

OPINION OF ADVOCATE GENERAL

MENGOZZI

delivered on 13 September 2007<sup>1</sup>

1. In this case, the national court seeks from the Court of Justice a preliminary ruling on the interpretation of Article 4 of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.<sup>2</sup>

**I — Legislative background**

*A — International legislation*

2. The question was raised in proceedings brought by the proprietor of a Spanish registered trademark against an existing user of an unregistered trademark that is identical to the registered one and is used for the same services, seeking a finding that the defendant had infringed his rights in respect of the registered mark and an order that the conduct constituting that infringement and the harm complained of should be brought to an end.

3. Signed in Paris on 20 March 1883 by 11 States, the Paris Convention<sup>3</sup> for the protection of industrial property ('the Paris Convention') was the first of the great multi-lateral conventions adopted in this area and at present is the one with the largest number of signatories (171 contracting States<sup>4</sup>, including all the Member States of the Community). Under Article 1(1), the Convention establishes among the countries to which it applies a union, endowed with legal personality separate from that of its mem-

1 — Original language: Italian.

2 — OJ 1989 L 40, p. 1.

3 — The Paris Convention, as amended since 1883, is in fact a series of conventions incorporated in texts adopted by the revision conferences provided for in Article 14, known as 'Acts' since the 1911 Washington conference. The text now in force derived from the revision carried out at the 1967 Stockholm conference.

4 — See: <http://www.wipo.int>.

bers (hereinafter also referred to as ‘Convention countries’) and having its own organs,<sup>5</sup> the aim pursued being the protection of all aspects of industrial property<sup>6</sup>.

4. Article 6 bis, inserted in the text of the Convention by the 1925 revision conference at The Hague,<sup>7</sup> provides as follows in paragraph 1:

‘The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.’

5 — Namely: the Assembly of the Union (Article 13), its Executive Committee (Article 14), the International Bureau of Intellectual Property (Article 15, ‘the International Bureau’), the Revision Conferences (Article 18(2)) and the International Court of Justice (Article 28).

6 — Under Article 1(2) of the Convention, such protection of industrial property has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition. A similar convention on copyright was signed in Berne in 1886 (Berne Convention for the Protection of Literary and Artistic Works).

7 — That article was successively amended by the revision conferences of London, 1934, Lisbon, 1958, and Stockholm, 1967.

5. Article 16(1) and (2) of the TRIPS Agreement (Agreement on Trade Related Aspects of Intellectual Property Rights) of the World Trade Organisation<sup>8</sup> provides as follows:

‘1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. ...

2. Article 6 bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.’

6. In order to clarify, unify and supplement the international provisions on the protec-

8 — Annex 1C to the Agreement establishing the World Trade Organisation.

tion of well-known trademarks contained in the abovementioned Article 6 bis of the Paris Convention and Article 16 of TRIPS, the Standing Committee on the Law of Trade Marks of the World Intellectual Property Organisation (WIPO)<sup>9</sup> drew up, at a joint meeting held in Geneva from 8 to 12 June 1999, a resolution<sup>10</sup> for the adoption of a joint recommendation concerning the provisions on the protection of well-known trademarks. That recommendation was adopted during the joint session of the Assembly of the Paris Union and the Assembly of WIPO of 20 to 29 September 1999.

‘1 [Factors for Consideration]

(a) In determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.

(b) In particular, the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

7. Article 2 of that recommendation set out the guidelines to be followed in determining whether a trademark is well known in a Member State of the Paris union or of WIPO:

(i) the degree of knowledge or recognition of the mark in the relevant sector of the public;

9 — WIPO is a specialised United Nations agency established by an international convention signed in Stockholm in 1967, whose task is to protect intellectual property through cooperation between States and collaboration with other international organisations. It owes its origin to the structures created by the Paris and Berne Conventions, whose international bureaux (one for industrial property and the other for copyright) merged in 1893, giving rise first to BIRPI (United International Bureaux for the Protection of Intellectual Property) and then, after its headquarters was moved from Berne to Geneva in 1960, to WIPO.

(ii) the duration, extent and geographical area of any use of the mark;

10 — That resolution was adopted under one of the procedures set up by WIPO in order to expedite the drawing up of common and harmonised international rules and principles so as to take account of the rapid evolution of industrial property. Those procedures complement the traditional method of laying down international rules by means of treaties. Whilst not legally binding, the resolutions adopted by the Standing Committee on Trade Mark Law are an important instrument of persuasion.

(iii) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;

- (iv) the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
  - (v) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognised as well known by competent authorities;
  - (vi) the value associated with the mark.
- (c) The above factors, which are guidelines to assist the competent authority to determine whether the mark is a well-known mark, are not preconditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in subparagraph (b), above. Such additional factors may be relevant, alone, or in combination with one or more of the factors listed in subparagraph (b), above.
- (2) [Relevant Sector of the Public]
- (a) Relevant sectors of the public shall include, but shall not necessarily be limited to:
    - (i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;
    - (ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies;
    - (iii) business circles dealing with the type of goods and/or services to which the mark applies.
  - (b) Where a mark is determined to be well known in at least one relevant sector of the public in a Member State, the mark shall be considered by the Member State to be a well-known mark.

(c) Where a mark is determined to be known in at least one relevant sector of the public in a Member State, the mark may be considered by the Member State to be a well-known mark.

application for registration of the mark has been filed in or in respect of, any jurisdiction other than the Member State; or

(d) A Member State may determine that a mark is a well-known mark, even if the mark is not well known or, if the Member States applies subparagraph (c), known, in any relevant sector of the public of the Member State.

(iii) that the mark is well known by the public at large in the Member State.

(3) [Factors Which Shall Not Be Required]

(b) Notwithstanding subparagraph (a)(ii), a Member State may, for the purpose of applying paragraph (2)(d), require that the mark be well known in one or more jurisdictions other than the Member State.'

(a) A Member State shall not require, as a condition for determining whether a mark is a well-known mark:

#### B — *The Community legislation*

(i) that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the Member State;

8. According to its preamble, the aim of Directive 89/104 is to approximate the laws of the Member States on trade marks, but only in relation to those national legal provisions which most directly affect the functioning of the internal market by impeding the free movement of goods and freedom to provide services and distorting competition (see the first and third recitals).

(ii) that the mark is well known in, or that the mark has been registered or that an

9. In accordance with that approach, that Directive first of all subjects the acquisition and retention of rights to registered trade-marks to the same conditions in all the Member States, specifying the signs of which a trade mark may consist (Article 2), identifying in a manner intended to be exhaustive the grounds for refusal of registration or grounds of invalidity relating to the mark itself or to conflicts with earlier rights (Articles 3 and 4) and for revocation (Article 12).

and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.’<sup>11</sup>

11. Article 4(2)(d) provides as follows:

10. For the purposes of the present case, particular importance attaches to Article 4 of the Directive, entitled ‘Further grounds for refusal or invalidity concerning conflicts with earlier rights’, paragraph 1 of which states:

“Earlier trade marks” within the meaning of paragraph 1 means:

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

...

- (a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;
- (b) if because of its identity with, or similarity to, the earlier trade mark
- (d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6 bis of the Paris Convention.’<sup>12</sup>

11 — A similar provision is contained in Article 8(1) of Council Regulation (EC) 40/94 of 20 December 1993 on the Community trade mark.

12 — To similar effect, see Article 8(2)(c) of Regulation No 40/94.

12. Article 4(b) provides:

States to grant at their option more extensive protection to those trade marks which have a reputation (see ninth recital).

'Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

14. Article 6, entitled 'Limitation of the effects of a trade mark', provides in paragraph 2:

...

'The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.'

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.<sup>13</sup>

15. Finally, it should be borne in mind that the 12th recital in the preamble to the Directive mentions the requirement that its provisions must be entirely consistent with those of the Paris Convention, to which all the Member States are contracting parties.

13. Directive 89/104 also lays down provisions to guarantee for registered trade marks the same protection under all national laws, without prejudice to the right of the Member

*C — National legislation*

16. Article 6(1) and (2) of Law No 17 of 7 December 2001 (the Spanish trade mark law) provide as follows:

<sup>13</sup> — See Article 8(4) of Regulation No 40/94.

'1. A sign may not be registered as a trade mark:

(ii) trade marks that are the subject of international registration which is effective in Spain;

(a) if it is identical with an earlier trade mark which covers identical goods or services;

(iii) Community trade marks;

(b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

(b) registered Community trade marks which validly claim priority, in accordance with the Regulation on the Community trade mark, over a trade mark referred to in (a)(i) and (ii), even when the latter trade mark has been surrendered or allowed to lapse;

2. "Earlier trade marks" within the meaning of paragraph 1 means:

(c) applications for the trade marks referred to in (a) and (b), provided that the marks are ultimately registered;

(a) registered trade marks of the following kinds where the date of filing or priority of the application for registration is earlier than the date of the application under consideration:

(d) non-registered trade marks which, on the date of filing or priority of the application for registration of the trade mark under consideration, are well known in Spain in the sense in which the words "well known" are used in Article 6 bis of the Paris Convention.<sup>14</sup>

(i) Spanish trade marks;

14 — Unofficial translation.

**II — The main proceedings and the questions referred to the Court**

17. The facts of the main proceedings, as set out in the order for reference and the file, may be summarised as follows.

18. The claimant in the main proceedings, Mr Nieto Nuño, is the proprietor of the Spanish word mark FINCAS TARRAGONA, registered for services corresponding to the description 'real-estate business; management of property in sole or joint ownership; letting of property, sale of property; legal advice, and property development' falling within Class 36 of the Nice Agreement.<sup>15</sup>

19. Mr Leonci Monlleó Franquet is the owner of an estate agency established in Tarragona, which, since 1978, when it was set up, has provided various agency services, buying, selling and managing property under the name FINCAS TARRAGONA, in Castilian Spanish, or FINQUES TARRAGONA, in Catalan.<sup>16</sup>

15 — Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, revised in Stockholm on 14 July 1967. Class 36 comprises: 'insurance; financial affairs; monetary affairs; real estate affairs.'

16 — Mr Leonci Monlleó tried to register the mark used under the previous 1988 Spanish law on trade marks but his application was refused.

20. In proceedings brought against him for an order requiring cessation of use of the name FINCAS TARRAGONA (or FINQUES TARRAGONA), on the ground that such use infringed rights associated with the claimant's trade mark, Mr Monlleó Franquet, as well as contending that the action should be dismissed, counter-claimed for cancellation of the claimant's registration, cessation of use by the claimant of the sign covered by that registration, and compensation for damage.

21. The defendant's action for annulment of the claimant's trade mark is based on two grounds. First, he contends that the distinctive sign used by him is earlier and is well known within the meaning of Article 6 bis of the Paris Convention, seeking on that basis protection for his mark as provided by Article 6(2) of the Trade mark law, which transposes into Spanish law Article 4 of Directive 89/104. Second, he calls for the application of Article 51(1)(b) of the Spanish Trade mark law, under which the registration of a mark may be declared void and cancelled where the applicant acted in bad faith when applying for registration.

22. According to the order for reference, it has been established in the main proceedings

that the distinctive sign claimed by the defendant has been used in an area comprising the city of Tarragona and its environs. The order for reference also seems to imply that the sign in question has become well known as a result of the use made of it, but only within the geographical area in which it is used.

23. In order to give a decision, the national court considered it necessary to seek a preliminary ruling from the Court of Justice on the following question concerning the interpretation of Article 4 of Directive 89/104, in relation to the first ground of annulment put forward by the defendant:

‘Must the concept of trade marks which are “well known” in a Member State, referred to in Article 4 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), be taken to indicate solely and exclusively the degree of knowledge and establishment in a Member State or in a significant part of the territory of that State, or may the determination of whether a mark is well known be linked to a territorial scope which does not coincide with that of the territory of a State but rather with an autonomous community, region, district or city, depending on the goods or services which the mark covers and the persons to whom the mark is actually addressed, in short, depending on the market in which the mark is used?’.

### III — Procedure before the Court of Justice

24. Under Article 23 of the Statute of the Court of Justice, the defendant in the main proceedings, the French and Italian Governments and the Commission submitted written observations to the Court.

### IV — Legal analysis

#### *A — Brief comments on the order for reference and the observations submitted under Article 23 of the Statute of the Court of Justice*

25. The national court relies on the assumption that the distinctive sign that is the subject of the counter-claim for annulment pursued by the defendant can be classified in the category of marks described in Article 4(2)(d) of Directive 89/104. It has doubts as to the interpretation of the phrase used in that provision, ‘trade mark ... well known in a Member State, in the sense in which the words “well known” are used in Article 6 bis of the Paris Convention’, in particular as

regards the requirements concerning the extent of the area in which the mark is well known. The national court observes that there is a prevalent trend in Spanish case-law to the effect that, for the purpose of applying the provision of the Trade mark law which transposed Article 4(2)(d) of Directive 89/104, the fact that a mark is well known must necessarily be proved regarding the entire territory of the State or a substantial part of it, whereas the guidelines adopted by WIPO advocate a more flexible and segmented approach, which links knowledge of the mark not so much to the territory as to the market for the products or services in relation to which the mark is used.

26. The defendant in the main proceedings observes that to require that a mark be well known throughout the territory of a Member State or a substantial part of it discriminates against undertakings that carry on business in a smaller geographical area. He also contends that, for the purpose of the decision to be given in the main proceedings, the Court of Justice must rule on the question submitted by the national court having regard to the fact that, in the present case, the registered mark is used in the same area as the earlier mark and that the conflict between the two marks in question is confined to a purely local context, namely the territory of a Spanish province.

27. Putting forward broadly similar arguments, the French and Italian Governments and the Commission on the other hand suggest that the Court of Justice should answer the question submitted to the effect that the concept of a 'well-known trade mark' appearing in Article 4(2)(d) of Directive 89/104 refers to the extent to which the mark is known in the territory of a Member State (the view of the French Government) or a substantial part of it (the view of the Italian Government and the Commission).

#### B — *Assessment*

28. Article 4(2)(d) of Directive 89/104 refers, as seen earlier, to Article 6 bis of the Paris Convention. However, that reference implies not only the embodiment in Community legislation of a concept of 'a well-known trade mark' developed at international level — of which, moreover, Article 6 bis of the Paris Convention contains no definition — but also a reference to a clearly defined category of legal situations in which the provision of the Convention, and consequently the Directive, seek to grant protection. In other words, the reference made in the abovementioned provision of the Directive must in my opinion be deemed to refer to the substantive scope of the international provision referred to, with which the scope of the Community provision making the reference coincides.

29. It is therefore necessary to turn first of all to the provision of the Convention.

30. Article 6 bis of the Paris Convention constitutes an exception to the principle of territoriality — on which the form of protection provided for in the Convention is based — by virtue of which entitlement to the trade mark, acquired under a given legal order following completion of the requisite formalities, is protected only within the confines of that system of law.<sup>17</sup> The aim of the provision in question is to allow a proprietor of a mark registered or used in a Convention country to oppose its registration (or to have it invalidated if already registered) and its use in another Convention country in which the mark has become well known, even if it has not yet been registered. The basis for this is the idea that entitlement to the mark may arise, and must therefore be protected, by reason solely of the fact that the mark has become well known under a given national legal order. The intention is clearly to discourage unfair practices made attractive by the reputation of the mark, so as to ensure that third parties are not able to

appropriate it by registering or using it in a country where it is not yet protected, the result of which would be to prevent the proprietor from having access to the market in question or to make him feel that he should pay for the trade mark right to be transferred to him.

31. The present wording of Article 6 bis, read in the light of Article 1(2) of the Convention, refers solely to trade marks and not to service marks. Moreover, although use of the mark in the State in which protection is sought is not expressly laid down as a condition for its application, the provision in question does not oblige the Convention countries to protect well-known marks that are not used in that country.<sup>18</sup> Finally, that provision does not constitute a derogation from the principle of specificity (or relativity) nor is it an anti-dilution provision: the scope of the protection it provides is limited to cases of conflict between marks in relation to identical or similar goods and its application is subject to the existence of some likelihood of confusion.<sup>19</sup>

17 — Insertion of the article in question in the body of the Convention was decided upon at the 1925 Hague revision conference specifically in order to avoid the problems of rigid application of that principle. Earlier, at the 1905 Washington revision conference, there had been discussion of the need to grant nationals of Convention countries the right to continue to use their own distinctive sign in another Convention country notwithstanding the appropriation of that sign by a third party in that country. Subsequently, the question was the subject of a recommendation of the Economic Committee of the League of Nations, which appeared on the programme for the 1925 Hague revision conference. In its initial version, Article 6 bis placed an obligation on Convention countries to refuse registration of a sign, or to cancel registration, where that sign was well known in the country of registration as a sign of a third party entitled to benefit from the Convention. Following the 1958 Lisbon revision conference, the possibility was also included of prohibiting use of the sign by a third party.

18 — A proposal for amendment of the text of Article 6 bis to extend it to cases in which the mark has not been used in the State in which protection is sought was discussed and rejected at the 1958 Lisbon revision conference.

19 — Article 16(2) of TRIPS significantly extends the scope of protection of well-known trade marks beyond that of Article 6 bis of the Paris Convention. On the basis of that provision, such protection extends to service marks, is granted even in cases of well-known marks acquired without use thereof and is not limited by the principle of specificity.

32. Article 6 bis of the Paris Convention thus defines the minimum content of the international protection granted to well-known marks.

provided by a Convention country for one of its own nationals,<sup>21</sup> as appears to be the case in the dispute pending before the national court.

33. As we have seen, that provision is applicable to marks registered or used in a Convention country — or in any event belonging to persons who are entitled to benefit from the provisions of the Convention — which are well known beyond the boundaries of the country of origin as a result of the use made of them in other Convention countries, for example by the marketing of products bearing the mark or the effects of advertising campaigns.

35. That question is answered by academic writers differently according to the nature and the purpose they attribute to the Paris Convention. According to some, the Convention pursues minimum harmonisation of the laws of the Convention countries from the substantive point of view and thus lays down uniform legal provisions which apply regardless of the nationality of the persons seeking protection. According to others, on the contrary, it is an international convention concerned solely with the treatment of foreigners and guarantees foreigners minimum protection beyond the scope of the principle of national treatment.

34. On the other hand, it is not clear whether Article 6 bis and, more generally, the provisions of the Convention which, supplementing the principle of national treatment,<sup>20</sup> lay down the minimum standards of protection for industrial property governed by it, are also applicable to *purely internal* situations, in which protection is

36. According to the first approach, the Convention countries are required, by virtue of the international obligations they have entered into, to amend their domestic legislation in order to give effect for their own citizens as well to the provisions of the Convention which define the minimum levels of protection. According to that approach, the impediment to registration and the ground of annulment provided for in Article 4(2)(d) of Directive 89/104 operate even where the well-known mark claimed to constitute an earlier right belongs to a national of the State in which protection is applied for (the 'protection State').

20 — Article 2(1) of the Paris Convention provides that nationals of any Convention country are to enjoy in all the other Convention countries the advantages that their respective laws grant, or may in the future grant, to nationals. That principle, which overrides the principle of reciprocity, is the basis for the whole system of the Convention.

21 — As seen above, on the basis of Articles 2 and 3 of the Convention, the range of persons to whom it applies is defined by reference to the criterion of nationality (or domicile or place of establishment in the case of nationals of States not party to the Union).

37. According to the second approach, on the other hand, the Convention countries are required to grant so-called ‘Convention treatment’ only to nationals of other Member States or third countries where situations exist of the kind envisaged in Article 3 of the Convention. On that basis, the Convention operates only as the force driving the process of legislative harmonisation within the Union, encouraging, but not requiring, the Convention countries to extend to their own nationals the rights enjoyed by foreigners under the Convention, in order to avoid discrimination detrimental to the former. If this thesis were accepted, a necessary consequence would be to rule out any entitlement on the part of nationals of the protection State, regardless of any national provision extending the benefits of the Convention to them, to rely on the impediment to registration or the ground of invalidity provided for in Article 4(2)(d) of Directive 89/104.

38. I do not think it appropriate for the Community Court to give a ruling, even if only implicitly, on the question outlined above, which essentially amounts to determining the extent of the obligations incumbent on the Member States under an international convention to which the Community is not a contracting party, notwithstanding that the choice of one approach or the other ultimately depends, by virtue of the reference to the international provision which it contains, on the scope of a provision of secondary Community law. It is the responsibility of each Member State, in the absence of a clear indication in the Convention, to determine whether and on what basis — in compliance with an obligation deriving

from the Convention or by virtue of a legislative choice designed to avoid reverse discrimination<sup>22</sup> — to grant ‘Convention treatment’, and therefore the special protection provided for in Article 6 bis of the Convention, to its own nationals.

39. I do not think moreover that it can be stated, whatever scope may be accorded to Article 6 bis of the Paris Convention, that the obligation to protect marks that are well known, within the meaning of that provision, even in purely internal situations attaches to the Member States by operation of Community law, given that the rules on non-registered trade marks — the category to which the marks at issue here belong — have not to date been made the subject of harmonisation.

22 — A number of States, when ratifying the Paris Convention or subsequently, expressly extended its application to their own nationals, thereby showing that they considered its scope to be limited to the treatment of foreigners. As regards more particularly Spanish law, on the basis of the combined provisions of Article 3(1) and (3) of the Trade mark law, natural or legal persons possessing Spanish nationality or who ordinarily reside or have a genuine and operational industrial or commercial establishment within Spanish territory or who enjoy benefits under the Paris Convention may claim the application to them of the provisions of that Convention, in so far as it is directly applicable, whenever the latter are more favourable to them than those of the Trade mark law. It must however be pointed out that, in the preamble to the Trade mark law, the legislature expressed the intention, in providing for the protection of unregistered trade names, to resolve ‘the problem of equal treatment for foreigners who may invoke Article 8 of the Paris Convention ... or the principle of reciprocity for those to whom the law affords the same protection (se resuelve así el problema de la equiparación de trato de los extranjeros que puedan invocar el art. 8 del Convenio de París ... o el principio de reciprocidad, a los que la Ley dispensa la misma protección)’.

40. Also, it seems to me that the answer to the question outlined in point 34 above is likewise not strictly necessary in the light of the aims and the scheme of Directive 89/104.

42. In the first case, the mark in question is a mark used in the territory of the State but not registered there.

43. Such marks (known as *de facto* marks) are covered by a specific provision of Directive 89/104, namely Article 4(4)(b), on the basis of which any Member State may direct that the existence of rights in respect of an earlier non-registered mark constitute grounds for preventing registration of a later mark, or invalidity thereof, where the legal order of the State in question grants exclusive rights to its proprietor.

41. In that regard, it must be borne in mind as a preliminary point that Article 6 bis of the Paris Convention, at least within the scope attributed to it by Article 16 of the TRIPS agreement, applies both where the mark has become well known following its use in the territory of the protection State,<sup>23</sup> and where it has become well known without being used in the strict sense but rather as a result of promotional campaigns conducted in the territory of the protection State or outside that State ('spill-over advertising') or more simply as a result of the reputation of the mark acquired abroad.<sup>24</sup>

44. Under the scheme of the Directive, a mark not registered in a Member State but used there may therefore impede or render invalid registration at the same time by virtue of being a mark that is well known within the meaning of Article 6 bis of the Paris Convention, in accordance with the conditions for its application are fulfilled,<sup>25</sup> with Article 4(2)(d) and by virtue of being a non-registered mark within the meaning of Article 4(4)(b) where the legislation of the

23 — It falls to the State concerned to determine what is to be understood by use within its own territory: for example, use of a mark in connection with products intended for export and therefore not released onto the domestic market could be classified as such where the mark is in fact affixed in the State in question. Even mere promotional activities carried out in a State may be regarded as 'use'.

24 — Mobility and modern communications technology of course contribute to the transnational use of marks, at least as between technologically advanced countries.

25 — Relating to the nationality of the proprietor, where it is accepted that the scope of the provisions of the Convention is limited to the treatment of foreigners and to knowledge of the mark in the State of protection.

Member State in question grants exclusive rights to that category of marks.

provision to that effect in the legislation of that Member State.<sup>26</sup>

45. However, under Article 4(4)(b) of Directive 89/104, and consistently with the terms of the fourth recital in its preamble, according to which the Directive ‘does not deprive the Member States of the right to continue to protect trademarks acquired through use’, each Member State is free not only to grant protection for non-registered marks, thus recognising that the use of a sign gives rise to an exclusive right, but also to define the extent, scope and conditions of such protection.

46. The protection may, for example, be available only if knowledge of the mark has achieved a certain level or if its use has taken on a particular geographical dimension, or indeed may be available without any requirement as to a minimum level of awareness of the sign on the part of the public or the territorial extent of its use.

47. It follows that, in principle, even an earlier non-registered mark which, as a result of use, has become well known in a Member State at purely local level may constitute a valid impediment to registration of a mark, or grounds for its cancellation, if there is

48. In those circumstances, I think it may be concluded that where the courts of a Member State interpret the national provision transposing Article 4(2)(d) of Directive 89/104 to the effect that an earlier mark *used* in the territory of that State may constitute a valid impediment to registration of a later mark or be a basis for it to be declared invalid even where that earlier mark is not well known throughout the territory of the State or in a substantial part of it but only in a more limited territorial area, that interpretation would not be incompatible with the scheme and objectives of the Directive, in view of the latitude available to the Member States in determining the extent of the

26 — In my view no other conclusion can be reached in view of the fact that Article 6(2) of the Directive grants to the proprietor of a mark used earlier in a particular locality the right to continue to use it, because that provision merely legitimises the exclusive right conferred on the registered trade mark in the event that the legislation of a Member State allows cohabitation of the latter with an earlier right of local scope, but it does not operate as a limitation on the power granted to the Member States by Article 4(4)(b) to protect an earlier non-registered mark, even if it is of purely local scope, in the event of a conflict with a later mark that has been registered or for which an application has been filed. In addition, if the Directive had intended to exclude any right of a Member State to grant a power of cancellation based on a non-registered local mark, it would be hard to understand the clarification in Article 8(4) of Regulation No 40/94 according to which, in order to serve as a basis for opposition to an application for registration of a sign as a Community mark, an earlier non-registered mark, protected in a Member State, *must not be of merely local significance*.

protection of so-called *de facto* marks within their own law.<sup>27</sup>

49. It does not seem to me that the references in Article 4(2)(d) of the Directive to Article 6 bis of the Paris Convention can be seen as invalidating the conclusion suggested above, since, as has been noted earlier, that provision — even if it were to be interpreted as relating solely to marks that are well known at national or inter-regional level — merely provides for a minimum standard of protection.<sup>28</sup>

27 — It is then incumbent on those courts to assess whether that interpretation can be reconciled with the choices made by the national legislature when deciding on the domestic system for the protection of marks, particularly as regards the modalities for acquisition of the right to the mark. So far as Spain is concerned, the introduction of the new Trade mark law seems to be based on a rigid application of the principle of registration. It should however be noted that the rules on well-known marks occupied a different place within the normative system of the previous Spanish Trade mark law (Law 32/1988 of 10 November 1988), in particular Article 3, under the heading 'General provisions', which defined the ways of acquiring rights to a mark. In particular Article 3(1) provided that such a right is acquired through registration. ('El derecho sobre la marca se adquiere por el registro válidamente efectuado de conformidad con las disposiciones de la presente Ley'), whereas Article 3(2) provided that earlier marks well known in Spain to the relevant sector of the public could serve as a basis for securing cancellation of the registration of a later mark liable to give rise to likelihood of confusion ('Sin embargo, el usuario de una marca anterior notoriamente conocida en España por los sectores interesados podrá reclamar ante los Tribunales la anulación de una marca registrada para productos idénticos o similares que pueda crear confusión con la marca notoria, siempre que ejercite la acción antes de que transcurran cinco años desde la fecha de publicación de la concesión de la marca registrada, a no ser que ésta hubiera sido solicitada de mala fe, en cuyo caso la acción de anulación será imprescriptible'). It should also be noted that the latter provision, formulated in general terms, made no specific mention of Article 6 bis of the Paris Convention.

28 — Moreover, according to the WIPO guidelines, for the purposes of the protection granted to well-known marks, the actual territorial dimension of the recognition of the mark ultimately becomes unimportant in so far as it is indicated that States may grant the protection provided for by Article 6 bis of the Convention even where the mark in question is not well known or known in national territory but only abroad. (see point 7 above).

50. Nor do I think that that conclusion can be undermined by the mere observation that it is an obstacle to uniform interpretation and application of the grounds for refusal or invalidation of the registration of a mark, because it is the Directive itself which authorises such an outcome where it defers to the legislation of the Member States for definition of the scope of the protection to be granted to non-registered marks in the event of a conflict with marks for which registration has been obtained or applied for. It seems to me, rather, that to adopt a uniform interpretation at Community level in order a priori to preclude an interpretation of national scope which allows application of the impediment to registration and grounds of invalidity provided for in the provision in question even for *de facto trade marks*<sup>29</sup> which are well known in a less than substantial part of national territory would ultimately mean that due account was not taken of the limits of the harmonisation of laws brought about by Directive 89/104.

51. In my opinion, therefore, in the light of the scheme and the aims of Directive 89/104, Article 4(2)(d) thereof does not, for the interpretation and application of the national

29 — That does not apply therefore, as has already become apparent from the considerations set out above, in the event that that impediment or ground of nullity is invoked for the benefit of an earlier mark that is well known in the Member State in question in the absence of any use of that mark in the territory of the State.

provision transposing that article, raise any obstacle to regarding as well known within the meaning of Article 6 bis of the Paris Convention in the Member State in question a mark used in that State which is not well known throughout national territory or a substantial part of it but only in a smaller geographical area.

## V — Conclusion

52. In the light of the foregoing considerations, I suggest that the Court give the following answer to the question submitted to it by Juzgado de lo Mercantil 3 de Barcelona:

Article 4(2)(d) of the 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 not precluding the application of the grounds for refusal of registration of a mark and the grounds of invalidity of a mark provided for therein even where the earlier mark in question, used but not registered in a Member State, is well known not throughout the territory of the State or a substantial part of it but only in a more limited geographical area.