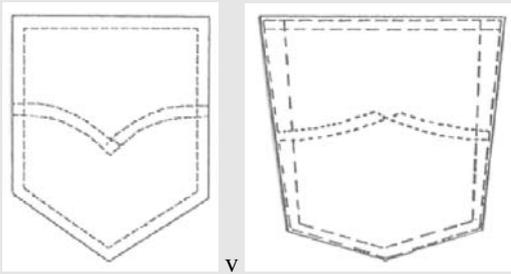


European Court of Justice, 27 April 2006, Levi Strauss



TRADEMARK LAW

Relevant time for assessing likelihood of confusion between a trade mark and a similar sign

- That Article 5(1) of Directive 89/104 must be interpreted as meaning that, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, the national court must take into account the perception of the public concerned at the time when the sign, the use of which infringes that trade mark, began to be used.

The proprietor's right to protection of his mark from infringement is neither genuine nor effective if account may not be taken of the perception of the public concerned at the time when the sign, the use of which infringes the mark in question, began to be used.

If the likelihood of confusion were assessed at a time after the sign in question began to be used, the user of that sign might take undue advantage of his own unlawful behaviour by alleging that the product had become less renowned, a matter for which he himself was responsible or to which he himself contributed.

Article 12(2)(a) of Directive 89/104 provides that a trade mark is liable to revocation if, after the date on which it was registered, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered. Thus, by balancing the interests of the proprietor against those of his competitors in the availability of signs, the legislator considered, in adopting this provision, that the loss of that mark's distinctive character can be relied on against the proprietor thereof only where that loss is due to his action or inaction. Therefore, as long as this is not the case, and particularly when the loss of the distinctive character is linked to the activity of a third party using a sign which infringes the mark, the proprietor must continue to enjoy protection.

Measures

- To take such measures as prove to be the most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights.

That, where the competent national court finds that the sign in question constituted an infringement of the mark at the time when the sign began to be used, it is for that court to take such measures as prove to be the

most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights deriving from Article 5(1) of Directive 89/104; such measures may include, in particular, an order to cease use of that sign.

Loss of distinctive character

- Loss of distinctive character owing to conduct of the proprietor of the trade mark after use of the sign has commenced.

That it is not appropriate to order cessation of the use of the sign in question if it has been established that the trade mark has lost its distinctive character, in consequence of acts or inactivity of the proprietor, so that it has become a common name within the meaning of Article 12(2) of Directive 89/104 and the trade mark has therefore been revoked.

Source: curia.europa.eu

European Court of Justice, 27 April 2006

(A. Rosas, J. Malenovský, J. P. Puissechet, S. von Bahr and U. Löhmus)

JUDGMENT OF THE COURT (Third Chamber)

27 April 2006 (*)

(Trade marks – Directive 89/104/EEC – Article 5(1)(b) – Relevant time for assessing likelihood of confusion between a trade mark and a similar sign – Loss of distinctive character owing to conduct of the proprietor of the trade mark after use of the sign has commenced)

In Case C-145/05,

REFERENCE for a preliminary ruling under Article 234 EC from the Cour de cassation (Belgium), made by decision of 17 March 2005, received at the Court on 31 March 2005, in the proceedings
Levi Strauss & Co.

v

Casucci SpA,

THE COURT (Third Chamber),

composed of A. Rosas, President of the Chamber, J. Malenovský (Rapporteur), J. P. Puissechet, S. von Bahr and U. Löhmus, Judges,

Advocate General: D. Ruiz-Jarabo Colomer,

Registrar: K. Sztranc, Administrator,

having regard to the written procedure and further to the hearing on 17 November 2005,

after considering the observations submitted on behalf of:

– Levi Strauss & Co., by T. van Innis, avocat,

– the Commission of the European Communities, by N.B. Rasmussen and D. Maidani, acting as Agents, after hearing the Opinion of the Advocate General at the sitting on 17 January 2006,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation 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).

2 The reference has been made in proceedings between Levi Strauss & Co. ('Levi Strauss') and Casucci SpA ('Casucci') concerning sale by the latter of jeans bearing a sign which allegedly infringes a mark owned by Levi Strauss.

Legal context

3 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'.

4 Article 5 of that directive provides:

'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:

...
(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;

...
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.

...
5 Article 12(2) of the directive provides:

'2. A trade mark shall also be liable to revocation if, after the date on which it was registered,

(a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;

...

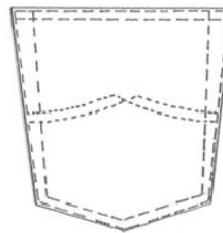
The main proceedings and the questions referred for a preliminary ruling

6 In 1980, Levi Strauss obtained registration in the Benelux countries of the graphic mark known as 'mouette' (seagull), a design represented by a double row of overstitching curving downwards in the middle, placed in the centre of a pentagonal pocket, reproduced below,



in respect of clothes falling within Class 25 within the meaning of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

7 Casucci put jeans onto the market in the Benelux countries bearing a sign comprising a double row of overstitching, curving upwards in the centre of the back pockets, which has the following form:



8 Considering that Casucci infringed in so doing the rights conferred by the 'mouette' trade mark on it, Levi Strauss brought an action against Casucci on 11 March 1998 before the Tribunal de commerce de Bruxelles (Brussels Commercial Court) seeking cessation of all use of the mark in question on the clothes marketed by Casucci and an order for damages against that company.

9 When the first instance court dismissed its application by ruling of 28 October 1999, Levi Strauss brought an appeal before the Cour d'appel de Bruxelles (Brussels Court of Appeal). Before that court, it argued that it followed from the case-law of the Court of Justice that, first, the likelihood of confusion had to be assessed globally, taking account of the degree of similarity between the mark and the sign and between the goods concerned, and, second, the more distinctive the earlier mark, the greater that risk would be. It contended that in the present case, besides the fact that the mark and the sign in question were visually similar and that the products concerned were identical, it was significant that the 'mouette' mark was highly distinctive on the basis of its imaginative content and its widespread use over decades.

10 The Cour d'appel de Bruxelles, however, dismissed Levi Strauss's application, ruling that there was little similarity between the sign in question and the

'mouette' mark, and in particular, that that mark could no longer be considered to be a highly distinctive mark. The mark was partially made up of components whose characteristics were now common to the products concerned owing to their constant and widespread use, the effect of which was necessarily to weaken significantly that mark's distinctive character since the components of that mark were not inherently distinctive.

11 Levi Strauss brought an appeal before the Cour de cassation (Court of Cassation), contending that Casucci appeared to claim that the 'mouette' mark was still highly distinctive in 1997 and that in 1998 – the year in which purchases of other jeans were made, the distribution of which had led to the dilution of the mark – it had lost its distinctive character. In this context, Levi Strauss argued that the Cour d'appel de Bruxelles should have followed the position taken by the Benelux Court of Justice in its judgment in 'Quick' of 13 December 1994 (A 93/3), according to which, in order to determine whether a mark is highly distinctive, the court should place itself at the time when the sign in question had come into use – that time being, according to Levi Strauss, 1997 – and that it could be otherwise only if the mark concerned had lost its distinctive character in full or in part after that time, and only where that loss was fully or partly due to the action or inaction of the proprietor of that mark. In the present case, however, the Cour d'appel had placed itself, in order to assess the likelihood of confusion, not at the time when the sign in question had begun to be used but at the date it delivered its ruling. Whilst the Cour d'appel de Bruxelles considered that the effect of the widespread nature of the components of the mark in question was to weaken substantially its distinctive character, it did not find that the substantial weakening of that distinctive character, after the time the sign in question had come into use, was due in full or in part to the action or inaction of Levi Strauss. The Cour d'appel was thus not entitled to hold that the 'mouette' mark was no longer highly distinctive.

12 In those circumstances, the Cour de cassation decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

(1) For the purposes of determining the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of Directive 89/104, must the court take into account the perception of the public concerned at the time when use was commenced of the mark or similar sign which allegedly infringes the trade mark?

(2) If not, may the court take into account the perception of the public concerned at any time after the commencement of the use complained of? Is the court entitled in particular to take into account the perception of the public concerned at the time it delivers the ruling?

(3) Where, in application of the criterion referred to in the first question, the court finds that the trade mark

has been infringed, is it entitled, as a general rule, to order cessation of the infringing use of the sign?

(4) Can the position be different if the claimant's trade mark has lost its distinctive character wholly or in part after commencement of the unlawful use, but solely where that loss is due wholly or in part to an act or omission by the proprietor of that trade mark?'

The questions

The first and second questions

13 By these questions, which should be considered together, the national court essentially wishes to know whether, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of Directive 89/104, it must take into account the perception of the public concerned either at the time when use was commenced of the sign which infringes the trade mark concerned, at any other time thereafter or at the time the national court delivers its ruling.

14 In conferring on the proprietor of a trade mark the right to prevent all third parties from using an identical or similar sign, where there is a likelihood of confusion, and in setting out the uses of such a sign which may be prohibited, Article 5 of Directive 89/104 seeks to protect that proprietor from uses of signs likely to infringe that trade mark.

15 The Court has thus pointed out that, in order to ensure the essential function of a trade mark, which is to guarantee the identity of the origin of the marked product or service to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish that product or service from others which have another origin, the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing that mark (see [Case C-349/95 Loendersloot \[1997\] ECR I-6227](#), paragraph 22, and [Case C-206/01 Arsenal Football Club \[2002\] ECR I-10273](#), paragraph 50). That must also be the case where, on the basis of a similarity between the signs and the mark in question, there is a likelihood of confusion between them.

16 Member States must take measures which are sufficiently effective to achieve the aim of the directive and they must ensure that the rights conferred by it can be effectively relied upon before the national courts by the persons concerned (see Case 14/83 von Colson and Kamann [1984] ECR 1891, paragraph 18, and Case 222/84 Johnston [1986] ECR 1651, paragraph 17).

17 The proprietor's right to protection of his mark from infringement is neither genuine nor effective if account may not be taken of the perception of the public concerned at the time when the sign, the use of which infringes the mark in question, began to be used.

18 If the likelihood of confusion were assessed at a time after the sign in question began to be used, the user of that sign might take undue advantage of his own unlawful behaviour by alleging that the product had become less renowned, a matter for which he himself was responsible or to which he himself contributed.

19 Article 12(2)(a) of Directive 89/104 provides that a trade mark is liable to revocation if, after the date on which it was registered, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered. Thus, by balancing the interests of the proprietor against those of his competitors in the availability of signs, the legislator considered, in adopting this provision, that the loss of that mark's distinctive character can be relied on against the proprietor thereof only where that loss is due to his action or inaction. Therefore, as long as this is not the case, and particularly when the loss of the distinctive character is linked to the activity of a third party using a sign which infringes the mark, the proprietor must continue to enjoy protection.

20 In the light of all the foregoing, the answer to the first and second questions must be that Article 5(1) of Directive 89/104 must be interpreted as meaning that, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, the national court must take into account the perception of the public concerned at the time when the sign, the use of which infringes that trade mark, began to be used.

The third question

21 By this question, the national court wishes to know whether, as a general rule, an order for the cessation of the use of the sign in question should be made where it has been found that that sign constituted an infringement of the protected mark at the time when it began to be used.

22 It follows from Article 5(1) of Directive 89/104, read in the light of the answer to the first and second questions referred by the national court, that, where there was a likelihood of confusion between the registered trade mark and a similar sign at the time when the sign in question began to be used, the proprietor is to be entitled to prevent all third parties not having his consent from using that sign in the course of trade.

23 Directive 89/104 provides in Article 5(3) for a non-exhaustive list of measures to guarantee the rights of the proprietor but does not require that such measures take a particular form, and thus the competent national authorities retain a degree of discretion in that regard.

24 However, the requirement of genuine and effective protection of the rights which the proprietor derives from Directive 89/104, recalled in paragraph 16 of this judgment, means that the competent national court must take such measures as prove to be the most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights and remedy infringements of his mark. In this connection, it should be noted in particular that the order to cease use of the sign in question is indeed a measure which genuinely and effectively safeguards those rights.

25 Accordingly, the answer to the third question must be that, where the competent national court finds that the sign in question constituted an infringement of the mark at the time when the sign began to be used, it

is for that court to take such measures as prove to be the most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights deriving from Article 5(1) of Directive 89/104; such measures may include, in particular, an order to cease use of that sign.

The fourth question

26 By its fourth question, the national court is essentially asking whether it is appropriate to order cessation of the use of the sign in question if the trade mark has lost its distinctive character, wholly or in part, after that sign has begun to be used and that loss is due, wholly or in part, to an act or omission of the proprietor of that mark.

27 While Article 5 of Directive 89/104 confers certain rights on the proprietor of a trade mark, the directive requires consequences to be drawn from the proprietor's conduct in determining the scope of protection of those rights.

28 Thus, Article 9(1) of the directive provides that where, in a Member State, the proprietor of an earlier trade mark has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he is in principle no longer entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used. By the same token, Article 10 provides that if, following completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State concerned in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, that trade mark is to be subject to the sanctions provided for in the directive, unless there are proper reasons for non-use. Finally, under Article 12(1) and (2) of Directive 89/104, a trade mark is to be liable to revocation if it has not been put to genuine use within a continuous period of five years or if it has become, in consequence of its proprietor's conduct, the common name for a product or service.

29 Those provisions indicate that the purpose of Directive 89/104 is generally to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function, on the one hand, and the interests of other economic operators in having signs capable of denoting their products and services (see, in relation to the requirement of availability of colours in the case of registration as a trade mark of a colour per se, [Case C-104/01 Libertel \[2003\] ECR I-3793](#)).

30 It follows that the protection of rights that the proprietor of a trade mark derives under the directive in question is not unconditional, since in order to maintain the balance between those interests that protection is limited in particular to those cases in which the proprietor shows himself to be sufficiently vigilant by opposing the use of signs by other operators likely to infringe his mark.

31 The requirement of vigilant conduct is not confined to trade mark protection, in fact, and may apply in other fields of Community law where an individual seeks to benefit from a right deriving from that legal order.

32 It was recalled in paragraph 28 of this judgment that a trade mark is liable to revocation if it has become, in consequence of acts or inactivity of the proprietor, the common name in the trade for a product or service in respect of which it has been registered.

33 Accordingly, where a trade mark has lost its distinctive character in consequence of acts or inactivity of the proprietor so that it has become a common name within the meaning of Article 12(2) of Directive 89/104, its proprietor can no longer assert the rights conferred on him under Article 5 of that directive.

34 Such inactivity may also take the form of a failure on the part of the proprietor of a mark to have recourse to Article 5 in due time, for the purposes of applying to the competent authority to prevent third parties from using the sign in respect of which there is a likelihood of confusion with that mark, since the purpose of such applications is precisely to preserve the distinctive character of the mark in question.

35 Having regard to the considerations set out in paragraphs 29 and 30 of this judgment, it is for the competent national court to establish revocation, if appropriate, linked in particular to such a failure, including in the context of proceedings seeking protection of the exclusive rights conferred by Article 5 of Directive 89/104, and which may have been brought late by the proprietor of the mark. If taking account of revocation for the purposes of Article 12(2) in infringement proceedings were solely a matter for the national laws of the Member States, the consequence for trade mark proprietors might be that protection would vary depending on the applicable law. The objective of 'the same protection under the legal systems of all the Member States' set out in the ninth recital in the preamble to the directive, where it is described as fundamental, would not be attained (see, on the subject of the onus of proving infringement of the proprietor's exclusive rights, Case C-405/03 *Class International* [2005] ECR I-0000, paragraphs 73 and 74).

36 Accordingly, after revocation in the particular case has been established, the competent national court cannot order cessation of the use of the sign in question, even if, at the time when that sign began to be used, there was a likelihood of confusion between the sign and the mark concerned.

37 Consequently, the answer to the fourth question must be that it is not appropriate to order cessation of the use of the sign in question if it has been established that the trade mark has lost its distinctive character, in consequence of acts or inactivity of the proprietor, so that it has become a common name within the meaning of Article 12(2) of Directive 89/104 and the trade mark has therefore been revoked.

Costs

38 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 (Third Chamber) hereby rules:

1. Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, the national court must take into account the perception of the public concerned at the time when the sign, the use of which infringes that trade mark, began to be used.

2. Where the competent national court finds that the sign in question constituted an infringement of the mark at the time when the sign began to be used, it is for that court to take such measures as prove to be the most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights deriving from Article 5(1) of Directive 89/104; such measures may include, in particular, an order to cease use of that sign.

3. It is not appropriate to order cessation of the use of the sign in question if it has been established that the trade mark has lost its distinctive character, in consequence of acts or inactivity of the proprietor, so that it has become a common name within the meaning of Article 12(2) of Directive 89/104, and the trade mark has therefore been revoked

OPINION OF ADVOCATE GENERAL RUIZ-JARABO COLOMER

delivered on 17 January 2006 I(1)

Case C-145/05

Levi Strauss & Co.

v

Casucci SpA

(Reference for a preliminary ruling from the Cour de cassation, Belgium)

(*Trade mark – Sign used for identical or similar goods – Likelihood of confusion – Appreciation*)

I – Introduction

1. The most significant difference between the protection afforded by trade mark law and that provided by the other intellectual and industrial property rights in all probability lies in its duration, since it is granted for an indefinite time, subject only to actual use of the trade mark and payment of the registration renewal fees. However, this characteristic does not give protection against fluctuations in the market, because keen competition or other circumstances may deprive the trade mark of its *raison d'être*, of its ability to identify the goods or services of the proprietor undertaking, for example, owing to changes in the way it is perceived by the relevant public.

2. The facts in the present case constitute a prime example of those changes and the problems they cause.

The Belgian Cour de cassation (Belgium's supreme court) wishes to know at what time that impression made on consumers should be assessed, for the purposes of determining whether there is any likelihood of confusion between a registered trade mark and a symbol introduced into the same market by another company which would thereby infringe it. This is no trifling matter since, if the right over that intangible asset is weakened, the reply has different consequences depending on the moment deemed appropriate for the court to assess that likelihood.

3. We need only look at the number of people in the street wearing jeans every day to have an idea of the economic significance of that article of clothing for trade (2) and, consequently, of the background to the proceedings before the Belgian courts. There is controversy as to its origin, (3) but I doubt whether any other garment so representative of the American way of life has achieved the same universal acceptance. (4)

II – The facts and the questions referred for a preliminary ruling

4. In 1980 Levi Strauss & Co, a company established in the State of Delaware, United States, obtained from the Benelux Trade Mark Office registration of the graphic mark known as 'mouette', (5) a design represented by a double row of over stitching curving downwards in the middle, placed in the centre of a pentagonal pocket, for clothes in Class 25 of the Nice Classification, the design of which is reproduced below:

5. In 1997 Casucci Spa, established in Sant'Eligio Alla Vibrata (Termano, Italy), began marketing jeans also with a double row of over stitching, curving gently upwards in the centre of the back pockets, which has the following form:

6. Considering that that design infringed the rights deriving from its sign, the appellant in the main proceedings brought an action against the Italian company before the Tribunal de Commerce (Commercial Court), Brussels, seeking cessation of the use of the motif incorporated into the Casucci trousers and an order for damages against it.

7. When its claims were unsuccessful in that court, Levi Strauss brought an appeal before the Cour d'appel (Court of Appeal), Brussels, which, by judgment of 7 June 2002, upheld the judgment at first instance, ruling that the Italian company had not infringed the 'mouette' trade mark. It also held that there is little similarity between the conflicting signs and that Levi Strauss' trade mark has lost its quality as a 'strong' mark, owing to the constant and widespread use of its more distinctive components. It took the view that, nowadays, the over stitching signals the fact that the garments belong to the category of trousers made from denim, (6) known as 'jeans' in English. (7)

8. The Court of Appeal also held that the motifs on the respective pockets had different meanings, since, according to paragraph 23 of the judgment in SABEL, (8) the appreciation of the likelihood of confusion must be based on the overall impression given by the mark, and the Levi Strauss stitching evoked a seagull with

outstretched wings whereas the Casucci stitching suggested rather the shape of a volcano. On the basis of that judgment, (9) and on paragraph 29 of the judgment in Canon, (10) the Brussels Cour d'appel stated that the lack of a conceptual overlap precluded the possibility that the public would believe that the jeans manufactured by the undertakings in dispute had the same commercial origin.

9. Unhappy with that judgment, Levi Strauss took the case to the Cour de cassation, where it is pending until an answer is given to the question referred for a preliminary ruling.

10. Essentially, Levi Strauss takes the view that the Court of Appeal infringed Article 5(1)(b) of Directive 89/104/EEC (11) by finding that its 'mouette' trade mark was no longer a strong mark. Its industrial property right was still strong in 1997, when the Italian company put the trousers on sale in the Benelux countries, which is the time the Court of Appeal should have taken as a reference for determining the likelihood of confusion, in accordance with the case-law of the Benelux Court of Justice in the judgment in Quick. (12)

11. Finally, the American undertaking maintains that the Court of Appeal's finding that the 'mouette' trade mark was weak because it had lost its distinctive character owing to the widespread use of its most characteristic components lacks legal basis since the Court did not assess whether that circumstance was due, at least partially, to the appellant's inactivity in the face of increased competition.

12. Against that background, the Cour de cassation suspended proceedings and referred the following questions to the Court of Justice for a preliminary ruling:

'1. For the purposes of determining the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of Directive 89/104 ..., must the court take into account the perception of the public concerned at the time when use commenced of the similar sign which allegedly infringes the trade mark?

2. If not, may the court take into account the perception of the public concerned at any time after the commencement of the use complained of? Is the court entitled in particular to take into account the perception of the public concerned at the time it delivers the ruling?

3. Where, in application of the criterion referred to in the first question, the court finds that the trade mark has been infringed, is it entitled, as a general rule, to order cessation of the infringing use of the sign?

4. Can the position be different if the claimant's trade mark has lost its distinctive character wholly or in part after commencement of the unlawful use, but solely where that loss is due wholly or in part to an act or omission by the proprietor of that trade mark?'

III – Procedure before the Court of Justice

13. The reference for a preliminary ruling was lodged at the Registry of the Court of Justice on 31 March 2005.

14. Written observations were lodged, within the time limit laid down in Article 20 of the EC Statute of the Court of Justice, by Levi Strauss and the Commission of the European Communities. Casucci, on the other hand, expressly waived its right to do so in a document from its legal representative dated 1 June 2005.

15. At the hearing on 17 November 2005, the appellant in the main proceedings and the Commission presented oral argument.

IV – Legal framework

16. The outcome of the dispute depends essentially on the interpretation of Directive 89/104, which seeks ‘to approximate the trade mark laws of the Member States in order to remove disparities which may impede the free movement of goods and freedom to provide services or distort competition within the common market. However, the intervention of the Community legislature, not being intended to achieve full scale approximation of these laws, remains limited to certain aspects concerning trade marks acquired by registration’. (13) In particular, it does not include procedural rules.

17. Article 5(1) and (3) of the Directive provides:

‘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 industrial property right and the logo], 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.

...

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 there under;
- (c) importing or exporting the goods under the sign;
- (d) using the sign on business papers and in advertising.’

18. Under Article 12(2) of the Directive:

‘A trade mark shall also be liable to revocation if, after the date on which it was registered,

- (a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;

...’

V – Analysis of the questions referred for a preliminary ruling

19. As a preparatory step to examining the questions referred to the Court of Justice by the Cour de cass-

ation, we should recall the fundamental concern in the main proceedings. It is important, in this case, to determine the moment at which the national court must assess the likelihood of confusion, since it is apparently not disputed that the ‘mouette’ trade mark lost its distinctive character in the period before proceedings were brought in Belgium. Therefore, a completely different result may be reached depending on whether that likelihood is assessed before or after, and that result affects the calculation of the time to be taken into account for assessing possible damages.

A – The first and second questions referred for a preliminary ruling

20. By these questions, the national court wishes to know when, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, for the purposes of Article 5(1) of Directive 89/104, it must take into account the perception of the public concerned; it envisages three situations, depending on whether it takes account of (a) the time use commences of the sign which infringes the trade mark, (b) any other time, or (c) the time it delivers its ruling.

21. It is worth pointing out that, according to settled case law, the essential function of a trade mark is to guarantee the identity of the origin of the marked products or services to the consumer or end user by enabling him to identify them without any possibility of confusion. (14) Therefore, only a trade mark which has a distinctive character is capable of fulfilling that role, since, if it did not, it would be denied access to the register, as is inferred from Article 3(1)(b) of the Directive. (15)

22. Once it has been registered at the appropriate office and published in the relevant journal, the trade mark confers on its proprietor the rights listed in Article 5 of Directive 89/104. Although no provision is laid down in this regard, legal logic dictates that those rights shall be exercised for as long as proprietorship of the trade mark endures.

23. As the Commission rightly points out, according to the judgment in SABEL, (16) the perception of marks in the mind of the average consumer of the goods or services in question plays a decisive role in the appreciation of the likelihood of confusion, and is a particularly important criterion for determining the distinctive character. However, over time the way in which the public responds to those signs changes, especially in the light of the approach taken by the other suppliers of products or services in the same market, and affects the distinguishing power of the signs.

24. Consequently, the rights arising under Article 5 take full effect only if they protect their holder ipso facto, that is to say, if they are actionable from the moment they are infringed. For goods given a symbol which infringes a trade mark right by confusing the public for which they are intended, infringement of the industrial property right occurs the moment the items are marketed and continues until the situation is remedied.

25. Therefore, the national court must not take as the reference point for assessing the likelihood of confusion a time after the beginning of that unlawful act, since that would be to reduce the protection afforded to the lawful proprietor of the mark. However, it must also not extend that protection beyond the date on which those rights cease to support the proprietor. In this case, therefore, the day on which a ruling is given in the action must not be taken into account, since it would not be appropriate either for assessing the impact of the aforementioned likelihood on the distinctive character of the mark or for adopting the relevant measures or penalties.

26. If, as in the main proceedings, where damages are claimed, it is found that, when the case comes before the court, no right is being infringed because, for whatever reason, the trade mark has lost its distinctive character, it is also necessary to ascertain at what moment the protected sign ceased to have legal effect, in order to calculate the time for which that compensation may be claimed.

27. Consequently, where a sign similar to a trade mark infringes it by causing a likelihood of confusion between the two, the national court, for the purposes of determining the scope of protection of that trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of Directive 89/104, must take into account the perception of the public concerned at the time when use commenced of the sign.

B – The third question

28. Essentially, this question asks whether a specific measure, an order for the cessation of the use of the infringing sign, is appropriate prevention in the circumstances outlined in the two previous questions: where the court had found that the use of that sign constitutes an infringement.

29. I have already pointed out that Directive 89/104 does not harmonise the national laws with regard to procedure, which is governed by the principle of autonomy, under which the Member States are at liberty to select the appropriate means of implementing the substantive rules laid down by the Community legislature.

30. However, when transposing the directives into national law, Member States must act in accordance with the principle of cooperation in good faith, enshrined in Article 10 EC. Accordingly, it is necessary to comply, as well as with this prerequisite, with the settled case-law of the Court of Justice, (17) which requires national courts to interpret and apply the legislation adopted for the implementation of a directive in conformity with the requirements of European law, so that the decisions they take guarantee the judicial protection of the rights arising under those legislative provisions.

31. So far as concerns the harmonisation of the rules governing trade marks, although Directive 89/104 did not expressly deal with the procedural aspects, (18) it does touch indirectly on some points.

32. Article 5(3) of Directive 89/104, when defining the *ius prohibendi* of the holder of a trade mark right, hints at the most appropriate means of achieving the results it describes. In the light of Article 5(3)(a) to (d), an order to cease using an infringing sign would be an effective measure; moreover, the national systems probably have similar devices.

33. Nevertheless, it is for the national court to decide whether such a measure is appropriate, in the light of all the circumstances prevailing at the time it gives its ruling, in order to guarantee the protection of the rights conferred by Directive 89/104.

C – The fourth question

34. By this question, the Cour de cassation asks whether it is appropriate to order cessation of the use of a sign which infringes a trade mark, if the latter has lost its distinctive character, wholly or in part, owing to acts or omissions by the proprietor of that trade mark. This is really a variation of the previous question.

35. Levi Strauss suggests that it should be answered in the affirmative, since that approach treats fairly the interests both of the holder of the industrial property right and of its competitors.

36. The Commission takes the view that, since distinctive character is determined in accordance with objective criteria, its loss cannot be the consequence of the attitude taken by the beneficiary of the protection afforded by Article 5, because the beneficiary's conduct affects the articles which expressly establish it, Article 9 (limitation in consequence of acquiescence) and Article 12 (grounds for revocation). Furthermore, the meaning of that rule would be distorted if an undertaking which has distributed goods or services, in infringement of the rights conferred by a legally protected intangible asset, the property of another economic trader, were to gain certain advantages from its unlawful act.

37. We must not forget that the nature of property right which registration formally confers on a trade mark, – whose legal effect derives from its registration, which is for an indefinite time, provided that it is used in the course of trade and that the fees are paid – means that its entry in the register may be deleted only by a declaration made by a competent legal body. In that connection, Directive 89/104 authorises competitors who use similar signs to seek, in certain circumstances, a declaration of invalidity or revocation. Changes in the perception of the subject-matter of industrial property are a prerequisite for taking such action. However they are not, on their own, sufficient to remove the protection afforded by that registration.

38. The Commission is right to draw attention to the rights of competitors which serve as a constraint and counterpoint to the rights of a trade mark proprietor. Nevertheless, the Commission's observations need to be clarified by drawing attention to two situations in the loss of distinctive character, which may be due both to factors connected with its use by the proprietor and to its widespread plagiarism by third-party companies, and even to the attitude of consumers.

39. The most usual example of the first situation consists in the excessive dissemination of the trade mark amongst users, who use it for other products or services, (19) causing it to become generally known. But also, certain omissions on the part of its proprietor bring harmful consequences, if actions for invalidity are not brought against infringers. (20) Finally, the public, by calling all similar items indiscriminately by the same brand name, makes it generic and deprives it of its distinctive character.

40. So, where the disappearance of the power to differentiate is caused by the activities of third party competitors in the market, to deny the national court the opportunity of ordering the cessation of the use of signs which is likely to have an adverse effect on a proprietor's use of his trade mark would be tantamount to encouraging those infringing undertakings to carry out a concerted action to flood the market with similar signs and then claim that the logo they have imitated has weakened. In this context, I agree with the Commission that it would allow them to gain an advantage through their own unlawful acts.

41. On the other hand, if, owing to a proprietor's excessive use of its own sign or to the unappealable verdict of the consumer, the sign's function as a guarantee of origin were to disappear and its distinctive character to fade, it would be open to the competitors of the firm which is the proprietor of the trade mark to bring proceedings for revocation under Article 12 or for invalidity under Article 3(1)(b). A formal declaration in those circumstances would cause the right to lapse, so that it would not be appropriate to prohibit the use of similar signs.

42. To sum up, the national court would be justified in refraining from ordering cessation of the use of a sign infringing a trade mark only if the other undertakings can establish that the trade mark is widely known for reasons unconnected with the use of their own marks, provided that cancellation of the mark is sought through the proper channels. Otherwise, the court's failure to act would be contrary to the spirit of protecting the rights of the proprietor in accordance with Articles 4 and 5 of Directive 89/104.

VI – Conclusion

43. In the light of the foregoing considerations, I suggest that the Court of Justice give the following reply to the questions referred by the Belgian Cour de cassation for a preliminary ruling:

'1 Where a sign similar to a trade mark infringes it by causing a likelihood of confusion between the two, the national court, for the purposes of determining the scope of protection of that trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), must take into account the perception of the public concerned at the time when use commenced of the sign.

2. Once it has been established that a registered trade mark has been infringed, it is also for the national

court to determine whether, in the light of all the circumstances prevailing at the time it gives its ruling, a judicial order to cease the use of the infringing sign is an adequate measure to ensure protection of the rights conferred on the proprietor of a trade mark by Directive 89/104.

3. However, the national court may refrain from ordering that measure if the trade mark has lost its distinctive character in consequence of acts or inactivity of the proprietor, provided that the proprietor's responsibility for those acts or inactivity has been expressly declared in a decision taken by a competent body.'

1 – Original language: Spanish.

2 – In its more than 150-year history, Levi Strauss has sold about 3 500 million pairs of trousers. Adrián, J., Levi's abandona sus raíces, <http://winred.com>. (Levi's abandons its roots).

3 – It was used mainly for working and in the Fifties began to be popular amongst teenagers. However, its history seems to be less well-known. It begins in Genoa, when that Italian city was still an independent republic and naval power. Its navy needed hard-wearing clothes for the sailors and used this kind of material which could be worn even when wet (<http://en.wikipedia.org>).

4 – Among the many references to this garment in recent literature, I should like to draw attention to Hosseini, K., a writer born in Afghanistan and resident in California, who, in his work *The Kite Runner*, paperback edition, Bloomsbury, London 2004, dresses the main character in '[b]lack leather coat, red scarf, faded jeans' (p. 58) on the winter's day in 1975 which changed his life, when he won the Kabul kite-fighting tournament, in the days of President Daoud Kan, who, after launching a coup d'état in 1973, had ousted his cousin, Sha Kazir, thus bringing an end to the monarchy in the country. A little later, Hosseini adds: 'His glance lingered admiringly on my leather coat and my jeans – cowboy pants, we used to call them. In Afghanistan, owning anything American, especially if it wasn't second-hand, was a sign of wealth.' (p. 61).

5 – The French word 'mouette' means 'seagull', also known as 'arcuate', as is stated in the order for reference.

6 – This word reflects the origin of the garment, attributed to the French city of Nîmes (serge de Nîmes, hence denim). It is made of cotton, sometimes mixed with nylon, and usually blue. It was used traditionally as work-wear on ranches and farms. *Encyclopedia Britannica*, 15th ed., ed. Helen Hemingway Benton, Chicago 1974, p. 466.

7 – The etymology of this word can be traced to the former Republic of Genoa, and probably stems from the English pronunciation of the French name for that city, Gênes, jeans (<http://en.wikipedia.org>).

8 – Judgment in Case C-251/95 SABEL [1997] ECR I-6191.

9 – Specifically, on Paragraphs 16 to 18.

10 – Judgment in Case C-39/97 Canon [1998] ECR I-5507.

11 – 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).

12 – Judgment of the Benelux Court of Justice of 13 December 1994 (A 93/3).

13 – Point 3 of the Opinion I delivered on 6 November 2001 in Case C-273/00 Sieckmann [2002] ECR I-11737. Also, recitals 3 and 9 of Directive 89/104.

14 – Judgments in Case 102/77 Hoffmann-La Roche [1978] ECR 1139, paragraph 7; Case C-299/99 Philips [2002] ECR I-5475, paragraph 30; and Case C-37/03 P BioID v OHIMI [2005] ECR I-7975, paragraph 27. Also, recital 10 of the preamble to Directive 89/104.

15 – In conjunction with Article 7(1)(b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), alter ego of the provision in Directive 89/104, and the judgments in Case C-329/02 P SAT.1 v OHIM [2004] ECR I-8317, paragraph 23; and in BioID v OHIM, cited in the previous footnote, paragraph 27.

16 – Judgment cited above, paragraph 23.

17 – Judgments in Case 14/83 Von Colson and Kamann [1984] ECR 1891, paragraphs 23, 26 and 28; and Case C-352/95 Phyteron International [1997] ECR I-1729, paragraph 18.

18 – Meanwhile, steps have been taken towards harmonising procedures in industrial and intellectual property law, in particular with Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45), applicable to trade marks by virtue of Article 1 of that Directive.

19 – Fernández-Nóvoa, C., Tratado sobre Derecho de marcas, Marcial Pons, Madrid, 2004, p. 662, also points out that well-known trade marks are more exposed to this danger.

20 – Ibidem.