

OPINION OF ADVOCATE GENERAL

SHARPSTON

delivered on 18 January 2007¹

1. Under Article 5(1)(a) of the Trade Marks Directive,² the proprietor of a registered trade mark may prevent any use in the course of trade, without his consent, of a sign identical to his trade mark in relation to goods or services identical to those for which the mark is registered.

2. The Cour d'appel (Court of Appeal) in Nancy, France, wishes to know whether that right can be exercised, by a trader who has registered a name as a word trade mark in respect of certain goods, against another trader who, without the proprietor's consent, has adopted the same name as a company name and shop sign in the context of a business marketing goods of the same kind.

3. Depending on the answer to that question, either or both of two further questions may arise, although they are not explicitly posed by the referring court.

4. The first, if the situation is not covered by Article 5(1), is whether a national law entitling the trade mark proprietor to prevent such use may fall within Article 5(5) of the Directive, which allows Member States to provide for protection against the use of a sign other than for the purposes of distinguishing goods or services, where such use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. If not, can such a national law be based on any other provision of the Directive?

5. The second is whether the position is affected by the fact that, under Article 6(1)(a) of the Directive, a trade mark proprietor may not prevent another person from using his own name or address, if that use is in accordance with honest practices in industrial or commercial matters.

¹ — Original language: English.

² — 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').

Community legislation

6. Article 5 of the Directive is entitled 'Rights conferred by a trade mark'. It provides as follows:

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.

'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:

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

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

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

(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.

(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;

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from

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

4. Where, under the law of the Member State, the use of a sign under the conditions referred to in 1(b) or 2 could not be prohibited before the date on which the provisions necessary to comply with this Directive entered into force in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign.

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, 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.'

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

provided he uses them in accordance with honest practices in industrial or commercial matters.'

7. Article 6 is entitled 'Limitation of the effects of a trade mark'. Article 6(1) provides:

National legislation

'The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

(a) his own name or address;

8. Article L713-2(a) of the French Intellectual Property Code prohibits the 'reproduction, use or affixing of a mark, even with the addition of words such as: "formula, manner, system, imitation, type, method", or the use of a reproduced mark for goods or services that are identical to those designated in the registration', without the authorisation of the trade mark proprietor.

9. Article L713-3 of the same code provides:

‘The following shall be prohibited, unless authorised by the proprietor, if there is a likelihood of confusion in the mind of the public:

(a) the reproduction, use or affixing of a mark or use of a reproduced mark for goods or services that are similar to those designated in the registration;

(b) the imitation of a mark and the use of an imitated mark for goods or services that are identical or similar to those designated in the registration.’

10. Under Article L713-6(a) registration of a mark does not prevent use of the same sign or a similar sign as ‘a company name, trade name or shop sign, where such use is either earlier than the registration or made by another person using his own surname in good faith’. However, ‘where such use infringes his rights, the owner of the registration may require that it be limited or prohibited’.

11. Under Article L716-1, a breach of the prohibitions laid down in, inter alia, Articles L713-2 and L713-3 constitutes an infringement of the trade mark proprietor’s rights in a mark, for which the infringer is liable in civil law.

Facts, procedure and question referred

12. The main proceedings are between two French companies, Céline SA and Céline Sàrl. The circumstances, according to the order for reference, are as follows.

13. Céline SA was set up and registered as a company in Paris in 1928³ with as its principal object the creation and marketing of clothing and accessories. In 1948 it registered the French word trade mark ‘Céline’ for, in particular, clothes and shoes. That trade mark has been renewed without interruption since then.

³ — The company’s own publicity states that it was founded (by Ms Céline Viapiana) in 1945. The discrepancy, if any, seems however immaterial. In either event, the registration of the word trade mark ‘Céline’ in 1948 predates the first registration or use of ‘Céline’ as a trade name in Nancy in 1950.

14. Céline Sàrl was set up and registered as a company in Nancy in 1992 to sell clothing and accessories at premises in Nancy under the name 'Céline'. The business had been operating at the same premises under the same name since 1950, when it was first entered in the local trade register.⁴

15. In 2003 Céline SA became aware of the existence of Céline Sàrl and of the similarity between their types of business.⁵ It brought proceedings against Céline Sàrl for trade mark infringement and unfair competition through unauthorised use of its company and trade name. Céline SA bases its action solely on the use of the name 'Céline' to designate the entity Céline Sàrl and the business which it operates. It is not alleged that the name has been affixed to any products.

16. That action was successful at first instance. Céline Sàrl was ordered to change its company name and shop sign, and to pay Céline SA damages in respect of both the trade mark infringement and the unfair competition.

17. Céline Sàrl appealed to the referring court, which notes that in *Robelco*⁶ the Court of Justice specified that where a sign is not used for the purposes of distinguishing goods or services, it is for the Member States to determine the extent and nature of the protection afforded to trade mark proprietors who allege damage as a result of use of that sign as a trade name or company name. The question in that case was whether the protection which Member States can offer under Article 5(5) of the Directive concerns only use of a sign identical to the trade mark, or also use of a similar sign. Some doubt thus remains as to the applicability of Article 5(1)(a) in the circumstances of the present case. Under current French case-law there is infringement whenever the distinctive elements of a trade mark are reproduced, whatever use is made of them.

18. The Cour d'appel has therefore referred the following question for a preliminary ruling:

'Must Article 5(1) of Directive (EC) 89/104 be interpreted as meaning that the adoption, by a third party without authorisation, of a registered word mark, as a company name, trade name or shop sign in the context of a

4 — It appears that the shop was opened in 1950 by a Mr Grynfoegel, who named it after his daughter Céline, and that it remains a family-run business.

5 — The date is disputed in the national proceedings by Céline Sàrl, which claims that Céline SA was aware of the existence of its business as early as 1974.

6 — Case C-23/01 [2002] ECR I-10913, paragraph 34.

business marketing identical goods, amounts to use of that mark in the course of trade, which the proprietor is entitled to stop by reason of his exclusive rights’

21. First, it may be necessary to distinguish, for some purposes, between the formal adoption of such a name and the way in which it is used subsequent to adoption.

19. Observations, both written and oral, have been submitted to the Court by Céline SA, by the French, Italian and United Kingdom Governments and by the Commission.

22. Second, the situation in the main proceedings can fall only within Article 5(1)(a) and not 5(1)(b), since the order for reference explicitly states that the sign and the mark, and the products concerned, are identical and not merely similar. Consequently, the question of a likelihood of confusion between the sign and the mark does not arise in the instant case. It is, in any event, separate from the question whether the relationship between the sign and the products is such as to constitute use for the purposes of either subparagraph.

Assessment

Preliminary remarks

20. The question referred is essentially whether the adoption of a company or trade name⁷ constitutes use within the meaning of Article 5(1) of the Directive. That formulation prompts two remarks.

Article 5(1)(a)

23. The wording of Article 5 of the Directive displays a degree of elegant variation — compounded by variation among language versions — which should not, however, distract us from the rather straightforward distinction which it draws between two types of use of a sign.

⁷ — At the hearing, the agent for the French Government confirmed that there was no legally relevant distinction, for the purposes of the present case, between a trade name (*nom commercial*), which identifies a trader, and a shop sign (*enseigne*), which identifies trading premises. For present purposes, I shall refer to both concepts by the term ‘trade name’.

24. On the one hand, in paragraphs 1 and 2 (and in paragraphs 3 and 4, which refer to them), there is use in relation to goods or services. On the other hand, in paragraph 5, there is use other than for the purpose of distinguishing goods or services.

25. It is clear from that contrast, and confirmed by the case-law,⁸ that use within the meaning of paragraphs 1 to 4 is use for the purpose of distinguishing goods or services.

26. The Court has further clarified that concept in the context of Article 5(1)(a) by stating, in essence, that the aim of the exclusive right conferred by that provision is to enable the trade mark proprietor to protect his specific interests as proprietor, namely, to ensure that the trade mark can fulfil its functions, in particular its essential function of guaranteeing to consumers the origin of goods. The exercise of that right must therefore be reserved to cases in which use of the sign affects or is liable to affect those functions. A proprietor may not prohibit such use if it cannot affect his own interests as proprietor of the mark, having regard to its functions. The exclusive nature

of his right can be justified only within those limits.⁹

27. Furthermore, the trade mark proprietor's interests are affected in that way, in particular, where use is such as to create the impression that there is a material link in trade between the proprietor and the goods offered for sale by another person. It must be established whether the consumers targeted are likely to interpret the sign, as it is used, as designating or tending to designate the undertaking from which the goods originate.¹⁰

28. Those elements go a long way towards answering the question as formulated by the referring court — bearing in mind that the assessment is ultimately a factual one and must be made by the court competent to make findings of fact in each case.

29. If, in circumstances such as those of the main proceedings, a trade mark proprietor is to be entitled to prevent the use complained of by virtue of Article 5(1)(a) of the Directive, it is necessary to establish that the use of the sign is such as to distinguish the goods concerned and that it affects the proprietor's interests by encroaching upon the ability of his trade mark to fulfil its essential function

9 — See Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273 ('*Arsenal*'), paragraphs 51 to 54; Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989, paragraph 59.

10 — See *Arsenal*, paragraphs 56 and 57; *Anheuser-Busch*, paragraph 60.

8 — See Case C-63/97 *BMW* [1999] ECR I-905, paragraph 38.

of guaranteeing to customers the origin of his own goods. That will be true in particular if the use in question creates the impression that there is a material link in trade between the trade mark proprietor and goods of another origin. In that regard, it must be established whether the consumers targeted are likely to interpret the use of the sign as designating or tending to designate the origin of the goods.

30. In the context of Article 5(1)(b) of the Directive, the Court has consistently held that the existence of a likelihood of confusion on the part of the public must be appreciated globally, taking into account all factors relevant to the circumstances of the case.¹¹ The 10th recital in the preamble, moreover, states that the appreciation of that likelihood depends on numerous elements and, in particular, on the recognition of the trade mark on the market, on the association which can be made with the used or registered sign, and on the degree of similarity between the trade mark and the sign and between the goods or services identified.

31. Although, as I have said, the assessment of likelihood of confusion under Article 5(1)(b) is distinct from the assessment I have

outlined at point 29, in respect of Article 5(1)(a), it seems clear that the same global approach is equally necessary in both cases. Indeed, in his Opinion in *Arsenal*¹² Advocate General Ruiz-Jarabo Colomer cited a list of factors to be taken into account in the context of Article 5(1)(a), which is reminiscent of that in the 10th recital: the nature of the goods and services, the situation of those for whom they may be intended, the structure of the market and the position in the market of the proprietor of the trade mark. Examination of all those factors falls outside the jurisdiction of the Court of Justice, being an assessment of fact, which is the exclusive province of the national court.

32. I would add — and here I agree with the Italian Government's submission — that the assessment must be objective, and not dependent on the intention of the person using the sign.

33. Whilst it is for the competent national court to make the necessary factual assessment in the light of the Court's case-law, some further remarks may provide the referring court with additional guidance.

11 — See, for example, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 22; Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 18; Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 40; and Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 27.

12 — Cited in footnote 9, at point 53 of the Opinion.

34. At the hearing, there appeared to be a consensus that the type of use in issue in the main proceedings — namely adoption and use of a company and/or trade name — was capable of constituting ‘use’ within the meaning of Article 5(1) of the Directive, but that it would not necessarily and automatically constitute such use in all cases. I agree.

35. A company name in particular need not necessarily be used ‘in relation to’ goods or services which the company supplies ‘in the course of trade’. Its use may be confined to more formal circumstances, the company actually trading under one or more other names. And even where the company name is used in some relationship to goods or services in the course of trade, that use will not necessarily be such as to distinguish the goods or services, to designate their origin or to create the impression of a material link in trade with the proprietor of an identical or similar trade mark. At the hearing, the United Kingdom gave the example of an invoice, in the company name, for the sale of goods identified by a different brand name or trade mark. A fortiori, the mere adoption (registration) of a company name prior to any use — which is the subject matter of the national court’s question as worded — must normally fall outwith the scope of Article 5(1) of the Directive.

36. It seems unlikely on the other hand that adoption of a trade name will not be followed by use ‘in the course of trade’. The way in which it is used may nevertheless still, depending on all the circumstances, not be such as to distinguish the goods or services, to designate their origin or to create the impression of a material link in trade with the proprietor of an identical or similar trade mark.

37. In that regard, I would point out that the existence of a non-exhaustive list, in Article 5(3), of types of conduct which *may* be prohibited under Article 5(1) and (2) does not imply that all instances of such conduct will always fall within the scope of possible prohibition. It will always be necessary to ascertain whether the specific conduct meets the assessment criteria which I have indicated above at point 29.

38. Thus the response to the national court’s question, in the terms in which it is posed, should be to the effect that the mere adoption of a company or trade name does not normally constitute use within the meaning of Article 5(1) of the Directive; subsequent use of such a name in the course of trade must be assessed by the competent court on the facts of each case, in the light of

the criteria set out in point 29 above, in order to determine whether it constitutes use in relation to goods or services for the purposes of that provision.

39. However, over and above that answer, a number of further considerations may help the national court in resolving the case before it. The United Kingdom has indeed requested more guidance on certain aspects which were discussed at the hearing, and the fact that the case has been referred to the Grand Chamber may itself indicate that some further analysis is appropriate.

Other legal bases for protection

40. To the extent that French legislation, as interpreted by the courts, may allow a trade mark proprietor to prohibit use of a company or trade name in circumstances which do not entail distinguishing goods or services, designating their origin, creating the impression of a material link in trade with the trade mark proprietor or otherwise adversely affecting his interests, having regard to the functions of the mark, then it cannot be validly based on Article 5(1) of the Directive.

41. It might, however, be validly based on Article 5(5), which allows Member States to provide protection against use of a sign ‘other than for purposes of distinguishing goods or services’ — as was confirmed by the Court in *Robelco*, to which the Cour d’appel refers.¹³ If that is the case, it must be remembered that Article 5(5) can be relied upon only where use of the sign is without due cause and takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark. Here again, the assessment is a factual one for the competent national court.

42. Moreover, the sixth recital in the preamble to the Directive specifies that it does not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection. Clearly, national law on unfair competition might confer on trade mark proprietors rights of the kind which Céline SA seeks to assert in the main proceedings. The law on company registration might also restrict the types of name which may be registered by excluding, inter alia, those which are identical or similar to an existing trade mark.

¹³ — See point 17 above.

43. It should be borne in mind, however, that, of the provisions on which Céline SA seeks to rely, the national court's question is confined to provisions of trade mark law in an area which has been completely harmonised by Article 5(1) of the Directive.¹⁴ In view of that harmonisation, such provisions will be lawful only if consistent with Article 5(1).

Article 6(1)(a)

44. To the extent that the right which Céline SA seeks to assert derives from trade mark law and from its status as trade mark proprietor, it is not possible to ignore the limitation in Article 6(1)(a) of the Directive, under which the proprietor may not prevent another person from using his own name or address in the course of trade, provided that the use is in accordance with honest practices in industrial or commercial matters.

45. What Céline SA wishes to prevent is use by Céline Sàrl of the latter's own company and trade name. I agree with the United Kingdom Government that elements such as 'Sàrl', which merely indicate a particular

form of legal personality, should be disregarded. The Court has moreover held that Article 6(1)(a) is not confined to the names of natural persons.¹⁵

46. I disagree, however, with the submission made by the Italian Government at the hearing, to the effect that Article 6(1)(a) does not allow others to use their names in the course of trade to distinguish goods or services if there is identity or similarity between the name and the registered trade mark or between the goods or services respectively concerned — in other words, in the circumstances defined by Article 5(1)(a) and (b).

47. On the contrary, since the trade mark proprietor's right to prohibit conduct is defined essentially in those latter provisions, the limitation in Article 6(1)(a) must concern the right thus defined. Otherwise, the limitation would concern at most only the optional rights provided for in Article 5(2) and (5). The wording and structure of the provisions however make it clear that the Article 6(1)(a) limitation applies to the whole

¹⁴ — See, for example, *Arsenal*, cited in footnote 9, paragraphs 43 to 45.

¹⁵ — See *Anheuser-Busch*, cited in footnote 9, paragraphs 77 to 80. Since the directive contains no limitation as to the type of name which may be used, national legislation must not be interpreted in such a way as to impose any such limitation.

of Article 5. And the Court has stated, in *Anheuser-Busch*,¹⁶ that a person may, in principle, rely on the exception provided for in Article 6(1)(a) in order to be entitled to use, for the purpose of indicating his trade name, a sign which is identical or similar to a trade mark, even if that constitutes a use falling within the scope of Article 5(1) which the trade mark proprietor would otherwise be able to prohibit by virtue of the exclusive rights conferred on him by that provision.

48. The significant question in the context of the main proceedings is however whether the adoption of the name 'Céline' for the business in Nancy (as a trade name, and later as a company name) *after* the registration of the trade mark 'Céline' by Céline SA, and its subsequent use in relation to goods (if use of that kind is established), is in accordance with honest practices in industrial and commercial matters. (If the name had been adopted and used *before* the registration of the trade mark, the 'honest practices' condition could of course have applied only to use after the registration, and its application would have been affected by the relative timing.)

49. Yet again, the assessment is one of fact, to be carried out by the competent national court. This Court has however in the past given certain guidance as to what may constitute honest practice for the purposes of Article 6(1) of the Directive, and the

United Kingdom in particular has requested in the present proceedings that it should provide more detailed clarification. If the Grand Chamber should decide to accede to that request, the following remarks may be relevant.

50. In general terms, the condition of honest practice expresses a duty to act fairly in relation to the legitimate interests of the trade mark owner.¹⁷ It is for the national court to carry out an overall assessment of all the relevant circumstances, in particular, whether the user of the name or other indication might be regarded as unfairly competing with the proprietor of the trade mark.¹⁸

51. In *Gillette*¹⁹ the Court held, in the context of Article 6(1)(c) of the Directive, that use will not be in accordance with honest practices in industrial and commercial matters if, *inter alia*:

- it is done in such a manner as to give the impression that there is a commercial connection between the user and the trade mark owner; or

16 — Cited in footnote 9, at paragraph 81.

17 — *BMW*, cited in footnote 8, paragraph 61; Case C-100/02 *Gerolsteiner Brunnen*, [2004] ECR I-691, paragraph 24; *Anheuser-Busch*, cited in footnote 9, paragraph 82.

18 — *Gerolsteiner Brunnen*, cited in footnote 17, paragraph 26; *Anheuser-Busch*, cited in footnote 9, paragraph 84.

19 — Case C-228/03 [2005] ECR I-2337.

- it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute; or
- it entails the discrediting or denigration of that mark.

52. Again, that guidance goes a long way to assist the national court in its assessment of the case before it. However, the name used by Céline Sàrl was not adopted or used, either as a trade name or as a company name, until after Céline SA had registered its trade mark 'Céline'.

53. It seems clear that the question of knowledge is crucial in that context.

54. A person cannot normally be said to be acting in accordance with honest commercial practice if he adopts a name to be used in trade for purposes of distinguishing goods or services which he knows to be identical or similar to those covered by identical or similar existing trade mark.

55. Nor indeed will mere ignorance of the existence of the trade mark be sufficient to bring the adoption and use of the name within the fold of honest practice. Honest practice in the choice of a name to be used in trade must imply reasonable diligence in ascertaining that the name chosen does not conflict with, *inter alia*, an existing trade mark, and thus in verifying the existence of any such mark. And a search in national and Community trade mark registers is not normally particularly difficult or burdensome.

56. However, if reasonable diligence has been exercised, and no such mark has been found, then it does not seem possible to assert that the person adopting the name has in that regard acted contrary to honest practices in industrial or commercial matters. In those circumstances, it is of course only exceptionally that there will in fact be a trade mark similar or identical to the name, whose proprietor would wish to prevent use of the name. But if that were to be the case, it seems to me that the trade mark proprietor's right would be limited by Article 6(1) of the Directive, since the limitation is conditional only on the honesty of the user's conduct.²⁰

²⁰ — Another such situation, in the context of Article 5(1)(b), might be where a similar or identical trade mark has been found but the person adopting the name made an honest error in assessing the degree of similarity between the respective goods or services covered.

57. On the other hand, if a similar or identical trade mark were found, the extent to which the trade mark proprietor could prohibit use of the name would depend on the user's conduct thereafter. Honest practice would presumably imply at least contacting the trade mark proprietor and seeking his reaction. If he objected to use of the name on reasonable grounds (and any of the circumstances falling within Article 5 would seem, by definition, capable of providing reasonable grounds for objection), then subsequent use of the name objected to would not be in conformity with honest commercial practice.

58. The United Kingdom Government has suggested that acquiescence on the part of the trade mark proprietor might preclude him from prohibiting use of the name. However, while such a personal bar to action might appear logical, it does not appear to form part of the system of Article 6(1) which, as I have said, is conditional only on the honesty of the user's conduct. Such a rule would therefore have to be subject to the condition that it could not cure conduct which was initially not in accordance with honest practices, without any intervening change in the substance of that conduct or the intention underlying it. On the other hand, a person who contacted the trade mark proprietor (ensuring that his notification was received) could be considered to be acting in accordance with honest practices if, after a reasonable period had elapsed, no objection was made to his use of a similar or identical

name. In any event, acquiescence by a trade mark proprietor in the use of a name similar or identical to his trade mark might well, depending on the circumstances, be sufficient to constitute consent within the meaning of Article 5(1), and thus remove the use from the scope of the prohibition by another route.

59. Finally, I touch on an issue which is not relevant in the main proceedings, confined as they are to French law and French territory. The principal aim of the Directive, expressed in the first recital in the preamble, is to approximate the laws of the Member States with a view to eliminating 'disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market'. How would the duty to observe honest practices be affected if Céline Sàrl were a business in another Member State, entering the French market?

60. It seems to me that much the same considerations must apply. An economic operator must in principle be allowed to use the same personal, company or trade name throughout the Community, and not be prevented from doing so in one Member State by the *subsequent* registration in that Member State (or in the Register of Community trade marks) of a trade mark

identical or similar to the name in question. However, *extension* of the use of the name to a new Member State should be subject to the same requirement of honest practice in ascertaining whether a similar or identical trade mark had *already* been registered in that Member State (or as a Community trade mark) *before* the name was adopted.

Conclusion

61. I am consequently of the opinion that the Court should answer the question referred by the Cour d'appel in Nancy as follows:

The mere adoption of a company or trade name similar or identical to an existing trade mark does not constitute use within the meaning of Article 5(1) of Council Directive 89/104/EEC.

Subsequent use of such a name in the course of trade must be assessed by the competent court in order to determine whether it constitutes use in relation to goods or services for the purposes of that provision, that is to say, whether it is such as to distinguish the goods or services concerned and to affect the trade mark proprietor's interests by encroaching upon the ability of his trade mark to fulfil its essential function of guaranteeing to customers the origin of his own goods or services. That will be true in particular if the use in question creates the impression that there is a material link in trade between the trade mark proprietor and goods or services of another origin. In that regard, it must be established whether the consumers targeted are likely to interpret the use of the sign as designating or tending to designate the origin of the goods or services.

The right of the trade mark proprietor to prohibit such use is subject to the limitation in Article 6(1)(a) of Directive 89/104/EEC, which is in turn conditional on the observance by the user of the name of honest practices in industrial and commercial matters. Use will not be in accordance with such practices in particular if it gives the impression that there is a commercial connection between the user and the trade mark proprietor, affects the value of the trade mark by taking unfair advantage of its distinctive character or repute or entails the discrediting or denigration of that mark. Honest practice in relation to the adoption of a name for use in trade implies reasonable diligence in contacting the proprietor of any similar or identical trade mark registered in respect of goods or services similar or identical to those in relation to which the name is to be used, and complying with any reasonable condition requested, within a reasonable period, by such a proprietor.