by the mark applied for, the consumer would not have bought that product.

102. Continuing to paraphrase the observations of Advocate General Sharpston and transposing them from the context of opposition by the proprietor of an earlier well-known mark to the registration of a mark to the context of the protection of a well-known mark against the use of a sign that is identical with, or similar to, the mark, '[w]hat must be established is some sort of boost given to the [third party's sign] by its link with the [well-known] mark'. (77)

103. In order to find that advantage has been taken of the reputation of a mark within the meaning of Article 5(2) of Directive 89/104, it should be sufficient, in my view, to demonstrate that the sign used by the third party has a particular attraction for the consumer due to the fact that that sign is associated with positive qualities of the well-known mark (78) in such a way as to induce the consumer to buy the products under that sign.

104. Where such a case can be demonstrated to exist, should it perhaps be concluded that such an advantage is of itself unfair?

105. In that connection, it seems to me that it is helpful to point out first of all that Article 5(2) of Directive 89/104, unlike Article 3a(1)(g) of Directive 84/450, contains, in addition to the 'unfair' element, a reference to the use of a sign 'without due cause'. (79) As regards situations involving free-riding behaviour envisaged by the former provision, the difficulty therefore arises of determining the respective roles played by each of those two elements, the juxtaposition of which may, at first sight, appear to serve no useful purpose. In fact, the question that arises is how an advantage may be taken of the reputation of a mark that is not unfair where use is made of a sign that is identical with or similar to that mark without due cause.

106. In order to resolve that difficulty, it seems to me that it must be concluded that the adjective 'unfair' comes into play only where due cause for the use of such a sign is relied on and demonstrated.

107. That means that, where the 'boost' given to the third party's sign as a result of the connection with the well-known mark, in the manner that I have indicated at point 103 above, derives from a use of that sign for which there is due cause, it is still necessary to determine whether or not the advantage taken by the third party is unfair in order to establish whether the proprietor of that mark can prevent such a use.

108. On the other hand, where it is not submitted or demonstrated that due cause has been shown for the use of that sign (and the simple fact that advantage is taken of the reputation of the mark clearly cannot constitute such due cause), the proprietor of the mark can prevent such use where it enables the third party to take advantage of the reputation of the mark. That is to say, where due cause cannot be shown, such an advantage must be deemed to be unfair. Accordingly, as the French Gov-

ernment essentially suggested, where it is apparent that the only purpose of the use by a trader of a sign that is similar to another person's well-known mark in order to distinguish his own products is to exploit the reputation or particular image of that mark in order to promote the sale of those products, the advantage which that trader thereby derives must certainly be classified as unfair.

109. On the other hand, where such a trader actually relies on and demonstrates due cause, it can no longer be assumed that the advantage taken of the mark's reputation is unfair and it is necessary to determine whether or not it is unfair in the light of all the relevant circumstances of the case (80) and the nature of the due cause established.

110. It is for the national court to verify, in particular, whether the appellant companies showed due cause for the use of bottles and boxes similar to those of the L'Oréal trade marks and, if so, whether, taking that due cause and all the relevant circumstances of the case into account, the advantage taken by those companies of the reputation of those marks is unfair. (81)

111. I therefore propose that the answer to the fifth question is that Article 5(2) of Directive 89/104 must be interpreted as meaning that:

– where a trader uses a sign that is similar to another person's well-known mark and derives an advantage from this originating in that similarity and in the consequential association of that sign with the positive qualities of that mark, such use may be prevented if it is without due cause, which cannot be the advantage itself, or, where due cause is shown, if it is apparent, taking such due cause and all the relevant circumstances of the case into account, that that advantage is unfair;

– that prevention cannot be precluded on account of the fact that there is no impairment (or likelihood of impairment) of the mark's essential function of providing a guarantee of origin, no detriment (or likelihood of detriment) to the mark's distinctive character or reputation, and such use has no impact on the sales of the products identified by the mark or on the return on the investments made in connection with that mark.

IV – Conclusion

112. In the light of the foregoing, I propose that the questions referred by the Court of Appeal (England and Wales) (Civil Division) should be answered as follows:

(1) Article 5(1)(a) of 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 trade mark is not entitled to prevent use by a third party in comparative advertising of a sign that is identical with that mark for goods or services which are identical with those for which the mark is registered where such use does not affect or is not likely to affect the mark's essential function of providing a guarantee of origin or any of the mark's other functions, even if such use plays a significant role in the promotion of the advertiser's goods and, in particular, permits that advertiser to take unfair advantage of the mark's reputation

(2) Article 3a(1)(g) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising, as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997, must be interpreted as meaning that it is not possible to conclude on the basis of the simple fact that a trader, in a comparison list, compares his product with a product identified by a well-known mark that the advertiser takes unfair advantage of that mark's reputation and that, if the existence of such an advantage presupposes that the public at whom the advertising is directed is caused to associate the proprietor of the well-known mark with the advertiser in such a way that the public might associate by way of extension the reputation of the former's products with those of the latter, it is for the national court to determine whether that advantage is unfair in the light of all the relevant individual circumstances of the case.

(3) Article 3a(1)(h) of Directive 84/450, as amended by Directive 97/55, must be interpreted as meaning that:

– it prohibits an advertisement which alludes, explicitly or by implication, bearing in mind its economic context, to the fact that the advertiser's product has been manufactured in such a way as to imitate or reproduce, even if only in respect of one or more essential characteristics, a product protected by another person's mark and,

– consequently, it does not prohibit an advertisement solely on the ground that it states that the advertiser's product has an essential characteristic that is identical with that of a product protected by a – possibly well-known – trade mark.

(4) Article 5(2) of Directive 89/104 must be interpreted as meaning that:

– where a trader uses a sign that is similar to another person's well-known mark and derives an advantage from this originating in that similarity and in the consequential association of that sign with the positive qualities of that mark, such use may be prevented if it is without due cause, which cannot be the advantage itself, or, where due cause is shown, if it is apparent, taking such due cause and all the relevant circumstances of the case into account, that that advantage is unfair;

– that prevention cannot be precluded on account of the fact that there is no impairment (or likelihood of impairment) of the mark's essential function of providing a guarantee of origin, no detriment (or likelihood of detriment) to the mark's distinctive character or reputation, and such use has no impact on the sales of the products identified by the mark or on the return on the investments made in connection with that mark.

5 – Directive 89/104 has recently been repealed and replaced by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25), which entered into force on 28 November 2008, and, in accordance with recital 1 in the preamble thereto, 'codified' Directive 89/104 'in the interests of clarity and rationality'. Articles 5 and 6 of Directive 2008/95 reproduce, without any substantive amendments, the provisions previously set out in Articles 5 and 6 of Directive 89/104.

6 – Directive 84/450 was amended subsequently by Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market ('the unfair commercial practices directive') (OJ 2005 L 149, p. 22) and then repealed and replaced, with effect from 12 December 2007, by Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising (OJ 2006 L 376, p. 21), which is, however, simply a codified version, in the interests of clarity and rationality, of the provisions in Directive 84/450.

7 – Order for reference, paragraph 7.

8 – Opinion in Case C-381/05 [2007] ECR I-3115.

9 – Cited in the footnote above.

10 – Case C-533/06 [2008] ECR I-4231.

11 – *Ibid.*, paragraphs 36 and 37.

12 – *Ibid.*, paragraphs 45 and 51.

13 – Case C-102/07 [2008] ECR I-2439, paragraph 46. See also the Opinion of Advocate General Ruiz-Jarabo Colomer in that case (points 75 and 78, which are referred to in the abovementioned paragraph of that judgment).

14 – I am referring, of course, to the fact that the goods fall into the same category, namely perfumes, and am not suggesting that the goods are identical in terms of their characteristics or qualities.

15 – Case C-292/00 Davidoff [2003] ECR I-389, paragraph 28, and O2, paragraphs 47 and 57 to 59 and the case-law cited.

16 – Respectively, Case C-206/01 [2002] ECR I-10273, paragraph 51; Case C-245/02 [2004] ECR I-10989, paragraph 59; and Case C-48/05 [2007] ECR I-1017, paragraph 21.

17 – Case C-337/95 [1997] ECR I-6013.

18 – Case C-348/04 [2007] ECR I-3391.

19 – Case T-215/03 SIGLA v OHIM – Elleni Holding (VIPS) [2007] ECR II-711.

20 – Davidoff, paragraphs 18 and 19.

21 – It is in that sense that, in his Opinion in Case C-291/00 LTJ Diffusion [2003] ECR I-2799, points 33 to 39, Advocate General Jacobs understood the absolute nature of the protection granted to trade marks that is referred to in the 10th recital in the preamble to Directive 89/104 and concluded that 'the protection afforded to trade mark proprietors under the relevant provisions is predicated essentially on the existence of a likelihood of confusion, proof of which is superfluous where both the marks (or the mark and sign) and the products cov-

1 – Original language: Italian.

2 – OJ 1989 L 40, p. 1.

3 – OJ 1984 L 250, p. 17.

4 – OJ 1997 L 290, p. 18.

ered are not merely similar but identical' and that 'Articles 4(1)(a) and 5(1)(a) of Directive [89/104] are intended to apply only in such cases, since likelihood of confusion can be presumed without further investigation'. Moreover, the assertion in paragraph 49 of the judgment in that case that 'Article 5(1)(a) of the directive does not require evidence of a likelihood [of confusion on the part of the public] in order to afford absolute protection in the case of identity of the sign and the trade mark and of the goods or services' could also be construed in the same manner.

22 – I would point out that, under Article 16(1) of the 'TRIPS Agreement' (Agreement on Trade-Related Aspects of Intellectual Property Rights) – annexed to the Agreement establishing the World Trade Organisation, signed in Marrakesh on 15 April 1994, and approved on behalf of the European Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1) – '[i]n case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed'. See also, in that regard, the Opinion of Advocate General Tizzano in *Anheuser Busch*, in particular points 71 to 77.

23 – Paragraph 28; emphasis added.

24 – Emphasis added.

25 – Paragraph 51; emphasis added.

26 – Paragraph 59.

27 – Paragraph 21.

28 – *Arsenal*, paragraph 42.

29 – *Ibid.*, paragraph 54.

30 – Case C-2/00 *Hölderhoff* [2002] ECR I-4187, paragraph 16, and *Arsenal*, paragraph 54.

31 – Case C-17/06 [2007] ECR I-7041

32 – *Arsenal*, paragraph 61.

33 – *Adam Opel*, paragraph 22. Emphasis added.

34 – *Ibid.*, paragraph 37. See also, by analogy, paragraphs 26 and 36 of the judgment in *Céline*, by way of comparison: at paragraph 26, it is stated that 'the unauthorised use by a third party of a sign which is identical with a registered mark in relation to goods or services which are identical with those for which that mark is registered cannot be prevented under Article 5(1)(a) of the directive unless it affects or is liable to affect the functions of the mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services' (emphasis added); paragraph 36, in which the word 'unless' does not appear, states that 'the unauthorised use by a third party of a company name, trade name or shop name which is identical with an earlier mark in connection with the marketing of goods which are identical with those in relation to which that mark was registered constitutes use which the proprietor of that mark is entitled to prevent in accordance with Article 5(1)(a) of the directive, where the use is in relation to goods in such a way as to affect or be liable to affect the functions of the mark'.

35 – *Ibid.*, paragraph 25.

36 – Points 39, 41 and 42.

37 – Points 46 and 47.

38 – See also, with regard to trade mark functions, the Opinion of Advocate General Ruiz-Jarabo Colomer in Case C-259/04 *Emanuel* [2006] ECR I-3089, points 41 to 45.

39 – See, to that effect, *inter alia*, the contribution of Lord Mackenzie Stuart entitled 'Les travaux de la Cour de justice des Communautés européennes', in *Marque et droit économique – Les fonctions de la marque* (proceedings of the conference of 6 and 7 November 1975), Union des fabricants pour la protection internationale de la propriété industrielle et artistique, Paris, 1976, p. 257 and, in particular, pp. 261 and 262.

40 – Opinion of 3 December 2008 in Case C-59/08 *Copad*, point 50.

41 – The effective image of the trade mark as 'accumulator of information that is otherwise communicated' is that of G. De Sena, *Il diritto dei marchi – Marchio nazionale e marchio comunitario* (Trade mark law – national and Community trade marks), Giuffrè, Milan, 2007, p. 52.

42 – See, in that regard, the Opinion of Advocate General Sharpston in Case C-252/07 *Intel Corporation* [2008] ECR I-0000, points 8 to 13, and *VIPS*, paragraph 35.

43 – *Parfums Christian Dior*, paragraph 43.

44 – Joined Cases C-427/93, C-429/93 and C-436/93 *Bristol-Myers Squibb and Others* [1996] ECR I-3457, paragraph 75; *Parfums Christian Dior*, paragraph 43; and *Boehringer Ingelheim and Others*, paragraphs 20 and 21.

45 – *Boehringer Ingelheim and Others*, paragraph 43.

46 – *Parfums Christian Dior*, paragraphs 44 and 45.

47 – See, to that effect, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 20; Case C-408/01 *Adidas-Salomon and Adidas Benelux* [2003] ECR I-12537, paragraphs 27 to 30; and *adidas and adidas Benelux*, paragraphs 40 and 41.

48 – *Davidoff*, paragraph 30; *Adidas-Salomon and Adidas Benelux*, paragraphs 19 and 20; and *adidas and adidas Benelux*, paragraph 37.

49 – See, in particular, paragraphs 89 and 90 and 110 to 113 of L'Oréal's written observations.

50 – Opinion in *O2*, point 56.

51 – In his Opinion in Case C-112/99 *Toshiba* [2001] ECR I-7945, point 76, Advocate General Léger observed that, by using the word 'unfair', the provision under examination could not better express 'the idea that a share of the benefit of [the] reputation [of the competitor's trade mark] is inevitably diverted to the advertiser'.

52 – See *De Landtsheer Emmanuel*, paragraphs 34 and 62, and *O2*, paragraphs 38 and 39.

53 – *De Landtsheer Emmanuel*, paragraph 35 and the case-law cited.

54 – Point 39. The judgment is cited above.

55 – The definition is also repeated and expressly cited by F.W. Mostert in 'Famous and Well-Known Marks', Butterworths, London, 1997, p. 62.

56 – Case C-59/05 [2006] ECR I-2147.

57 – See the Joint Recommendation concerning Provisions on the Protection of Well-Known Marks, adopted

by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organisation (WIPO) (1999): the note on Article 4(1)(b)(iii) of that recommendation, which refers to a situation in which the use of a mark which constitutes a reproduction, an imitation, a translation or a transliteration of a well-known mark 'takes unfair advantage of the distinctive character' of that mark, states that the reference to 'unfair advantage' in that item is 'intended to give Member States flexibility in the application of this criterion'.

58 – Opinion in Intel Corporation, point 35.

59 – Paragraphs 57 and 60.

60 – Paragraph 18.

61 – Ibid., paragraph 24.

62 – Toshiba, paragraph 60.

63 – Ibid., paragraph 52.

64 – Siemens, paragraph 24.

65 – See, to that effect, with regard to the advantage to the advertiser, Siemens, paragraph 25.

66 – Toshiba, paragraph 56, and Siemens, paragraph 17.

67 – De Landtsheer Emmanuel, paragraph 69 and the case-law cited. Emphasis added.

68 – Paragraph 36.

69 – I use the word 'replicas' ['riproduzione' in Italian] rather than the word 'contraffazione' which is used in the Italian version of that provision, since the latter, which necessarily refers to infringement of an exclusive right, appears to be an inappropriate translation of the corresponding, more neutral, words which are used in the English ('replicas') and French ('reproduction') versions of that provision.

70 – Adidas-Salomon and Adidas Benelux, paragraphs 29 and 31, and adidas and adidas Benelux, paragraph 41.

71 – Adidas-Salomon and Adidas Benelux, paragraph 27, and adidas and adidas Benelux, paragraph 40.

72 – See the Opinion of Advocate General Jacobs in Adidas-Salomon and Adidas Benelux, points 36 to 39, and, although with reference to Article 4(4)(a) of Directive 89/104, the Opinion of Advocate General Sharpston in Intel Corporation, point 43, and the judgment in Intel Corporation, paragraph 28.

73 – Opinion in Intel Corporation, point 62.

74 – See, to that effect, Intel Corporation, paragraph 32.

75 – VIPS, paragraph 40; judgment of 30 January 2008 in Case T-128/06 Japan Tobacco v OHIM – Torrefacção Camelo(CAMELO), paragraph 46; and judgment of 19 June 2008 in Case T-93/06 Mülhens v OHIM – Spa Monopole (MINERAL SPA), paragraph 40. Emphasis added.

76 – VIPS, paragraph 42; CAMELO, paragraph 65; and MINERAL SPA, paragraph 38. Emphasis added.

77 – Opinion in Intel Corporation, point 62.

78 – In VIPS, paragraphs 71 and 72, and CAMELO, paragraph 65, it is stated, moreover, first, that there could be a risk of unfair advantage being taken of the distinctive character or the repute of another person's

mark 'only if the relevant public, without confusing the origin of the goods in question, were particularly attracted' to the goods of the applicant seeking registration 'solely because it is covered by' a sign that is identical with or similar to the well-known mark and, second, that evidence is required, where appropriate, of an association of the mark applied for with the positive qualities of the well-known earlier mark.

79 – In the case of comparative advertising, due cause for the use of a competitor's mark appears to me to be inherent in compliance by the advertisement with the conditions under which such advertising is permitted under Article 3a(1)(b) and (c) of Directive 84/450. It is for that reason, in my view, that the Community legislature did not consider it necessary to repeat in Article 3a(1)(g) of that directive the condition relating to use of a sign without due cause, which appears by contrast in Article 5(2) of Directive 89/104.

80 – See, by analogy, Intel Corporation, paragraph 68. As also stated by Advocate General Sharpston in her Opinion in that case (point 65), the greater the reputation of the well-known mark and the closer the categories of goods that the products identified by the sign and the well-known mark, respectively, belong to, the greater will be the likelihood that an unfair advantage will be taken of the well-known mark.

81 – Adam Opel, paragraph 36.