



Reports of Cases

OPINION OF ADVOCATE GENERAL
WAHL
delivered on 24 March 2015¹

Case C-125/14

Iron & Smith Kft
v
Unilever NV

(Request for a preliminary ruling from the Fővárosi Törvényszék (Hungary))

(Trade mark — Registration of a national trade mark identical or similar to an earlier Community trade mark — Community trade mark with a reputation — Geographical and economic scope of reputation)

1. The present case concerns the proper construction of Article 4(3) of Directive 2008/95/EC ('the Directive').² At issue is the interrelationship between national trade marks, on the one hand, and Community trade marks, on the other, and the scope of the protection that ought to be afforded to earlier Community trade marks with a reputation.

2. In that context, two questions arise: (i) how ought 'a reputation in the Community' for the purposes of Article 4(3) be construed? and (ii) may the registration of a later national trade mark in a Member State be refused where a Community trade mark — which enjoys a reputation in other parts of the European Union — is not widely known in that Member State?

I – Legal framework

3. Recital 10 in the preamble to the Directive emphasises the fundamental importance of ensuring that registered trade marks enjoy the same level of protection in all the Member States. It is specified, however, that that ought not to prevent Member States from optionally granting extensive protection to trade marks which have a reputation.

4. Article 4(3) of the Directive lays down a relative ground for refusing to register a mark, or declaring it invalid, in the case of conflict with an earlier Community trade mark with a reputation. That provision states that a trade mark must not be registered (or, if registered, is liable to be declared invalid) if it is identical with, or similar to, an earlier Community trade mark within the meaning of Article 4(2) of the Directive and is to be (or has been) registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark.

¹ — Original language: English.

² — Directive 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).

5. Article 4(4)(a) of the Directive provides a similar, albeit optional, ground for refusal in respect of national trade marks with a reputation in the Member State concerned.

II – Facts, procedure and the questions referred

6. It transpires from the order for reference that, on the basis of its earlier Community word mark IMPULSE, Unilever NV opposed an application by Iron & Smith Kft. for registration of the colour figurative sign ‘be impulsive’ as a Hungarian trade mark. The Hungarian Intellectual Property Office (Szellemi Tulajdon Nemzeti Hivatal; ‘the Hungarian Office’) made a finding that Unilever had sold large quantities of and publicised the goods designated by its Community word mark IMPULSE in the United Kingdom and Italy, with that mark enjoying a 5% market share in the United Kingdom and a 0.2% market share in Italy. On the basis of that market share finding — which did not relate to Hungary — the Hungarian Office found that the reputation of the Community mark had been proved in a substantial part of the European Union.³ It also found that a risk of the later mark taking unfair advantage could not be ruled out.

7. Given that the Hungarian Office thus refused registration of its trade mark, Iron & Smith applied to the Fővárosi Törvényszék (Budapest Municipal Court; or ‘the referring court’) for annulment of the decision refusing the application for registration. Entertaining doubts as to the correct interpretation of Article 4(3) of the Directive, the referring court has now requested a preliminary ruling on the following questions:

- ‘(1) Is it sufficient, for the purposes of proving that a Community trade mark has a reputation within the meaning of Article 4(3) of [the Directive] ..., for that mark to have a reputation in one Member State, including where the national trade mark application which has been opposed on the basis of such a reputation has been lodged in a country other than that Member State?
- (2) May the principles laid down by [the Court] regarding the genuine use of a Community trade mark be applied in the context of the territorial criteria used when examining the reputation of such a mark?
- (3) If the proprietor of an earlier Community trade mark has proved that that mark has a reputation in countries other than the Member State in which the national trade mark application has been lodged — which cover a substantial part of the territory of the European Union — may he also be required, notwithstanding that fact, to adduce conclusive proof in relation to that Member State?
- (4) If the answer to [Question 3] is no, bearing in mind the specific features of the internal market, may a mark used intensively in a substantial part of the European Union be unknown to the relevant national consumer and therefore the other condition for the ground precluding registration in accordance with Article 4(3) of the Directive not be met, since there is no likelihood of detriment to, or unfair advantage being taken of, a mark’s repute or distinctive character? If so, what facts must the Community trade mark proprietor prove in order for that second condition to be met?’

8. Written observations in the present proceedings have been submitted by Iron & Smith, Unilever, the Hungarian, Danish, French, Italian and UK Governments, as well as by the Commission. With the exception of the Italian Government, all those parties presented oral argument at the hearing held on 4 February 2015.

³ — The goods in respect of which the Unilever mark is registered are not specified; nor is it made clear to which goods the market share findings relate.

III – Analysis

A – Setting

9. Article 4(3) of the Directive only falls to be applied where the following two cumulative conditions are met: (i) the earlier Community trade mark must enjoy a reputation in a substantial part of the European Union ('the first condition') and (ii) the use of the later (national) trade mark must take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark ('the second condition'). The proprietor of the earlier Community trade mark is not, however, required to prove a likelihood of confusion between his mark and the later national trade mark.⁴

10. Bearing this in mind, it is clear that Questions 1, 2 and 3 are intimately linked. These three questions all concern the first condition, namely, the yardsticks to be employed in order to determine whether an earlier Community trade mark enjoys a reputation in a substantial part of the European Union. In that context, the referring court is, in particular, unsure about what importance (if any) ought to be attributed to geographical borders in conducting that analysis. That being so, I will first deal with Questions 1 to 3 together, before addressing Question 4, which deals with the second condition. None the less, before moving on to consider those issues, some brief remarks are called for, concerning the underlying rationale of the relative ground for refusal relating to reputation.

11. The ground for refusal (and invalidity) set out in Article 4(3) of the Directive (and the corresponding Article 8(5) of the Regulation) reflects the idea that the value of a trade mark may go far beyond its ability to indicate origin: the value of trade marks may, amongst other things, lie in the image that the trade mark conveys. This has been termed the 'advertising function' of trade marks.⁵ In that sense, what is protected is not so much the indication of origin but rather the economic success of certain trade marks. Keeping in mind those aspects, it obviously cannot be ruled out that the image of a given trade mark could be impaired if the use of an identical or similar trade mark were allowed. That is a possibility even (and in particular) where the goods and services designated by that later mark are not in the same category as those covered by the earlier trade mark. Arguably, that is why it is necessary to extend the protection of Community trade marks beyond the categories of goods and services for which the trade mark has been registered. Given the particularly far-reaching nature of the protection afforded to a trade mark on the basis of Article 4(3) of the Directive, it is not surprising that this ground for refusal can only be invoked where the trade mark enjoys a reputation in the European Union.

4 — For example, judgments in *Adidas-Salomon and Adidas Benelux*, C-408/01, EU:C:2003:582, paragraphs 27 to 31, and *Intel Corporation*, C-252/07, EU:C:2008:655, paragraphs 57, 58 and 66 and case-law cited. Where there is no likelihood of confusion, the grounds for refusal laid down in Article 4(1)(b) of the Directive cannot be relied upon. However, no such requirement is set out in Article 4(3) of the Directive. That is why the proprietor of the earlier trade mark may have a particular interest in relying on Article 4(3) of the Directive to protect himself against harm to the distinctive character or repute of the mark. See also, recently, judgment in *Intra-Press v OHIM*, C-581/13 P and C-582/13 P, EU:C:2014:2387, paragraph 72 and case-law cited, as regards what is now Article 8(5) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1) ('the Regulation').

5 — See Opinion of Advocate General Jääskinen in *Interflora and Others*, C-323/09, EU:C:2011:173, point 50.

B – *The first condition*

12. As already mentioned, the problem that underlies Questions 1, 2 and 3 stems from the fact that both the Directive and the Regulation are completely silent as to the geographical territory within the European Union that must be covered, or other criteria that must be met, in order to establish that a Community trade mark has a reputation for the purposes of Article 4(3) of the Directive. As it is, given the fact that Article 4(3) of the Directive and Article 8(5) of the Regulation are worded identically, it stands to reason that those provisions ought to be interpreted in a coherent manner.⁶

13. However, it seems to me that the question of reputation is a matter already settled by the Court, despite the fact that the referring court is unsure about the applicability of that earlier case-law to the case pending before it. To illustrate, I will briefly describe the basic tenets underpinning that line of authority.

14. In *General Motors*,⁷ a case concerning reputation in the context of national trade marks (in that instance, Benelux trade marks), the Court stated that it is sufficient for the mark to have a reputation in a ‘substantial part’ of the territory of a Member State.⁸ Of particular interest here is the fact that the Court further considered that a trade mark cannot be required to have a reputation ‘throughout’ the territory of the Member State. In the case of the Benelux, this meant that where the trade mark was known by a significant part of the public concerned in a substantial part of that territory, this was sufficient for the mark to have a reputation. ‘A substantial part of the territory’ in that instance could also consist of only a part of one of the countries composing that territory.⁹

15. That *dictum* of the Court was transposed to the context of the Community trade mark in *Pago International*.¹⁰ In that judgment, the Court considered the question whether a Community trade mark (the form of a juice bottle) could be said to enjoy a reputation within a substantial part of the European Union in circumstances where it had been found to have a reputation in one Member State only. In that context, the Court held that to reach the required threshold, a Community trade mark must be known by a significant part of the public concerned by the goods or services covered by the trade mark, in a substantial part of the territory of the European Union. In addition, the Court held that, ‘in view of the facts of the main proceedings’, the territory of the Member State in question (Austria) could be regarded as a substantial part of the territory of the European Union.¹¹

16. Notwithstanding the qualification made by the Court concerning that latter statement (‘in view of the facts of the main proceedings’), I believe that it can be inferred from that judgment that, even generally speaking, reputation in one Member State may — provided that a significant part of the public concerned by the goods and services covered by the trade mark coincides with the relevant public in that same Member State — be sufficient for the purposes of establishing that the trade mark concerned does indeed enjoy a reputation in the European Union for the purposes of Article 4(3) of the Directive.¹²

6 — Generally speaking, and so far as this particular context is concerned, parallel provisions are to be interpreted in the same way; see judgment in *PAGO International*, C-301/07, EU:C:2009:611, paragraph 22 et seq.

7 — Judgment in *General Motors*, C-375/97, EU:C:1999:408.

8 — *Ibid.*, paragraph 28.

9 — *Ibid.*, paragraph 31.

10 — Judgment in *PAGO International*, C-301/07, EU:C:2009:611.

11 — *Ibid.*, paragraph 30.

12 — Although the *General Motors* and *PAGO International* cases admittedly concerned ‘reputation’ in relation to a possible infringement, the same principles must in my view apply to Article 4(3) of the Directive. Indeed, I see no way how a distinction could be drawn between the reputation required for objections to registration on the basis of conflict with earlier trade marks, on the one hand, and infringement, on the other. Both forms of redress provide protection for the proprietor of the earlier trade mark.

17. Indeed, in the final analysis, the question of reputation depends on the relevant market for the goods and services under consideration. The answer to the question of what constitutes a substantial part of the European Union requires, therefore, a circumstantial analysis that only the national court dealing with the case can undertake. As the Court has noted, the market share held by the earlier trade mark, the intensity, geographical extent and duration of its use as well as the size of the investment made by the undertaking in promoting the mark are all factors to be taken into account in that analysis.¹³ In other words, reputation constitutes a knowledge threshold requirement, which must be assessed on the basis of quantitative criteria. To determine whether a specific trade mark has a reputation in a substantial part of the European Union thus requires a combination of geographical and economic criteria. The significance of the relevant market for given goods or services therefore ought to assume a paramount role in the analysis.

18. More specifically, as can be inferred from *Pago International*, the question of what constitutes a substantial part of the European Union is necessarily — and this is a point that cannot be over-emphasised — dependent on the specific mark which is described as enjoying a reputation and accordingly, the public concerned. Given that it is proportion rather than absolute numbers that matters in this context, the fact that the relevant market may be of a limited overall size does not, as such, prevent a mark from acquiring reputation. While in my view the territory of a Member State (large or small alike) may indeed, as the case may be, constitute a substantial part of the European Union, the analysis leading to that conclusion must nevertheless be conducted without consideration of geographical borders.¹⁴

19. True, one could argue that the judgment in *Pago International* does not constitute a helpful authority given that, in that case (unlike the case currently under consideration), reputation was established in the Member State in which the proprietor of the Community trade mark relied on the reputation of his mark. However, a point that must be emphasised is that the Community trade mark rests on the principle of uniformity. In other words, once a proprietor obtains a Community trade mark, the trade mark is to produce effects throughout the entire area of the European Union (barring certain exceptions listed in the Regulation).¹⁵ Accordingly, I would not attach any importance to whether or not reputation is established in the territory of the Member State in which the later national trade mark is applied for.¹⁶ Indeed, uniform protection throughout the European Union would be compromised if a Community trade mark with a reputation could only enjoy protection in the geographical area in which reputation has been established.¹⁷ However, that is not to say — as will be explained in more detail below — that a proprietor of a Community trade mark could automatically rely on that reputation anywhere in the European Union in order, for example, to oppose registration of a national trade mark.

20. This brings me to a final point, namely the relevance of the Court's statement with regard to the concept of 'genuine use'. In *Leno Merken*,¹⁸ the Court was asked to rule on whether or not use of a Community trade mark in one Member State could constitute genuine use within the Community. In that judgment, the Court clearly rejected the idea of employing the statement made by the Court in *Pago International*, concerning the issue of reputation, as a yardstick for establishing whether genuine use in the Community has actually taken place. This was essentially because Article 8(5) of the Regulation (reputation) and Article 15 thereof (genuine use) pursue wholly different objectives. Whereas the former relates to the conditions governing extended protection beyond the categories of goods and services for which a Community trade mark has been registered, the term 'genuine use'

13 — See judgment in *General Motors*, C-375/97, EU:C:1999:408, paragraphs 23, 24 and 27.

14 — See, similarly, Opinion of Advocate General Sharpston in *PAGO International*, C-301/07, EU:C:2009:274, point 30 et seq.

15 — See recital 3 in the preamble to the Regulation.

16 — See also recital 10 in the preamble to the Directive.

17 — See, to that effect, judgment in *DHL Express France*, C-235/09, EU:C:2011:238, paragraph 44.

18 — Judgment in *Leno Merken*, C-149/11, EU:C:2012:816.

denotes the minimum requirement of use that all trade marks must fulfil in order to be protected: in accordance with Article 15 of the Regulation, to avoid misuse of registration, a Community trade mark must be put to ‘genuine use in the Community’ within five years. If not, the trade mark may be subject to revocation.¹⁹

21. Admittedly, as a number of parties who submitted observations have remarked, it can certainly be said that the Court’s statement in *Leno Marken* regarding the absence of relevance concerning geographical borders (when looking at whether the trade mark has been put to genuine use) has some peripheral significance in the present case, too. This is because that statement reflects the idea of unitary protection afforded by the Community trade mark in an internal market. Notwithstanding that fact, it does not appear desirable to apply to the present context, even by analogy, this particular strand of case-law concerning the criteria to be applied for determining whether a trade mark has been put to genuine use. Indeed, as the Court itself remarked, the criteria for determining whether there is genuine use must be distinguished clearly from those applicable in relation to reputation.²⁰

22. Bearing in mind that a Community trade mark can enjoy a reputation in a substantial part of the European Union even in circumstances where reputation is established with regard to only one Member State — which does not necessarily have to be the same as the one in which opposition has been filed — it is now for the referring court to establish whether the Unilever mark enjoys a reputation in a substantial part of the European Union, account being taken, in particular, of the public concerned by the goods or services covered by that trade mark. Even supposing that the prerequisite pertaining to established reputation is fulfilled (as the referring court seems to believe), the referring court will still need to determine whether the second condition laid down in Article 4(3) of the Directive is met before allowing the opposition filed by Unilever in the main proceedings.

C – *The second condition*

23. Question 4 concerns the second condition laid down in Article 4(3) of the Directive. In order to decide whether that second condition is met, it must be determined whether the later national trade mark takes (or will take) without due cause advantage of, or is (or will be) detrimental to, the distinctive character or the repute of the earlier Community trade mark.

24. Two issues arise here. First, what are the criteria to be employed for the purposes of determining whether there is detriment through blurring²¹ or tarnishment²² or, indeed, free-riding²³ in such circumstances? And secondly, in that context, what relevance (if any) must be attributed to the fact that the earlier trade mark with a reputation is not widely known (or is completely unknown) in the

19 — See recital 10 in the preamble to the Regulation. For case-law see, for example, judgments in *Ansul*, C-40/01, EU:C:2003:145, and *Construcción, Promociones e Instalaciones v OHIM — Copisa Proyectos y Mantenimientos Industriales (CPI COPISA INDUSTRIAL)*, T-345/13, EU:T:2014:614.

20 — See judgment in *Leno Marken*, C-149/11, EU:C:2012:816, paragraphs 52 to 54.

21 — This type of injury refers to detriment to the distinctive character of the mark, also referred to as ‘dilution’ and ‘whittling away’. In the words of the Court, ‘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’ (judgment in *L’Oréal and Others*, C-487/07, EU:C:2009:378, paragraph 39).

22 — This is detriment to the repute of the mark, also referred to as ‘degradation’. This type of injury is caused, in the words of the Court, ‘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’ (judgment in *L’Oréal and Others*, C-487/07, EU:C:2009:378, paragraph 40).

23 — As regards this third type of injury, which is also referred to as ‘parasitism’ or ‘free-riding’, that term denotes the advantage taken by the third party as a result of the use of the identical or similar sign. It applies, in particular, in situations where, due to 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, clear exploitation on the coat-tails of the mark with a reputation exists. See judgment in *L’Oréal and Others*, C-487/07, EU:C:2009:378, paragraph 41.

Member State in which registration of the national trade mark is sought? Although both of those questions can only with some difficulty be dealt with in the abstract, I will try to provide the referring court with some guidance as to the factors it ought to take into account when dealing with those issues.

1. The relevant public

25. The particularity of the present case lies in the fact that, according to the referring court, the earlier Community trade mark might, in actual fact, be completely unknown to the relevant public in Hungary. For obvious reasons, it is a matter for the referring court to determine whether the Unilever mark used in the United Kingdom and Italy is (un)known to relevant Hungarian consumers. On this point, I would simply note that even though the earlier mark may not enjoy a reputation (or be widely known) in Hungary, that does not automatically imply that the mark is totally unknown to the relevant public in that Member State.²⁴

26. That said, it is entirely conceivable that an earlier Community trade mark fulfils the first condition laid down in Article 4(3) of the Directive, but not the second. As a number of parties who submitted observations suggest, in order to determine whether the earlier Community trade mark with a reputation is to be afforded extended protection in a particular Member State, the situation in the Member State in which the exclusive right afforded by the Community trade mark is relied upon needs to be considered. In the case before the referring court, that Member State is Hungary.

27. In that regard, the Court has already observed in *General Motors* that the registration of a later mark can only be detrimental for the earlier trade mark with a reputation where there is a sufficient degree of knowledge of that mark. Only then would it be possible for the public, when confronted with the later trade mark, to make an association between the two trade marks, even if they are used for dissimilar goods or services.²⁵ Indeed, where the essential functions of the earlier trade mark are in no way affected, it seems doubtful that damage to that mark could occur.

28. As the UK Government observes, this suggests that, notwithstanding a reputation having been established (in a substantial part of the European Union, but not necessarily, as I have explained above, in the Member State in which Article 4(3) is relied upon), the knowledge of the relevant public in the Member State of the later trade mark is of paramount significance in determining whether that later national trade mark is capable of causing injury to the earlier mark. Admittedly, it could be argued that that position is problematic, particularly in the light of the principle of uniform protection: an earlier Community trade mark of reputation might enjoy increased protection, extending to dissimilar goods and services, in 27 Member States, but not in the 28th.

29. However, as the Court accepted in *DHL Express France*, the exclusive right of a Community trade mark proprietor must be understood in context. That right is conferred in order to enable the proprietor to protect his specific interests in order to ensure that the trade mark is able to fulfil its functions. Consequently, the exclusive right of a Community trade mark proprietor and, accordingly, the territorial scope of that right, are not to be extended beyond what that right allows its proprietor to do in order to protect his trade mark, in other words, merely to prohibit uses which are liable to affect the functions of the trade mark.²⁶ Admittedly, that statement was made in the context of

24 — It emerges from the order for reference, as well as from the submissions made at the hearing before the Court, that Unilever appears to have marketed its products in Hungary at an earlier point in time. That suggests to my mind (subject to verification by the referring court) that the Unilever trade mark cannot, in actual fact, be *wholly* unknown to the relevant public in Hungary.

25 — Judgment in *General Motors*, C-375/97, EU:C:1999:408, paragraph 23. See also judgment in *Adidas-Salomon and Adidas Benelux*, C-408/01, EU:C:2003:582, paragraph 29.

26 — Judgment in *DHL Express France*, C-235/09, EU:C:2011:238, paragraphs 47 and 48. See also, to that effect, judgment in *Interflora and Interflora British Unit*, C-323/09, EU:C:2011:604, paragraph 37.

determining the territorial scope of a prohibition against further infringement or threatened infringement of a Community trade mark. However, if that statement were not equally applicable in the context of registration, a proprietor of an earlier Community trade mark would, as the Commission observes, be able to oppose registration of a later mark, but not prohibit its use.

30. At this point, it is also important to emphasise that national trade marks must be allowed to exist in parallel with Community trade marks.²⁷ If the knowledge of the relevant public in the Member State in which registration for the later mark is sought were not attributed due importance in the context of the second condition laid down in Article 4(3) of the Directive, the parallel existence of the two trade mark systems would be a hollow concept. Such an approach would also undoubtedly entail not inconsiderable costs for those seeking registration solely on the basis of national trade mark law (given the costs involved in ensuring that no similar Community trade mark already exists for any possible category of goods or services).

31. In fact, to protect the interests of the proprietors of earlier Community trade marks, Article 4(3) of the Directive may also fall to be applied after registration. At a given point in time, the proprietor of an earlier trade mark with a reputation may be unsuccessful in opposing the registration of a national trade mark for (dis)similar goods or services. However, if the first condition is met from the start, that would not mean that a declaration of invalidity in respect of the later national trade mark could not be envisaged at a later stage, in accordance with Article 4(3) of the Directive, provided that the second condition is then also met.

2. A link must be established

32. Overall, it can be said that the issue of injury requires a global assessment of all the relevant factors, including, but not limited to, the strength of the earlier mark, the relevant public and the categories of goods and services designated by the earlier and the later mark. In that regard, a number of further lessons can also be drawn from the case-law.

33. In particular, it transpires from *Intel Corporation*,²⁸ a case dealing with the optional ground for refusal in Article 4(4) of the Directive, that the more immediately and strongly the mark with a reputation is brought to mind by the later mark, the greater the likelihood that the current or future use of the sign is taking unfair advantage of, or is detrimental to, the distinctive character or the repute of that mark.²⁹ Where no link between the earlier and later marks is established in the mind of the relevant public,³⁰ the use of the later mark is not likely to be detrimental to or take unfair advantage of the earlier mark.³¹

34. A further point to be made on the basis of the Court's judgment in *Intel Corporation* is that, depending on the circumstances of each case, the possibility cannot be discounted that the relevant section of the public as regards the goods or services for which the earlier mark was registered does not converge with the relevant section of the public as regards the goods or services for which the

27 — See recital 6 in the preamble to the Regulation.

28 — Judgment in *Intel Corporation*, C-252/07, EU:C:2008:655.

29 — *Ibid.*, paragraph 67. For the relevant factors to be taken into consideration in determining whether such a link exists, see, in particular, judgments in *Adidas-Salomon and Adidas Benelux*, C-408/01, EU:C:2003:582, paragraph 30, and *adidas and adidas Benelux*, C-102/07, EU:C:2008:217, paragraph 42.

30 — It is to be noted that the relevant public depends on the head of injury in question: while existence of injury on account of detriment is to be assessed by reference to the consumers of the goods and services for which the earlier trade mark with a reputation is registered, existence of injury resulting from free-riding (although it could be argued that the loss is less evident here) is to be assessed in relation to the consumers of the goods or services for which the later mark is registered. In both cases, the starting point for the analysis is the average consumer who is well informed and reasonably observant and circumspect. See judgment in *Intel Corporation*, C-252/07, EU:C:2008:655, paragraphs 35 and 36.

31 — *Ibid.*, paragraph 31.

later mark was registered. In that sense, the nature of the goods or services for which the conflicting marks are registered must be taken into consideration for the purposes of assessing whether association occurs. Of course, this will be easier where the earlier mark is known by the public at large or where the consumers of the relevant goods and services largely overlap.³²

35. More specifically, it follows from the line of authority devolving from *Intel Corporation* that a link between the two marks cannot exist where the earlier mark is not brought to mind by the later mark as regards the relevant public in the Member State in which registration of the later mark is sought. Indeed, where no such link can be established, it would seem counterintuitive to claim that the use of the later trade mark would free-ride on, or could have a detrimental effect on, the reputation or distinctive character of the earlier mark.³³

36. Nevertheless, I would like to emphasise one important difference between the present case and *Intel Corporation*: in the present case, the starting-point is that the earlier Unilever trade mark is not particularly widely known (if at all) in Hungary. In *Intel Corporation*, on the other hand, the Court seemed to predicate its findings on the assumption that the earlier mark with a reputation was widely known throughout the Member State in question (the United Kingdom). That is why that judgment does not provide clear guidance as to what proportion of the relevant public for the trade marks in question — that is to say, how important a section of that public — must establish the required link.

37. In my view, the consumers who establish that link must account for such a weighty proportion of the relevant public in the Member State concerned that the commercial implications will be considerable ('a commercially pertinent proportion'). Otherwise, the second condition laid down in Article 4(3) of the Directive would be devoid of any real content. Indeed, only those familiar with the earlier mark will be able to make such a link in the first place. Why is it then necessary to require that a commercially pertinent proportion of that public have been confronted with the earlier Community trade mark and thus be able to make the required link?

38. A point of undoubted importance here is that the second condition laid down in Article 4(3) of the Directive turns on actual or potential damage to the earlier mark as a result of the registration of the later national trade mark. Obviously, for damage to occur, the proportion of the public to know about the mark need not be as high as that required for reputation. But there must be noticeable consequences. To my mind — and, again, depending on the type of goods and services involved — such injury can only occur if a commercially pertinent portion of the relevant public in the Member State concerned will make the link. It is only within that group that users may be influenced by the association that they make.

39. In any event, on no account can the mere fact that the party seeking registration of the later trade mark is aware of the existence of the earlier Community trade mark with a reputation be relevant for determining that free-riding is taking place. Indeed, the applicant's knowledge regarding the earlier trade mark in no way extends to the possibility that average users will associate the trade marks in question.

40. I can only stress again that, whereas the relevant public of the Member State in which the later trade mark has been applied for is not decisive in determining whether the earlier Community trade mark enjoys a reputation in the European Union for the purposes of Article 4(3) of the Directive, that public is — conversely — of paramount importance in determining whether the later national trade mark would take unfair advantage of, or be detrimental to, the earlier Community trade mark with a

32 — However, this is not necessarily the case and it can often be assumed that a trade mark may have acquired so wide a reputation that it goes beyond the relevant public as regards the goods or services for which that mark was registered. See on these issues judgment in *Intel Corporation*, C-252/07, EU:C:2008:655, paragraphs 48 to 51.

33 — In that sense, there would be no need for the Community trade mark proprietor to oppose registration in order to safeguard his interest. See, in that regard, *DHL Express France*, C-235/09, EU:C:2011:238, paragraphs 46 and 47.

reputation. It must be borne in mind that the protection afforded to a national trade mark is circumscribed, as a matter of principle, by the territory of the Member State in which the mark is applied for. That is why, when dealing with grounds of refusal as regards national trade marks, it stands to reason that the relevant public for the purposes of determining the existence of detriment or unfair advantage must be that in that Member State.

41. Indeed, especially in the free-riding situation, which is of particular relevance in the present case, it seems difficult to argue that free-riding could take place where the local public is unaware of the earlier trade mark with a reputation (subject to verification by the referring court). In any event, as the Danish Government in particular remarks, even if the referring court considers that the relevant public might establish a link between the Unilever trade mark and the later national trade mark, the risk of detrimental effect or free-riding cannot remain a simple assumption.³⁴ With regard to opposition actions, it will often be the case (as seems to be the situation in the case before the referring court, too) that the purported injury has not yet occurred.

3. The strength of the earlier mark

42. By its fourth question, the referring court specifically seeks guidance on the kind of evidence that the proprietor of the earlier trade mark is to produce concerning the risk of injury to his mark. This issue is only relevant, however, if the referring court is able to determine that such a weighty proportion of the relevant public in the Member State concerned makes the required link between the trade marks that there will be considerable commercial implications, that is to say, if it finds that a commercially pertinent proportion of the relevant public in the Member State concerned makes the required link.

43. In that regard, the Court has stated that the existence of a link between the conflicting marks in the mind of the relevant section of the public does not suffice to establish that injury to the earlier trade mark has occurred or will occur. That is why the proprietor of the earlier trade mark must prove either actual and present injury to his mark, or a serious likelihood that such an injury will occur in the future.³⁵ While proving the risk of tarnishment appears to be independent of the category of goods and services involved, it seems to me that the more similar the goods and services at issue are, the easier it is to show that blurring (especially through ‘genericide’³⁶ of an indication of origin, as was the case in *Interflora and Interflora British Unit*³⁷) may occur.

44. Be that as it may, the Court has set the standard of proof regarding detriment (through blurring and tarnishment) rather high. In order for that standard to be met, evidence is required of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered as a result of the use of the later mark, or a serious likelihood that such a change will occur in the future. As I have already mentioned, that statement seems to specifically concern heads of injury pertaining to blurring and tarnishment.³⁸

34 — See amongst many, for example, orders in *Aktieselskabet af 21. november 2001 v OHIM*, C-197/07 P, EU:C:2008:721, paragraph 21 and case-law cited, and *Japan Tobacco v OHIM*, C-136/08 P, EU:C:2009:282, paragraph 42 and case-law cited.

35 — See judgment in *Intel Corporation*, C-252/07, EU:C:2008:655, paragraph 38. At the very least, the risk is not to be purely hypothetical. See also judgment in *Rubinstein and L’Oréal v OHIM*, C-100/11 P, EU:C:2012:285, paragraph 95.

36 — Bently, L., and Sherman, B., *Intellectual Property Law*, 4th edition, Oxford University Press, 2014, p. 1004.

37 — Judgment in *Interflora and Interflora British Unit*, C-323/09, EU:C:2011:604.

38 — See judgment in *Intel Corporation*, C-252/07, EU:C:2008:655, paragraph 77. See also judgment in *Environmental Manufacturing v OHIM*, C-383/12 P, EU:C:2013:741, paragraphs 36 and 37.

45. To my mind, it is doubtful whether that test can be transposed directly to the context of free-riding. In the case of free-riding, the perspective is different to the extent that the focus is on average users of the later trade mark and on the advantage that the later mark may be expected to derive from the earlier. What is more, the case-law does not seem to require that the benefit thus acquired needs to be expressed, for example, in terms of increased sales.

46. Rather, as the Court stated in *L'Oréal and Others*,³⁹ unfair advantage is taken where a person 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 made by the proprietor of that mark in order to create and maintain the image of that mark, and 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.⁴⁰ From this it emerges that the advantage taken must be somehow unfair. However, according to my reading of the case-law, the added value of 'unfairness' is limited — if not non-existent — where the party seeking registration of the later national trade mark is intentionally riding on the coat-tails of the reputation of the earlier mark.

47. On a general note, it seems to me that where, in particular, the goods and services are (very) dissimilar, the analysis that the referring court must undertake must focus on the distinctiveness of the earlier Community trade mark with a reputation: the stronger the reputation and the more immediately and strongly the earlier trade mark is brought to mind by the sign for which registration is sought at national level, 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 (in particular through blurring) to them.⁴¹

48. Although the order for reference contains only a limited amount of information that would enable me to make more detailed observations pertaining to the case pending before the referring court, I would not rule out, at the outset, the possibility that the marketing of goods and services designated by the later national trade mark may be easier on account of the earlier Unilever trade mark. In assessing whether a serious risk of unfair advantage exists, the referring court thus ought to look, in particular, at how widely the Unilever mark is known and the image it conveys,⁴² and whether any advantage has been (or will be) transferred to the later mark. Indeed, in the case of identical or similar goods, the transfer of advantage would appear almost self-evident.⁴³ Conversely, in the case of dissimilar goods and services, that type of 'cross-pollination'⁴⁴ might, generally speaking, be more difficult to establish.

49. Thus, in conducting its analysis with regard to the second condition laid down in Article 4(3) of the Directive, the referring court ought to attach particular importance to the knowledge of the relevant public in Hungary. In that regard, the stronger the reputation and the more immediately and strongly the Unilever mark is brought to mind by the sign for which registration is now sought, 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.

39 — Judgment in *L'Oréal and Others*, C-487/07, EU:C:2009:378.

40 — *Ibid.*, paragraph 49.

41 — *Ibid.*, paragraph 44.

42 — See, for example, judgments in *Sigla v OHIM – Elleni Holding (VIPS)*, T-215/03, EU:T:2007:93, paragraph 35, and *Antartica v OHIM – Nasdaq Stock Market (nasdaq)*, T-47/06, EU:T:2007:131, paragraph 60.

43 — Already in the judgment in *Davidoff*, C-292/00, EU:C:2003:9, the Court accepted that, although the wording of what is now Article 4(3) of the Directive would seem to suggest otherwise, that provision may be relied upon, not only against identical or similar signs used in relation to dissimilar goods and services, but also in relation to goods and services identical or similar to those covered by the trade mark with a reputation. See, in particular, paragraphs 24, 25 and 30 of the judgment.

44 — Bently and Sherman, *op. cit.*, p. 1007.

IV – Conclusion

50. In the light of the foregoing, I propose that the Court answer the questions referred by the Fővárosi Törvényszék as follows:

- (1) For the purposes of Article 4(3) of 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, it may — depending on the specific mark which is described as enjoying a reputation and, accordingly, on the public concerned — be sufficient that a Community trade mark enjoys a reputation in one Member State, which does not need to be the State in which that provision is relied upon. In that regard, for the purposes of determining whether a reputation exists within the meaning of Article 4(3), the principles laid down in case-law in respect of the requirement to show genuine use of a trade mark are not relevant.
- (2) Where the earlier Community trade mark does not enjoy a reputation in the Member State in which Article 4(3) of the Directive is relied upon, in order to prove that, without due cause, unfair advantage is taken of, or detriment is caused to, the distinctive character or repute of the Community trade mark for the purposes of that provision, it is necessary to show that a commercially pertinent proportion of the relevant public in that Member State will make a link with the earlier trade mark. In that regard, the strength of the earlier mark constitutes an important factor for the purposes of proving such association.