

JUDGMENT OF THE COURT (Third Chamber)

27 April 2006*

In Case C-145/05,

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

Levi Strauss & Co.

v

Casucci SpA,

THE COURT (Third Chamber),

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

* Language of the case: French.

Advocate General: D. Ruiz-Jarabo Colomer,
Registrar: K. Sztranc, Administrator,

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

after considering the observations submitted on behalf of:

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

— the Commission of the European Communities, by N.B. Rasmussen and D. Maidani, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 17 January 2006,

gives the following

Judgment

- ¹ This reference for a preliminary ruling concerns the interpretation of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1).

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

Legal context

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

'... the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and goods or services; ... the protection applies also in case of similarity between the mark and the sign and the goods or services; ... it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; ... the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection ... the ways in which likelihood of confusion may be established, and in particular the onus of proof, are a matter for national procedural rules which are not prejudiced by the Directive'.

4 Article 5 of that directive provides:

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

...

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark;

...

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

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under the sign;

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

...'

5 Article 12(2) of the directive provides:

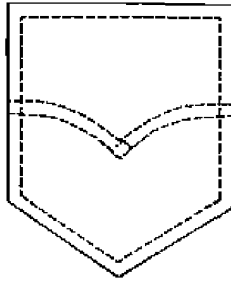
'2. A trade mark shall also be liable to revocation if, after the date on which it was registered,

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

...'

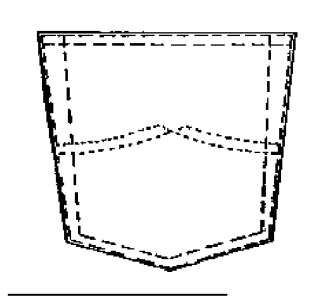
The main proceedings and the questions referred for a preliminary ruling

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



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

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



- 8 Considering that Casucci infringed in so doing the rights conferred by the 'mouette' trade mark on it, Levi Strauss brought an action against Casucci on 11 March 1998 before the Tribunal de commerce de Bruxelles (Brussels Commercial Court) seeking cessation of all use of the mark in question on the clothes marketed by Casucci and an order for damages against that company.
- 9 When the first instance court dismissed its application by ruling of 28 October 1999, Levi Strauss brought an appeal before the Cour d'appel de Bruxelles (Brussels Court of Appeal). Before that court, it argued that it followed from the case-law of the Court of Justice that, first, the likelihood of confusion had to be assessed globally, taking account of the degree of similarity between the mark and the sign and between the goods concerned, and, second, the more distinctive the earlier mark, the greater that risk would be. It contended that in the present case, besides the fact that the mark and the sign in question were visually similar and that the products concerned were identical, it was significant that the 'mouette' mark was highly distinctive on the basis of its imaginative content and its widespread use over decades.
- 10 The Cour d'appel de Bruxelles, however, dismissed Levi Strauss's application, ruling that there was little similarity between the sign in question and the 'mouette' mark, and in particular, that that mark could no longer be considered to be a highly distinctive mark. The mark was partially made up of components whose characteristics were now common to the products concerned owing to their constant and widespread use, the effect of which was necessarily to weaken significantly that mark's distinctive character since the components of that mark were not inherently distinctive.
- 11 Levi Strauss brought an appeal before the Cour de cassation (Court of Cassation), contending that Casucci appeared to claim that the 'mouette' mark was still highly

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

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

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

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

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

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

The questions

The first and second questions

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

- 14 In conferring on the proprietor of a trade mark the right to prevent all third parties from using an identical or similar sign, where there is a likelihood of confusion, and in setting out the uses of such a sign which may be prohibited, Article 5 of Directive 89/104 seeks to protect that proprietor from uses of signs likely to infringe that trade mark.
- 15 The Court has thus pointed out that, in order to ensure the essential function of a trade mark, which is to guarantee the identity of the origin of the marked product or service to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish that product or service from others which have another origin, the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing that mark (see Case C-349/95 *Loendersloot* [1997] ECR I-6227, paragraph 22, and Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraph 50). That must also be the case where, on the basis of a similarity between the signs and the mark in question, there is a likelihood of confusion between them.
- 16 Member States must take measures which are sufficiently effective to achieve the aim of the directive and they must ensure that the rights conferred by it can be effectively relied upon before the national courts by the persons concerned (see Case 14/83 *von Colson and Kamann* [1984] ECR 1891, paragraph 18, and Case 222/84 *Johnston* [1986] ECR 1651, paragraph 17).
- 17 The proprietor's right to protection of his mark from infringement is neither genuine nor effective if account may not be taken of the perception of the public concerned at the time when the sign, the use of which infringes the mark in question, began to be used.

- 18 If the likelihood of confusion were assessed at a time after the sign in question began to be used, the user of that sign might take undue advantage of his own unlawful behaviour by alleging that the product had become less renowned, a matter for which he himself was responsible or to which he himself contributed.
- 19 Article 12(2)(a) of Directive 89/104 provides that a trade mark is liable to revocation if, after the date on which it was registered, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered. Thus, by balancing the interests of the proprietor against those of his competitors in the availability of signs, the legislator considered, in adopting this provision, that the loss of that mark's distinctive character can be relied on against the proprietor thereof only where that loss is due to his action or inaction. Therefore, as long as this is not the case, and particularly when the loss of the distinctive character is linked to the activity of a third party using a sign which infringes the mark, the proprietor must continue to enjoy protection.
- 20 In the light of all the foregoing, the answer to the first and second questions must be that Article 5(1) of Directive 89/104 must be interpreted as meaning that, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, the national court must take into account the perception of the public concerned at the time when the sign, the use of which infringes that trade mark, began to be used.

The third question

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

- 22 It follows from Article 5(1) of Directive 89/104, read in the light of the answer to the first and second questions referred by the national court, that, where there was a likelihood of confusion between the registered trade mark and a similar sign at the time when the sign in question began to be used, the proprietor is to be entitled to prevent all third parties not having his consent from using that sign in the course of trade.
- 23 Directive 89/104 provides in Article 5(3) for a non-exhaustive list of measures to guarantee the rights of the proprietor but does not require that such measures take a particular form, and thus the competent national authorities retain a degree of discretion in that regard.
- 24 However, the requirement of genuine and effective protection of the rights which the proprietor derives from Directive 89/104, recalled in paragraph 16 of this judgment, means that the competent national court must take such measures as prove to be the most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights and remedy infringements of his mark. In this connection, it should be noted in particular that the order to cease use of the sign in question is indeed a measure which genuinely and effectively safeguards those rights.
- 25 Accordingly, the answer to the third question must be that, where the competent national court finds that the sign in question constituted an infringement of the mark at the time when the sign began to be used, it is for that court to take such measures as prove to be the most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights deriving from Article 5(1) of Directive 89/104; such measures may include, in particular, an order to cease use of that sign.

The fourth question

- 26 By its fourth question, the national court is essentially asking whether it is appropriate to order cessation of the use of the sign in question if the trade mark has lost its distinctive character, wholly or in part, after that sign has begun to be used and that loss is due, wholly or in part, to an act or omission of the proprietor of that mark.
- 27 While Article 5 of Directive 89/104 confers certain rights on the proprietor of a trade mark, the directive requires consequences to be drawn from the proprietor's conduct in determining the scope of protection of those rights.
- 28 Thus, Article 9(1) of the directive provides that where, in a Member State, the proprietor of an earlier trade mark has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he is in principle no longer entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used. By the same token, Article 10 provides that if, following completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State concerned in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, that trade mark is to be subject to the sanctions provided for in the directive, unless there are proper reasons for non-use. Finally, under Article 12(1) and (2) of Directive 89/104, a trade mark is to be liable to revocation if it has not been put to genuine use within a continuous period of five years or if it has become, in consequence of its proprietor's conduct, the common name for a product or service.

- 29 Those provisions indicate that the purpose of Directive 89/104 is generally to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function, on the one hand, and the interests of other economic operators in having signs capable of denoting their products and services (see, in relation to the requirement of availability of colours in the case of registration as a trade mark of a colour per se, Case C-104/01 *Libertel* [2003] ECR I-3793).
- 30 It follows that the protection of rights that the proprietor of a trade mark derives under the directive in question is not unconditional, since in order to maintain the balance between those interests that protection is limited in particular to those cases in which the proprietor shows himself to be sufficiently vigilant by opposing the use of signs by other operators likely to infringe his mark.
- 31 The requirement of vigilant conduct is not confined to trade mark protection, in fact, and may apply in other fields of Community law where an individual seeks to benefit from a right deriving from that legal order.
- 32 It was recalled in paragraph 28 of this judgment that a trade mark is liable to revocation if it has become, in consequence of acts or inactivity of the proprietor, the common name in the trade for a product or service in respect of which it has been registered.
- 33 Accordingly, where a trade mark has lost its distinctive character in consequence of acts or inactivity of the proprietor so that it has become a common name within the meaning of Article 12(2) of Directive 89/104, its proprietor can no longer assert the rights conferred on him under Article 5 of that directive.

- 34 Such inactivity may also take the form of a failure on the part of the proprietor of a mark to have recourse to Article 5 in due time, for the purposes of applying to the competent authority to prevent third parties from using the sign in respect of which there is a likelihood of confusion with that mark, since the purpose of such applications is precisely to preserve the distinctive character of the mark in question.
- 35 Having regard to the considerations set out in paragraphs 29 and 30 of this judgment, it is for the competent national court to establish revocation, if appropriate, linked in particular to such a failure, including in the context of proceedings seeking protection of the exclusive rights conferred by Article 5 of Directive 89/104, and which may have been brought late by the proprietor of the mark. If taking account of revocation for the purposes of Article 12(2) in infringement proceedings were solely a matter for the national laws of the Member States, the consequence for trade mark proprietors might be that protection would vary depending on the applicable law. The objective of ‘the same protection under the legal systems of all the Member States’ set out in the ninth recital in the preamble to the directive, where it is described as fundamental, would not be attained (see, on the subject of the onus of proving infringement of the proprietor’s exclusive rights, Case C-405/03 *Class International* [2005] ECR I-8735, paragraphs 73 and 74).
- 36 Accordingly, after revocation in the particular case has been established, the competent national court cannot order cessation of the use of the sign in question, even if, at the time when that sign began to be used, there was a likelihood of confusion between the sign and the mark concerned.
- 37 Consequently, the answer to the fourth question must be that it is not appropriate to order cessation of the use of the sign in question if it has been established that the trade mark has lost its distinctive character, in consequence of acts or inactivity of the proprietor, so that it has become a common name within the meaning of Article 12(2) of Directive 89/104 and the trade mark has therefore been revoked.

Costs

³⁸ Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Third Chamber) hereby rules:

- 1. Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, the national court must take into account the perception of the public concerned at the time when the sign, the use of which infringes that trade mark, began to be used.**
- 2. Where the competent national court finds that the sign in question constituted an infringement of the mark at the time when the sign began to be used, it is for that court to take such measures as prove to be the most appropriate in the light of the circumstances of the case in order to safeguard the proprietor's rights deriving from Article 5(1) of Directive 89/104; such measures may include, in particular, an order to cease use of that sign.**
- 3. It is not appropriate to order cessation of the use of the sign in question if it has been established that the trade mark has lost its distinctive character, in consequence of acts or inactivity of the proprietor, so that it has become a common name within the meaning of Article 12(2) of Directive 89/104, and the trade mark has therefore been revoked.**

[Signatures]