

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 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).**

[Signatures]

* Language of the case: English.