

JUDGMENT OF THE COURT

20 March 2003 \*

In Case C-291/00,

REFERENCE to the Court under Article 234 EC by the Tribunal de grande instance de Paris (France) for a preliminary ruling in the proceedings pending before that court between

**LTJ Diffusion SA**

and

**Sadas Vertbaudet SA,**

on the interpretation of Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1),

\* Language of the case: French.

THE COURT,

composed of: G.C. Rodríguez Iglesias, President, M. Wathelet and R. Schintgen (Presidents of Chambers), C. Gulmann, P. Jann, F. Macken (Rapporteur), N. Colneric, S. von Bahr and J.N. Cunha Rodrigues, Judges,

Advocate General: F.G. Jacobs,  
Registrar: D. Louterman-Hubeau, Head of Division,

after considering the written observations submitted on behalf of:

- LTJ Diffusion SA, by F. Fajgenbaum, avocat,
- Sadas Vertbaudet SA, by A. Bertrand, avocat,
- the United Kingdom Government, by G. Amodeo, acting as Agent, and D. Alexander, barrister,
- the Commission of the European Communities, by K. Banks, acting as Agent,

having regard to the Report for the Hearing,

after hearing the oral observations of LTJ Diffusion SA, represented by F. Fajgenbaum, of Sadas Vertbaudet SA, represented by A. Bertrand, of the French Government, represented by A. Maitrepierre, acting as Agent, of the United Kingdom Government, represented by M. Tappin, barrister, and of the Commission, represented by K. Banks, at the hearing on 10 October 2001,

after hearing the Opinion of the Advocate General at the sitting on 17 January 2002,

gives the following

### **Judgment**

- 1 By judgment of 23 June 2000, received at the Court on 26 July 2000, the Tribunal de grande instance de Paris (Regional Court, Paris) referred to the Court for a preliminary ruling under Article 234 EC a question on the interpretation of Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1; hereinafter 'the directive').

- 2 That question was raised in proceedings between LTJ Diffusion SA (hereinafter 'LTJ Diffusion') and Sadas Vertbaudet SA (hereinafter 'Sadas') concerning a complaint of infringement by the latter of a trade mark registered by the former in relation to articles of clothing.

## **Legal background**

### *Community legislation*

- 3 The directive states, in the first recital in the preamble thereto, that the national trade mark laws contain disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market. According to that recital, it is therefore necessary, in view of the establishment and functioning of the internal market, to approximate the laws of Member States. The third recital in the preamble to the directive states that 'it does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States'.
- 4 As set out in the 10th recital in the preamble to the directive:

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

- 5 Article 4(1) of the directive, which lists the further grounds for refusal or invalidity concerning conflicts with earlier rights, states:

‘A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

- (a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;
- (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.’

6 Article 5(1) of the directive, which concerns the rights conferred by a trade mark, provides:

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

- (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
  
- (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.’

### *National legislation*

7 In France, the law on trade marks is governed by the provisions of the Law of 4 January 1991, codified since 1992, and, more specifically, by Book VII of the French Code de la propriété intellectuelle (Intellectual Property Code) (JORF of 3 July 1992, p. 8801; hereinafter ‘the code’).

8 Article L. 713-2 of the code prohibits:

‘[t]he reproduction, use or affixing of a mark, even with the addition of words such as: “formula, style, system, imitation, type or method”, or the use of a mark which has been reproduced, in respect of goods or services identical with those for which the mark is registered.’

9 Article L. 713-3 of the code provides:

‘Save where the owner has consented, the following shall be prohibited if there is a risk that they might lead to confusion in the mind of the public:

- (a) the reproduction, use or affixing of a mark, or the use of a mark which has been reproduced, in respect of goods or services similar to those for which the mark is registered;
- (b) the imitation of a mark or the use of an imitated mark, in respect of goods or services identical with, or similar to, those for which the mark is registered.’

**The main proceedings and the question referred for a preliminary ruling**

- 10 LTJ Diffusion’s business is the design, manufacture, marketing and distribution of clothing and footwear, in particular adults’ and children’s nightwear, underwear, shoes and slippers.

- 11 That company is the proprietor of a trade mark registered at the French Institut national de la propriété industrielle (National Institute for Industrial Property, hereinafter 'the INPI') under No 17731, which was filed on 16 June 1983 and renewed on 14 June 1993 (hereinafter 'LTJ Diffusion's trade mark'). The registration relates to goods in 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 June 15, 1957, as revised and amended (hereinafter 'the Nice Agreement'), namely textile articles, both ready-to-wear and made-to-measure, including boots, shoes and slippers. That trade mark consists of a single word, filed in the form of a handwritten signature with the characters joined up and a dot between the two sloping sides of the letter A. It appears as follows:

A handwritten signature in cursive script, appearing to read 'Arthur'. The letters are connected, and there is a distinct dot between the two sloping sides of the letter 'A'.

- 12 Sadas is a company operating a mail-order business, which distributes a catalogue entitled 'Vertbaudet'. It markets *inter alia* children's clothing and accessories.
- 13 Sadas is the proprietor of a trade mark registered at the INPI under No 93.487.413, which was filed on 29 September 1993 (hereinafter 'Sadas' trade mark'). The registration, published on 25 March 1994, relates *inter alia* to goods in Class 25 of the Nice Agreement.
- 14 That trade mark, which was filed in the form of upright printed capital letters, is the following:

ARTHUR ET FÉLICIE



15 As may be seen from the file, Sadas' mark is used in the form below:



- 16 Being of the opinion that the reproduction and use of Sadas' trade mark for children's clothing and accessories constitute an infringement of its trade mark, LTJ Diffusion has brought an action against Sadas before the Tribunal de grande instance de Paris. It requests that court to issue an injunction, order confiscation and customary publication and declare that Sadas' trade mark is invalid.
- 17 LTJ Diffusion relies primarily on Articles L. 713-2 and L. 713-3 of the code. It maintains that French case-law and legal writings interpret, in particular, the prohibition in Article L. 713-2 of the code as referring to cases in which a distinctive element of a compound mark is reproduced, namely '*contrefaçon partielle*' (partial infringement), or in which either such an element or the whole mark is reproduced together with elements deemed not to affect the identity of the mark, a circumstance characterised as '*adjonction inopérante*' (ineffective addition).
- 18 It also claims that, if the filing and use of Sadas' trade mark did not constitute infringements by reproduction of its trade mark for the purposes of Article L. 713-2 of the code, they do on any view constitute infringement by imitation for the purposes of Article L. 713-3 of the code. There is a likelihood of confusion between the two trade marks since the word 'Arthur' retains its particular distinctiveness within the compound which is Sadas' trade mark.

19 LTJ Diffusion further maintains that its trade mark is well known by reason of the intensity of its use and of the investment made in advertising to promote it.

20 Sadas contends that the various constituent parts of a distinctive sign should not be considered in isolation in order to determine whether there is an infringement for the purposes of Article L. 713-2 of the code. According to Sadas, reproduction of one of the elements of a compound trade mark or the addition of elements to those which make up a trade mark fall outside the scope of Article 5(1)(a) of the directive since the latter covers only the use of an identical sign without any modification.

21 The Tribunal de grande instance de Paris considers that the outcome of the main proceedings turns on the interpretation of the notion of reproduction of a trade mark for the purposes of Article L. 713-2 of the code and specifically on whether, by reference to the concepts of partial infringement and ineffective addition, that notion extends beyond mere identical reproduction of a sign registered as a trade mark.

22 Taking the view that the interpretation of the notion of reproduction of a trade mark for the purposes of Article L. 713-2 of the code must accord with that of the notion of 'sign which is identical with the trade mark' in Article 5(1)(a) of the directive, the Tribunal de grande instance de Paris has decided to stay proceedings and to refer the following question to the Court for a preliminary ruling:

'Does the prohibition in Article 5(1)(a) of [First Council] Directive 89/104/[EEC] of 21 December 1988 to approximate the laws of the Member States [relating to

trade marks] cover only identical reproduction, without addition or omission, of the sign or signs constituting a mark or can it extend to:

- (1) reproduction of the distinctive element of a mark composed of a number of signs;
- (2) full reproduction of the signs making up the mark where new signs are added?’

#### **The question referred for a preliminary ruling**

- 23 By its question referred for a preliminary ruling, the national court seeks to ascertain how the notion of ‘sign which is identical with the trade mark’ within the meaning of Article 5(1)(a) of the directive is to be interpreted.
- 24 It is common ground that, in the case in the main proceedings, Sadas’ trade mark was indeed used in the course of trade in relation to goods which are identical with those for which LTJ Diffusion’s trade mark was registered.

#### *Observations submitted to the Court*

- 25 LTJ Diffusion submits that the interpretation of Article 5(1)(a) of the directive must ensure that there is an effective relationship between that provision and

Article 5(1)(b) of the directive. Where the goods concerned are identical, as in the case in the main proceedings, a distinction must be made between, on the one hand, partial infringement and infringement with ineffective addition, which fall under Article 5(1)(a) of the directive, and, on the other, infringement by simple imitation, as referred to in Article 5(1)(b) of the directive.

- 26 According to LTJ Diffusion, counterfeiters seeking to exploit a trade mark enjoying a certain reputation frequently reproduce that mark while adding to it a sign which does not affect its identity.
- 27 That company submits that, in order to determine whether a sign is identical with the trade mark within the meaning of Article 5(1)(a) of the directive, it must be ascertained whether that sign forms a conceptual whole in which the mark loses its individuality, and therefore any distinctiveness, and blends in with that whole. In that regard, account needs to be taken of the use and position of the mark on the market concerned and of how well-known it is, without seeking to ascertain whether there is a likelihood of confusion.
- 28 Sadas, the United Kingdom Government and the Commission submit that a strict meaning should be assigned to the phrase ‘sign which is identical with the trade mark’ in Article 5(1)(a) of the directive.
- 29 Sadas maintains that a sign which is identical with the trade mark, within the meaning of Article 5(1)(a) of the directive, must comprise the same elements as the mark in the same arrangement and order, that is to say, be a counterfeit in the strict sense and a slavish reproduction of the trade mark.

- 30 Sadas further submits that to accept the concept of ‘partial infringement’ or ‘infringement by ineffective addition’ would not be in accordance with Community law, which prohibits dividing up a trade mark in order to determine whether there is a likelihood of confusion within the meaning of Article 5(1)(b) of the directive and requires that the mark be assessed as a whole. Where a trade mark is not reproduced in an identical manner, as referred to in Article 5(1)(a) of the directive, but is the object of partial reproduction or addition, Article 5(1)(b) of the directive, which allows the proprietor of the trade mark to prevent its use only if there exists a likelihood of confusion on the part of the public, should be applied.
- 31 The United Kingdom Government and the Commission observe that Article 5(1)(a) of the directive grants absolute protection to a trade mark *vis-à-vis* an identical sign. They refer to the 10th recital in the preamble to the directive, which provides that the likelihood of confusion constitutes the specific condition for the protection afforded by the registered trade mark. That absolute protection is not made conditional upon evidence of a likelihood of confusion, so that a comparatively strict meaning must be assigned to the term ‘identical’ employed in Article 5(1)(a) of the directive.
- 32 Referring to Article 16 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, as set out in Annex 1 C to the Agreement establishing the World Trade Organisation, approved on behalf of the Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1) (‘TRIPS’), the Commission draws attention to the fact that likelihood of confusion may be presumed only in the case of identity between the trade mark and the sign and between the goods covered, as laid down by Article 5(1)(a) of the directive. In using the phrase ‘sign which is identical with the trade mark’, the Community legislature intended to limit the application of that presumption to cases where the sign and the trade mark are exactly alike.

- 33 According to the Commission, if a sign were too readily regarded as identical with a registered trade mark, the scope for preventing the use of a sign would be widened, without evidence of a likelihood of confusion, beyond the circumstances in which such a likelihood may be presumed to exist.
- 34 The United Kingdom Government submits that the analysis in terms of the global appreciation of the similarity between a sign and a mark as registered is equally applicable to assessing the identity of a sign with a mark for the purposes of Article 5(1)(a) of the directive.
- 35 That government argues that the national court must look at the sign used by Sadas, adopting the perspective of the average consumer, and must consider that sign as a whole. It is only if the whole sign is identical to a mark that Article 5(1)(a) of the directive must be applied. According to that government, if the sign used differs from the mark as registered inasmuch as the sign contains additional distinctive elements, the sign and the mark should not generally be regarded as identical.
- 36 At the hearing, the French Government argued that it is difficult to avoid a strict interpretation of the concept of identity used in Article 5(1)(a) of the directive. Only such an interpretation enables practical effect to be given to the system of protection provided for by the directive in the case of mere similarity within the meaning of Article 5(1)(b) of the directive.
- 37 According to that government, since the question referred for a preliminary ruling was submitted, French case-law has developed in so far as disputes concerning the partial reproduction of trade marks, or their reproduction in full with the addition of elements, are now examined solely on the basis of infringement by

way of imitation, pursuant to Article 5(1)(b) of the directive, and not infringement *stricto sensu*, pursuant to Article 5(1)(a) of the directive. The prohibition provided for by the latter provision concerns, as a rule, only identical reproduction and cannot refer to either reproduction of the distinctive element of a mark composed of a number of signs or full reproduction of the signs making up a mark where new signs are added.

### *Reply of the Court*

- 38 As a preliminary point, it must be recalled that, in order to provide a satisfactory answer to the national court which has referred a question to it, the Court of Justice may deem it necessary to consider provisions of Community law to which the national court has not referred in its question (see Case 35/85 *Tissier* [1986] ECR 1207, paragraph 9, and Case C-107/98 *Teckal* [1999] ECR I-8121, paragraph 39).
- 39 As may be seen from paragraphs 11, 13 and 16 of this judgment, LTJ Diffusion's trade mark was registered prior to that of Sadas, and LTJ Diffusion requests the national court not only to grant an injunction and to order confiscation and customary publication, but also to declare Sadas' trade mark invalid.
- 40 It is Article 4 of the directive which sets out the further grounds justifying refusal or invalidity in the event of conflict concerning earlier rights. Article 4(1)(a) thus provides that a registered trade mark is to be liable to be declared invalid if it is identical with an earlier trade mark, and the goods or services for which the trade

mark is registered are identical with the goods or services for which the earlier trade mark is protected.

- 41 The conditions of application of Article 4(1)(a) of the directive correspond essentially to those of Article 5(1)(a) of the directive, which determines the circumstances in which the proprietor of a trade mark is entitled to prevent third parties from using signs which are identical with his trade mark. There is a similar correspondence between Articles 8(1)(a) and 9(1)(a) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1).
- 42 Since both Article 4(1)(a) and Article 5(1)(a) of the directive are relevant to the outcome of the main proceedings, the national court must be given an interpretation covering those two provisions.
- 43 Accordingly, the question submitted will be examined below in the light solely of Article 5(1)(a) of the directive, but the interpretation adopted following that examination will also apply to Article 4(1)(a) of the directive since that interpretation will be transposable, *mutatis mutandis*, to the latter provision.
- 44 On the substance of the case, it is settled case-law that the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another



origin (see Case 3/78 *Centrafarm* [1978] ECR 1823, paragraphs 11 and 12; Case C-379/97 *Upjohn* [1999] ECR I-6927, paragraph 21, and Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraph 48).

- 45 The Community legislature confirmed that essential function of trade marks by providing, in Article 2 of the Directive, that signs which are capable of being represented graphically may constitute a trade mark only if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings (see, in particular, Case C-517/99 *Merz & Krell* [2001] ECR I-6959, paragraph 23, and *Arsenal Football Club*, cited above, paragraph 49).
- 46 For that guarantee of origin to be ensured, the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing it (see Case C-349/95 *Loendersloot* [1997] ECR I-6227, paragraph 22, and *Arsenal Football Club*, paragraph 50).
- 47 Protection for the proprietor of a trade mark is guaranteed by Article 5 of the directive, which determines the rights conferred by a registered trade mark and provides, in paragraph (1), that that mark is to confer on the proprietor exclusive rights therein and that the proprietor is to be entitled, within certain limits, to prevent all third parties from using his trade mark in the course of trade (see, to that effect, Case C-337/95 *Parfums Christian Dior* [1997] ECR I-6013, paragraph 34).
- 48 As regards Article 5(1)(b) of the directive, the Court has already held that that provision is designed to apply only if, because of the identity or similarity between the signs and marks and between the goods or services which they

designate, there exists a likelihood of confusion on the part of the public (see, to that effect, Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 34).

- 49 On the other hand, Article 5(1)(a) of the directive does not require evidence of such a likelihood in order to afford absolute protection in the case of identity of the sign and the trade mark and of the goods or services.
- 50 The criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects. Indeed, the absolute protection in the case of a 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, which is guaranteed by Article 5(1)(a) of the directive, cannot be extended beyond the situations for which it was envisaged, in particular, to those situations which are more specifically protected by Article 5(1)(b) of the directive.
- 51 There is therefore identity between the sign and the trade mark where the former reproduces, without any modification or addition, all the elements constituting the latter.
- 52 However, the perception of identity between the sign and the trade mark must be assessed globally with respect to an average consumer who is deemed to be reasonably well informed, reasonably observant and circumspect. The sign produces an overall impression on such a consumer. That consumer only rarely has the chance to make a direct comparison between signs and trade marks and must place his trust in the imperfect picture of them that he has kept in his mind.

Moreover, his level of attention is likely to vary according to the category of goods or services in question (see, to that effect, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 26).

- 53 Since the perception of identity between the sign and the trade mark is not the result of a direct comparison of all the characteristics of the elements compared, insignificant differences between the sign and the trade mark may go unnoticed by an average consumer.
- 54 In those circumstances, the answer to the question referred must be that Article 5(1)(a) of the directive must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.

### Costs

- 55 The costs incurred by the French and United Kingdom Governments and by the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT,

in answer to the question referred to it by the Tribunal de grande instance de Paris by judgment of 23 June 2000, hereby rules:

Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.

Rodríguez Iglesias

Wathelet

Schintgen

Gulmann

Jann

Macken

Colneric

von Bahr

Cunha Rodrigues

Delivered in open court in Luxembourg on 20 March 2003.

R. Grass

G.C. Rodríguez Iglesias

Registrar

President