

JUDGMENT OF THE COURT (Sixth Chamber)

22 June 2000 *

In Case C-425/98,

REFERENCE to the Court under Article 177 of the EC Treaty (now Article 234 EC) by the Hoge Raad der Nederlanden, Netherlands, for a preliminary ruling in the proceedings pending before that court between

Marca Mode CV

and

Adidas AG,

Adidas Benelux BV

on the interpretation of Article 5(1)(b) 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: Dutch.

THE COURT (Sixth Chamber),

composed of: J.C. Moitinho de Almeida, President of the Chamber, C. Gulmann (Rapporteur), J.-P. Puissochet, G. Hirsch and F. Macken, Judges,

Advocate General: F.G. Jacobs,
Registrar: H. von Holstein, Deputy Registrar,

after considering the written observations submitted on behalf of:

- Marca Mode CV, by O.W. Brouwer, D.W.F. Verkade and D.J.G. Visser, of the Amsterdam Bar, and by P. Wytinck, of the Brussels Bar,
- Adidas AG and Adidas Benelux BV, by C. Gielen, of the Amsterdam Bar,
- the Netherlands Government, by M.A. Fierstra, Head of the European Law Department in the Ministry of Foreign Affairs, acting as Agent,
- the United Kingdom Government, by M. Ewing, of the Treasury Solicitor's Department, acting as Agent,
- the Commission of the European Communities, by K. Banks and P. van Nuffel, of its Legal Service, acting as Agents,

having regard to the Report for the Hearing,

after hearing the oral observations of Marca Mode CV, represented by D.J.G. Visser and C.R.A. Swaak, of the Amsterdam Bar, of Adidas AG and Adidas Benelux BV, represented by S.A. Klos, of the Amsterdam Bar, and of the Commission, represented by H.M.H. Speyart, of its Legal Service, acting as Agent, at the hearing on 24 November 1999,

after hearing the Opinion of the Advocate General at the sitting on 27 January 2000,

gives the following

Judgment

- 1 By judgment of 6 November 1998, received at the Court on 26 November 1998, the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) referred to the Court for a preliminary ruling under Article 177 of the EC Treaty (now Article 234 EC) a question on the interpretation of Article 5(1)(b) 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; 'the Directive').

- 2 That question was raised in proceedings between Marca Mode CV ('Marca Mode'), established in Amsterdam, Netherlands, on the one hand, and Adidas AG, established in Herzogenaurach, Germany, and Adidas Benelux BV, established in Etten-Leur, Netherlands, on the other, concerning a figurative trade mark which is registered by Adidas AG at the Benelux Trade Mark Office and is also the subject of an exclusive licence granted by Adidas AG to Adidas Benelux BV for the Benelux.

Legal background

- 3 Paragraph 1(b) of Article 5 of the Directive, relating to 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) ...

(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.’

- 4 Most of the language versions of the Directive use, in that provision, the notion of ‘risk’ or ‘danger’ of confusion or association. The Dutch and Swedish versions use the concepts of possibility of confusion and risk of association, whereas the English version uses the notion of ‘likelihood’ of confusion or association.

5 Article 5(2) of the Directive states:

'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.'

6 Article 13A(1)(b) of the Uniform Benelux Law on Trade Marks, which is designed to transpose Article 5(1)(b) of the Directive into Benelux law, states:

'Without prejudice to any application of the ordinary law governing civil liability, the exclusive rights in a trade mark shall entitle the proprietor to oppose:

...

(b) any use, in the course of trade, of the mark or a similar sign in respect of the goods for which the mark is registered or similar goods where there exists a risk of association on the part of the public between the sign and the mark.'

The dispute in the main proceedings

- 7 The figurative mark registered by Adidas AG at the Benelux Trade Mark Office is composed of three parallel stripes. It covers, in particular, sports clothes and articles connected with sport.

- 8 Marca Mode put up for sale in its establishment in Breda, Netherlands, a sports clothes collection, a number of the items in which bore on the sides two parallel stripes running longitudinally. Those clothes were white with black stripes or black with white stripes.

- 9 Marca Mode also marketed a white and orange T-shirt bearing three black, vertical stripes which run in parallel down the entire length of the front of the garment, are edged on the outside with a narrow white border and are broken up by a medallion showing a picture of a cat and bearing the word 'TIM'.

- 10 On 26 June 1996, Adidas AG and Adidas Benelux BV (collectively 'Adidas') made an application for interim relief against Marca Mode before the President of the Rechtbank te Breda (Breda District Court). Adidas claimed that Marca Mode had infringed its figurative trade mark composed of three stripes and sought an order restraining that company from using the signs composed of triple or double stripes in the future in the Benelux.

- 11 The judge hearing the application for interim relief allowed the claim in respect of seven items of clothing and the T-shirt bearing the word 'TIM'.

- 12 The Gerechtshof te 's-Hertogenbosch ('s-Hertogenbosch Regional Court of Appeal) upheld the order made.
- 13 Marca Mode then appealed on a point of law against the judgment of the Gerechtshof to the Hoge Raad.
- 14 Before the Hoge Raad, Marca Mode argues, in particular, that the Gerechtshof misapplied Article 13A(1)(b) of the Uniform Benelux Law on Trade Marks by basing its decision solely on the finding that there existed a risk of association on the part of the public concerned of the signs in question and the registered mark. Relying on Case C-251/95 *SABEL v Puma* [1997] ECR I-6191, Marca Mode submits that, under Article 5(1)(b) of the Directive, the Gerechtshof should have based its decision on a finding that there existed a likelihood of confusion.
- 15 The Hoge Raad takes the view that, in the light of *SABEL*, and in particular paragraphs 18, 22 and 24 thereof, there may be justifiable reasons for concluding that where, on account of specific circumstances, such as the particularly distinctive character of the mark, either *per se* or because of the reputation it enjoys with the public, the risk of confusion cannot be excluded, a finding of a risk of association may indeed be sufficient to justify a prohibition on the use of the signs in question.
- 16 In the view of the Hoge Raad, such an interpretation in relation to well-known marks reconciles Article 5(1)(b) with Article 5(2) of the Directive, the second provision authorising Member States to confer on well-known marks protection in relation to goods and services which are not similar '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'. The proposed interpretation of

Article 5(1)(b) of the Directive also protects well-known marks against the use of signs in relation to identical or similar goods or services which takes advantage of, or is detrimental to, the distinctive character of such marks.

- 17 The national court concludes that, if its interpretation of *SABEL* is correct, the ground of appeal advanced by *Marca Mode* cannot serve to have the *Gerechtshof's* judgment set aside. It points out that, in addition to ruling that there was a possibility of association between *Marca Mode's* sign and *Adidas's* trade mark, the *Gerechtshof* found that that mark had a reputation. By virtue of that finding, it cannot be ruled out that the possibility of association may give rise to confusion. In those circumstances, the findings of fact made may justify the grant of the prohibition sought by *Adidas*.
- 18 In the light of those observations, the *Hoge Raad* decided to stay proceedings and to refer the following question to the Court for a preliminary ruling:

'Where:

- (a) a trade mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public, and
- (b) a third party, without the consent of the proprietor of the mark, uses, in the course of trade in goods or services which are identical with, or similar to, those for which the trade mark is registered, a sign which so closely corresponds to the mark as to give rise to the possibility of its being associated with that mark,

must Article 5(1)(b) of Directive 89/104/EEC be interpreted as meaning that the exclusive right enjoyed by the proprietor entitles him to prevent the use of the sign by that third party if the distinctive character of the mark is such that the possibility of such association giving rise to confusion cannot be ruled out?’

- 19 By the same judgment, the Hoge Raad also referred several questions to the Benelux Court of Justice for a preliminary ruling. According to information supplied by Marca Mode, that court, by order of 18 January 1999, suspended its examination of the questions referred pending the ruling of this Court.

The question referred for preliminary ruling

- 20 Adidas requests the Court to rule on the interpretation of Article 5(2) of the Directive.
- 21 According to settled case-law, as regards the division of jurisdiction between national courts and the Court of Justice under Article 177 of the Treaty the national court, which alone has direct knowledge of the facts of the case and of the arguments put forward by the parties, and which will have to give judgment in the case, is in the best position to determine, with full knowledge of the matter before it, the relevance of the questions of law raised by the dispute before it and the necessity for a preliminary ruling so as to enable it to give judgment. However, where the questions are inappropriately framed, the Court is free to extract from all the factors provided by the national court and in particular from the statement of grounds contained in the reference, the elements of Community

law requiring an interpretation having regard to the subject-matter of the dispute (see, in particular, Case 83/78 *Pigs Marketing Board v Redmond* [1978] ECR 2347, paragraphs 25 and 26).

- 22 In the present case, it is clear from the order for reference that the Hoge Raad is seeking solely an interpretation of Article 5(1)(b) of the Directive and that the resolution of the dispute in the main proceedings depends on whether the Gerechtshof was right in holding that the requirement of the existence of 'a likelihood of confusion... which includes the likelihood of association between the sign and the trade mark' was met.
- 23 Furthermore, it is not clear from the order for reference that Adidas argued in the main proceedings that the use of the signs in question without due cause took unfair advantage of, or was detrimental to, the distinctive character or the repute of the trade mark registered by Adidas, a condition to which any application of the provision implementing Article 5(2) of the Directive is subject. The Hoge Raad refers to that last article, not on the ground that the dispute actually concerns the particular prejudice to the mark which it envisages, but in order to submit that the interpretation of Article 5(1)(b) of the Directive proposed in the order for reference ensures a certain consistency between the situations governed by those two provisions.
- 24 Accordingly, it is not necessary, in order to give a useful answer to the national court, to examine the question of the interpretation of Article 5(2) of the Directive.
- 25 As regards the question referred by the Hoge Raad, it should be noted that Article 5(1)(b) of the Directive entitles the proprietor of a mark, subject to certain conditions, to prevent third parties from using a sign for which 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.

- 26 Substantially identical terms are used in Article 4(1)(b) of the Directive, which states the grounds on which a trade mark may be refused registration or, if registered, declared invalid.
- 27 Article 4(1)(b) of the Directive has been the subject of interpretation by the Court, notably in *SABEL*.
- 28 Accordingly, that interpretation must also apply to Article 5(1)(b) of the Directive.
- 29 In the view of the Hoge Raad, the case-law of the Court does not rule out the possibility that a likelihood of confusion between the mark and the sign may be presumed where the mark has a particularly distinctive character, in particular because of its reputation, and where the sign used by the third party in respect of identical or similar goods so closely corresponds to the mark as to give rise to the possibility of its being associated with that mark.
- 30 By its question, the Hoge Raad thus seeks to ascertain whether Article 5(1)(b) of the Directive must be interpreted as meaning that, in such circumstances, the proprietor of the mark may prevent a third party from using the sign if the distinctive character of the mark is such that the possibility of the association made by the public between the sign and the mark giving rise to confusion cannot be ruled out.
- 31 Referring to *SABEL*, *Marca Mode*, the Netherlands and United Kingdom Governments and the Commission submit that the protection conferred under Article 5(1)(b) of the Directive is, like that provided for in Article 4(1)(b) of the same directive, always conditional on positive proof of a likelihood of confusion.

They take the view that, even in respect of well-known marks, it is not sufficient, where there is merely a likelihood of association, for a likelihood of confusion not to be ruled out.

32 Relying, in particular, on paragraph 24 of *SABEL*, Adidas contends that, in respect of well-known marks, the likelihood of association is sufficient to justify a prohibition where a likelihood of confusion cannot be ruled out. In other words, as far as such marks are concerned, the likelihood of association means that a likelihood of confusion is assumed.

33 In this connection, it should be noted at the outset that, even in particular circumstances such as those outlined by the Hoge Raad in its order for reference, a likelihood of confusion cannot be presumed.

34 Article 5(1)(b) of the Directive is designed to apply only if, because of the identity or similarity both of the marks and of the goods or services which they designate, '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'. It follows from that wording that the concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope. The very terms of the provision exclude its application where there is no likelihood of confusion on the part of the public (see, as regards Article 4(1)(b) of the Directive, *SABEL*, paragraph 18). Protection of a registered mark thus depends, in accordance with Article 5(1)(b) of the Directive, on there being a likelihood of confusion (see, as regards Article 4(1)(b) of the Directive, Case C-39/97 *Canon Kabushiki Kaisha v MGM* [1998] ECR I-5507, paragraph 18).

35 The tenth recital in the preamble to the Directive, according to which 'the likelihood of confusion... constitutes the specific condition for such protection', also confirms that interpretation (*SABEL*, paragraph 19).

36 The interpretation is not inconsistent with Article 5(2) of the Directive which establishes, for the benefit of well-known trade marks, a form of protection whose implementation does not require the existence of a likelihood of confusion. That provision applies to situations in which the specific condition of the protection consists of a use of the sign in question without due cause which takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

37 Adidas cannot effectively rely on paragraph 24 of *SABEL*.

38 In that paragraph, the Court noted that the more distinctive the earlier mark, the greater will be the likelihood of confusion, adding that it is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public.

39 The Court thus stated that the particularly distinctive character of the earlier mark may increase the likelihood of confusion and that, where there is a conceptual similarity between the mark and the sign, that character may contribute to the creation of such a likelihood. The negative formulation 'it is therefore not impossible' which is used in paragraph 24 of *SABEL* simply underlines the possibility that a likelihood may arise from the conjunction of the two factors analysed. It in no way implies a presumption of likelihood of confusion resulting from the existence of a likelihood of association in the strict sense. By such wording, the Court referred by implication to the assessment of evidence which the national court must undertake in each case pending before it. It did not excuse the national court from the necessary positive finding of the existence of a likelihood of confusion which constitutes the matter to be proved.

40 In this connection, it must be noted that the likelihood of confusion must be appreciated globally, taking into account all factors relevant to the circumstances of the case (*SABEL*, paragraph 22). A global assessment implies some interdependence between the relevant factors (*Canon*, paragraph 17). For example, a likelihood of confusion may be found, despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier mark, in particular its reputation, is highly distinctive (*Canon*, paragraph 19).

41 The reputation of a mark, where it is demonstrated, is thus an element which, amongst others, may have a certain importance. To this end, it may be observed that marks with a highly distinctive character, in particular because of their reputation, enjoy broader protection than marks with a less distinctive character (*Canon*, paragraph 18). Nevertheless, the reputation of a mark does not give grounds for presuming the existence of a likelihood of confusion simply because of the existence of a likelihood of association in the strict sense.

42 Accordingly, the answer to the question must be that Article 5(1)(b) of the Directive cannot be interpreted as meaning that where

— a trade mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public, and

— a third party, without the consent of the proprietor of the mark, uses, in the course of trade in goods or services which are identical with, or similar to, those for which the trade mark is registered, a sign which so closely corresponds to the mark as to give rise to the possibility of its being associated with that mark,

the exclusive right enjoyed by the proprietor entitles him to prevent the use of the sign by that third party if the distinctive character of the mark is such that the possibility of such association giving rise to confusion cannot be ruled out.

Costs

- 43 The costs incurred by the Netherlands and United Kingdom Governments and by the Commission of the European Communities, 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 (Sixth Chamber),

in answer to the question referred to it by the Hoge Raad der Nederlanden by judgment of 6 November 1998, hereby rules:

Article 5(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks cannot be interpreted as meaning that where

- a trade mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public, and

- a third party, without the consent of the proprietor of the mark, uses, in the course of trade in goods or services which are identical with, or similar to, those for which the trade mark is registered, a sign which so closely corresponds to the mark as to give rise to the possibility of its being associated with that mark,

the exclusive right enjoyed by the proprietor entitles him to prevent the use of the sign by that third party if the distinctive character of the mark is such that the possibility of such association giving rise to confusion cannot be ruled out.

Moitinho de Almeida

Gulmann

Puissochet

Hirsch

Macken

Delivered in open court in Luxembourg on 22 June 2000.

R. Grass

J.C. Moitinho de Almeida

Registrar

President of the Sixth Chamber