

OPINION OF ADVOCATE GENERAL

MENGOZZI

delivered on 31 January 2008¹

1. By the present reference for a preliminary ruling, the Court of Appeal (England and Wales) puts to the Court questions concerning the interpretation of provisions contained in First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks² and in Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising³ as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997.⁴

Legal framework

3. Article 5 of Directive 89/104, under the heading ‘Rights conferred by a trade mark’, reads as follows:

‘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:

2. These questions were raised in the context of proceedings between companies operating in the mobile phone sector, O2 Holdings Limited and O2 (UK) Limited (together ‘O2’), of the one part, and Hutchison 3G Limited (‘H3G’), of the other, concerning a television advertising campaign run by the latter in the United Kingdom to promote its mobile telephone services.

(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;

(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.

1 — Original language: Italian.

2 — OJ 1989 L 40, p. 1.

3 — OJ 1984 L 250, p. 17.

4 — OJ 1997 L 290, p. 18.

2. Any Member State may also provide that ...
the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

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

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

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

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

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

5. 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.'

4. Article 6(1) of Directive 89/104, under the heading 'Limitation of the effects of a trade mark', establishes that:

'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;

(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;

(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;

7. Article 3a(1) of Directive 84/450 provides as follows:

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

‘Comparative advertising shall, as far as the comparison is concerned, be permitted when the following conditions are met:

5. Directive 97/55 introduced a number of provisions on comparative advertising into Directive 84/450, which originally related only to misleading advertising.

(a) it is not misleading according to Articles 2(2), 3 and 7(1);

6. Article 2(2a) of Directive 84/450, as amended by Directive 97/55 (‘Directive 84/450’),⁵ defines ‘comparative advertising’, for the purposes of the directive, as ‘any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor’.

(b) it compares goods or services meeting the same needs or intended for the same purpose;

⁵ — Directive 84/450 was subsequently amended by Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer practices in the internal market (‘the Unfair Practices Directive’) (OJ 2005 L 149, p. 22). Some of the amendments made by Directive 2005/29 relate to provisions of Directive 84/450 concerning comparative advertising, including Article 3a. However, Directive 2005/29 was adopted after the events at issue; the text I shall have in mind in this Opinion is therefore the text of Directive 84/450 as amended by Directive 97/55 and not the text resulting from the further amendments introduced by Directive 2005/29. Also, Directive 84/450 has recently been repealed and replaced, as from 12 December 2007, by Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006, concerning misleading and comparative advertising (OJ 2006 L 376, p. 21), which is however merely a version, codified in the interests of clarity and rationality, of the provisions of Directive 84/450 previously in force.

(c) it objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;

(d) it does not create confusion in the market place between the advertiser and a competitor or between the advertiser’s

trade marks, trade names, other distinguishing marks, goods or services and those of a competitor;

The main proceedings and the questions referred for a preliminary ruling

- (e) it does not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities, or circumstances of a competitor;
 - (f) for products with designation of origin, it relates in each case to products with the same designation;
 - (g) it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products;
 - (h) it does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name.'
8. For the purpose of promoting its mobile phone services, in particular, O2 uses images of bubbles in various ways. It is the proprietor, inter alia, of trade marks consisting of the combination of the letter O and the number 2 ('the O2 trade marks') and also of two pictorial trade marks, both consisting of static pictures of bubbles, registered in the United Kingdom for telecommunications apparatus and services ('the bubbles trade marks'). It is apparent from the order for reference that it is established that consumers associate images of bubbles in water (particularly against a graduated blue background) in the context of mobile phones exclusively with O2.
9. H3G started providing mobile phone services in the United Kingdom, under the mark '3', only in March 2003 when four other providers, including O2, were well established in the market. In March 2004 H3G launched a pay-as-you-go service called 'Threepay' and, in the same year, started their comparative advertising campaign using TV advertisements to make a price comparison with their competitors' services.
10. O2 brought an action against H3G before the High Court of Justice of England and Wales, Chancery Division, for infringement of the O2 trade marks and the bubbles

trade marks in respect of a TV advertisement put out by H3G, in which the term 'O2' and moving pictures of bubbles were used, together with a stylised animated picture of a 3, and which implied essentially that the 'Threepay' service was cheaper than the similar service provided by O2 ('the advertisement at issue').

11. In the course of the proceedings, O2 subsequently abandoned the claim of infringement of the O2 trade marks⁶ and accepted that the price comparison was true and that as a whole, the advertisement at issue was not misleading in any way and that, in particular, it did not suggest any form of trade connection between O2 and 3. The average member of the public would see the use of O2 and the bubbles as a reference to O2 and its imagery and realise that this was an advertisement by a trade rival, 3, claiming that its own service cost less.⁷

12. The action for infringement, now directed only against the use of the bubbles images in the advertisement at issue, was dismissed by judgment of 23 March 2006. In essence, the court before which the action was brought held that the use of the bubbles images in the advertisement fell within Article 5(1)(b) of Directive 89/104, but that the advertisement complied with Article 3a(1) of Directive 84/450 and so the conditions for application of the defence

referred to in Article 6(1)(b) of Directive 89/104 were satisfied.

13. O2 brought an appeal against that judgment before the Court of Appeal, contending that the defence referred to did not apply. H3G for its part disputed the judgment in so far as it ruled that the advertisement at issue fell within Article 5(1)(b) of Directive 89/104 and called for O2's appeal to be dismissed.

14. In order to settle the dispute, the Court of Appeal, by decision of 14 December 2006, considered it necessary to refer the following questions to the Court for a preliminary ruling:

'(1) Where a trader, in an advertisement for his own goods or services uses a registered trade mark owned by a competitor for the purpose of comparing the characteristics (and in particular the price) of goods or services marketed by him with the characteristics (and in particular the price) of the goods or services marketed by the competitor under that mark in such a way that it does not cause confusion or otherwise jeopardise the essential function of the trade mark as an indication of origin, does his use fall within either (a) or (b) of Article 5[(1)] of Directive 89/104?

6 — See order for reference, paragraph 3; O2's written observations, p. 14, note 4, and H3G's written observations, paragraphs 5 and 6.

7 — See order for reference, paragraph 11.

- (2) Where a trader uses, in a comparative advertisement, the registered trade mark of a competitor, in order to comply with Article 3a of Directive 84/450 as amended must that use be “indispensable” and if so what are the criteria by which indispensability is to be judged?

Legal analysis

The first question referred

- (3) In particular, if there is a requirement of indispensability, does the requirement preclude any use of a sign which is not identical to the registered trade mark but is closely similar to it?

16. By the first question, the referring court seeks essentially to ascertain whether the use of the registered trade mark (simply, ‘the trade mark’) of a competitor in a comparative advertisement for the purpose of comparing the characteristics of the advertiser’s goods or services with those of the competitor’s goods or services falls within Article 5(1) (a) or (b) of Directive 89/104 where that use does not cause confusion or otherwise jeopardise the essential function of the trade mark, which is to guarantee the origin of the goods or services.

Proceedings before the Court of Justice

15. Pursuant to Article 23 of the Statute of the Court, O2, H3G and the Commission submitted written observations to the Court and their representatives also presented oral observations at the hearing held on 29 November 2007.

17. This question is raised because the national court of first instance held that the advertisement at issue fell within the ambit of Article 5(1)(b) of Directive 89/104 and that it was permitted solely on the ground that it complied with Article 3a(1) of Directive 84/450 and was therefore covered by the defence referred to in Article 6(1)(b) of Directive 89/104, whereas H3G contends that it does not in fact fall within the scope of Article 5(1)(b) of that directive.

18. It is scarcely necessary to point out first that, according to settled case-law, a directive cannot of itself impose obligations on an individual and cannot therefore be relied upon as such against an individual but that, when applying domestic law, whether adopted before or after the directive, the national court which has to interpret that law must do so, as far as possible, in the light of the wording and the purpose of the directive so as to achieve the result it has in view and thereby comply with the third paragraph of Article 249 EC.⁸ That is the context in which the references to the provisions of Directives 89/104 and 84/450 are to be understood for the purposes of the present reference for a preliminary ruling.

19. In raising the abovementioned question, the referring court probably expected the Court to clarify the conditions on which the provisions of Article 5(1)(a) and (b) of Directive 89/104 apply and to explain in particular whether the prohibitions contained in those provisions apply even when the use in an advertisement of a sign identical or similar to another's trade mark is intended not to distinguish the advertiser's goods or services but to distinguish the goods or services of the proprietor of that trade mark.⁹

20. A detailed reply to the question thus raised by the referring court would require an examination of the case-law relating to Article 5(1)(a) and (b) of Directive 89/104, which does not appear, at least at first sight, to be at all consistent as to the conditions on which those provisions apply. I note in particular, in this connection, the difficulty of reconciling the approach adopted by the Court in *BMW*,¹⁰ from which it seems to follow that the use by a third party of another's trade mark, not to distinguish that party's own goods or services but to distinguish the goods or services of the proprietor of the trade mark, does not of itself escape Article 5(1)(a) of Directive 89/104, with the approach adopted in more recent judgments, which tend rather to favour the opposite solution.

21. In *BMW*, the Court held that the use in an advertisement of another's trade mark to distinguish the goods of *the proprietor of the trade mark* as the subject of the services provided by the advertiser fell within the ambit of Article 5(1)(a) of Directive 89/104, subject to the provisions of Article 6 or Article 7 of that directive.¹¹

22. In *Hölterhoff*,¹² the Court held that the proprietor of a trade mark cannot rely on his exclusive right under Article 5(1) of Directive 89/104 where a third party, in the

8 — See, with particular reference to Directive 89/104, Case C-355/96 *Silhouette International Schmied* [1998] ECR I-4799, paragraph 36, and Case C-408/01 *Adidas-Salomon and Adidas Benelux* [2003] ECR I-12537, paragraph 21.

9 — In examining the first question referred I shall pass over the fact that the reference to Article 5(1)(a) of Directive 89/104 appears to be irrelevant in the present case, since the only point now at issue in this case is the use in the advertisement at issue of signs (the bubbles images) which are not identical but similar to O2's trade marks.

10 — Case C-63/97 [1999] ECR I-905.

11 — *BMW*, paragraph 38. The services in question were the sale of second-hand BMW cars and the repair and maintenance of BMWs.

12 — Case C-2/00 [2002] ECR I-4187, paragraph 17.

course of commercial negotiations, reveals the origin of goods which he has produced himself and uses the sign in question solely to denote the particular characteristics of the goods he offers for sale,¹³ so that there can be no question of the trade mark used being perceived as a sign indicative of the undertaking of origin.

23. In *Arsenal Football Club*,¹⁴ the Court ruled that the exclusive right under Article 5(1)(a) of Directive 89/104 was conferred 'in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions' and that '[t]he exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods'.¹⁵

24. In the same judgment, the Court noted that, in that particular case, the use of the sign in question was obviously not intended for purely descriptive purposes, which would otherwise be excluded from the scope of the abovementioned provision, but was such as to create the impression that there was a

material link in the course of trade between the goods concerned and the trade mark proprietor and was therefore liable to jeopardise the guarantee of origin which constitutes the essential function of the mark. The Court held that it was consequently a use which the trade mark proprietor might prevent in accordance with Article 5(1) of Directive 89/104.¹⁶

25. In *Adam Opel*¹⁷ the Court held that, '[a]part from [the] specific case of use of a trade mark by a third-party provider of services having as subject-matter the products bearing that trade mark', such as the case examined in the judgment in *BMW*, 'Article 5(1)(a) of the directive [Directive 89/104] must be interpreted as covering the use of a sign identical to the trade mark in respect of goods marketed or services supplied by the third party which are identical to those in respect of which the trade mark is registered'. Again in *Adam Opel*, it stated that 'it was having regard to [the] specific and indissociable link between the products bearing the trade mark and the services provided by the third party that the Court held that, in the specific circumstances of the *BMW* case, use by the third party of the sign identical to the trade mark in respect of goods marketed *not by the third party but by the holder of the trade mark* fell within Article 5(1)(a) of the directive'.

26. Thus, the use of another's trade mark by a third party to distinguish the goods or

13 — In that case, it was established that the third party used the descriptions covered by another's trade mark solely in order to describe the qualities and, more specifically, the type of cut of the precious stones offered for sale (see *Hölterhoff*, paragraph 10).

14 — Case C-206/01 [2002] ECR I-10273.

15 — *Ibid.*, paragraph 51. See also, to the same effect, Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989, paragraph 59, Case C-48/05 *Adam Opel* [2007] ECR I-1017, paragraph 21, and Case C-17/06 *Céline* [2007] ECR I-7041, paragraphs 16 and 26.

16 — *Arsenal Football Club*, paragraphs 54 to 56 and 60.

17 — Paragraphs 27 and 28 (emphasis added).

services supplied by the proprietor of the trade mark, which does not cause confusion regarding the origin of those goods or services and the third party's goods or services, may apparently fall within the ambit of Article 5(1) of Directive 89/104 on the basis of *BMW*, and may escape it on the basis of *Hölterhoff* and *Adam Opel*, while, on the basis of the case-law cited in point 23 above, in order to determine whether or not the said use is caught by that provision, it must be ascertained whether it is liable to affect a function of the trade mark other than the essential function of providing a guarantee of origin.

27. O2 emphasises this last point in its written observations submitted in the course of the present proceedings, referring in particular to the 'advertising function' of the trade mark and the detriment to that function of its own bubbles trade marks allegedly resulting from the advertisement at issue.

28. I consider however that, in the light of the provisions of Directive 84/450 concerning comparative advertising, the question formulated by the referring court may easily be answered in the negative and that there is no need to pursue the examination, bristling with difficulties, of the conditions on which Article 5(1)(a) and (b) of Directive 89/104 apply.

29. It must first of all be borne in mind that the intention in Directive 97/55 was that

'the basic provisions governing the form and content of comparative advertising should be uniform and the conditions of the use of comparative advertising in the Member States should be harmonised' (second recital in the preamble), in particular by establishing 'conditions under which comparative advertising is permitted' (recital 18).

30. In that connection, that directive, by introducing Article 3a into Directive 84/450, specifies the conditions on which comparative advertising is permitted,¹⁸ in the light of which, as explained in the seventh recital in the preamble to Directive 97/55, it is possible 'to determine which practices relating to comparative advertising may distort competition, be detrimental to competitors and have an adverse effect on consumer choice'. As the Court has already noted, the objective was 'the establishment of conditions in which comparative advertising must be regarded as lawful in the context of the internal market'.¹⁹ It follows, according to the Court, that 'Directive 84/450 carried out an exhaustive harmonisation of the conditions under which comparative advertising in Member States might be lawful', and that '[s]uch harmonisation implies by its nature that the lawfulness of comparative advertising throughout the Community is to be assessed solely in the light of the criteria laid down by the Community legislature'.²⁰

18 — See Article 1 of Directive 84/450, according to which 'the purpose of [the] Directive is to protect consumers, persons carrying on a trade or business or practising a craft or profession and the interests of the public in general against misleading advertising and the unfair consequences thereof and to lay down the conditions under which comparative advertising is permitted' (my emphasis).

19 — Case C-44/01 *Pippig Augenoptik* [2003] ECR I-3095, paragraph 38; see also paragraph 43.

20 — *Ibid.*, paragraph 44.

31. To that end, Article 3a of Directive 84/450 lists the cumulative conditions that must be met, as far as the comparison is concerned, for comparative advertising to be permitted.²¹

32. It should accordingly be noted that at least four of the eight provisions contained in Article 3a(1) are designed to protect the trade mark, trade name or other distinguishing marks of a competitor in the context of comparative advertising. As the Court has found, 'under certain conditions, Directive 84/450 allows an advertiser to state in comparative advertising the brand of a competitor's product'.²² In particular it provides that comparative advertising must not create confusion in the market place between the advertiser's trade marks, trade names or other distinguishing marks and those of a competitor (subparagraph (d)); discredit or denigrate the trade marks, trade names or other distinguishing marks of a competitor (subparagraph (e)); take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor (subparagraph (g)); present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name (subparagraph (h)). It follows, according to the Court, that, 'where the comparison does not have the intention or effect of giving rise to such situations of unfair competi-

tion, the use of a competitor's brand name is permitted in Community law'.²³

33. Recital 14 in the preamble to Directive 97/55 notes that 'it may, however, be indispensable, in order to make comparative advertising effective, to identify the goods or services of a competitor, making reference to a trade mark or trade name of which the latter is the proprietor'. The following recital adds that 'such use of another's trade mark, trade name or other distinguishing marks does not breach this exclusive right in cases where it complies with the conditions laid down by this Directive, the intended target being solely to distinguish between them and thus to highlight differences objectively'.

34. The use of a competitor's trade mark in an advertisement which compares the characteristics of goods or services marketed by him under that mark with those of the advertiser is therefore specifically and exhaustively covered by Article 3a of Directive 84/450. It is prohibited only if it does not comply with the conditions laid down in that article. In that case, it is prohibited under that article and not under Article 5(1)(a) or (b) of Directive 89/104. Conversely, if it complies with those conditions, it cannot be held to be prohibited under the provisions contained in Article 5(1)(a) or (b) of Directive 89/104.

21 — The cumulative nature of those conditions is emphasised in the 11th recital in the preamble to Directive 97/55 ('the conditions of comparative advertising should be cumulative and respected in their entirety') and mentioned by the Court in *Pippig Augenoptik*, paragraph 54.

22 — *Ibid.*, paragraph 47.

23 — *Ibid.*, paragraph 49. See also Advocate General Tizzano's Opinion delivered on 12 September 2002 in *Pippig Augenoptik*, point 27.

35. Those provisions, like the provisions contained in Article 6(1) of Directive 89/104, do not, therefore, come into consideration for the purpose of determining whether that use is lawful. There is little point in wondering whether that conclusion would also have been reached in the absence of Directive 97/55 — because, as H3G and the Commission argue, that use does not in any case fall within the scope of application of Article 5(1)(a) and (b) of Directive 89/104²⁴ — or whether on the contrary it follows from the introduction, with the addition of Article 3a to Directive 84/450 by Directive 97/55, of a system which, being presented as a *lex specialis* in cases where another's trade mark is used in a comparative advertisement, therefore derogates from the system contained in Article 5(1)(a) and (b) of Directive 89/104.

36. That question is purely hypothetical for the purposes of the dispute assigned to the referring court and so there is no need to resolve it in the present preliminary ruling proceedings.

37. I also note that, as O2 points out,²⁵ the first question as formulated in the order for reference turns on the use by an advertiser of another's *trade mark* (or, to be more precise, a sign identical to another's trade mark) whereas, following O2's decision to reduce the scope of its claim of infringement as ini-

tially proposed,²⁶ the subject of the dispute pending before the referring court is now the use by an advertiser (H3G) not of another's trade marks (O2 or the bubbles trade marks) but of signs (pictures of bubbles) which are closely similar to another's trade marks (the bubbles trade marks).

38. I consider however that this does not substantially alter the terms of the problem examined above.

39. The use in an advertisement of a sign similar to a competitor's trade mark may be one of the ways of identifying that competitor or that competitor's goods or services, at least by implication, within the meaning of Article 2(2a) of Directive 84/450. An advertisement which makes such use of a sign and which is intended to establish a comparison between the advertiser and his competitor or between the goods or services concerned will be subject to the system contained in Article 3a of Directive 84/450. As we have seen, that article provides, within a more extensive set of rules establishing an exhaustive list of the conditions on which comparative advertising may be permitted, specific rules intended to protect the trade mark against that type of advertisement. Consequently, where the proprietor of a trade mark seeks to contest the use in comparative advertising of a sign similar to that trade mark, he must base his own claim on the breach of one of the conditions laid down in Article 3a of

24 — That is essentially the view expressed by Advocate General Jacobs in his Opinion delivered on 20 September 2001 in *Hölterhoff*, points 74 to 77.

25 — See paragraph 52 of its written observations.

26 — See point 11 above.

Directive 84/450²⁷ and, conversely, such use does not, like the use of another's trade mark in the same context, fall within the ambit of Article 5(1) of Directive 89/104.

40. I therefore consider that the first question may be answered as follows:

‘The use of a sign identical or similar to the registered trade mark of a competitor in an advertisement which compares the characteristics of goods or services marketed by that competitor under that trade mark with the characteristics of goods or services supplied by the advertiser is covered exhaustively by Article 3a of Directive 84/450 and is not subject to the application of Article 5(1) (a) or (b) of Directive 89/104.’

The second and third questions

41. By the second and third questions, the referring court seeks to ascertain, first,

whether the use of a competitor's trade mark in a comparative advertisement must be ‘indispensable’ in order to be permitted within the meaning of Article 3a of Directive 84/450. If so, the referring court would like to know the criteria by which such indispensability is to be judged and whether that requirement precludes any use of a sign which is not identical to the competitor's trade mark but is closely similar to it.

42. O2 claims, on the basis of recitals 14 and 15 in the preamble to Directive 97/55, the preparatory work for that directive and the case-law of the Court, in particular *Toshiba*²⁸ and *Siemens*,²⁹ that the advertiser's use of a competitor's trade mark in a comparative advertisement, if it is not indispensable in order to identify the competitor or the goods or services concerned, takes unfair advantage of the reputation of the trade mark in breach of Article 3a(1)(g) of Directive 84/450. O2 argues that since, for the purposes of the comparative advertisement in question, H3G made use of the O2 trade mark which is perfectly suitable for identifying the advertiser's competitor, there was no need for it to use the pictures of bubbles, especially as they represented a distorted version of O2's bubbles trade mark.

43. However, I agree with the view taken by H3G and the Commission that Article 3a of Directive 84/450 does not demand that the

27 — With reference, of course, to the national provisions transposing Article 3a into domestic law.

28 — Case C-112/99 [2001] ECR I-7945.

29 — Case C-59/05 [2006] ECR I-2147.

use of another's trade mark for the purpose of identifying the competitor or the products or services concerned should meet a requirement of indispensability.

44. Such a conclusion cannot however be reached simply on the basis of the Court's ruling, in paragraphs 83 and 84 of the judgment in *Pippig Augenoptik* cited by H3G, concerning the problem of the reproduction in an advertising message of the competitor's logo and a picture of its shop front, in addition to the competitor's name. The Court concluded in that case, from an examination of recital 15 in the preamble to Directive 97/55, that 'Article 3a(1)(e) of Directive 84/450 does not prevent comparative advertising, in addition to citing the competitor's name, from reproducing its logo and a picture of its shop front, if that advertising complies with the conditions for lawfulness laid down by Community law'.

45. Consequently, since that provision is intended solely to prohibit comparative advertising that 'discredit[s] or denigrate[s]' trade marks or other elements connected with a competitor, that conclusion reached by the Court can only mean, objectively, that the reproduction in an advertising message of the competitor's logo and a picture of its shop front, in addition to the competitor's name, — i.e. of elements which are probably not indispensable for the purpose of identifying a competitor who has already been mentioned by name — does not in itself discredit or denigrate that competitor. That does not however eliminate the possibility that, as O2 has pointed out, a requirement of indispensability with respect to the

use of another's trade mark or distinguishing marks in comparative advertising may be deduced from other provisions of Article 3a. However, I shall not omit to mention the ambiguity and vagueness of the Court's ruling which I quoted in point 44 above, in so far as it appears to make compliance with Article 3a(1)(e) of Directive 84/450 dependent upon compliance with all the other conditions for the lawfulness of comparative advertising laid down by Community law, conditions which are not however concerned with the discrediting or denigrating aspect of such advertising addressed by that provision.

46. For the purpose of determining whether Article 3a of Directive 84/450 prescribes a requirement of indispensability with respect to the use of another's trade mark in comparative advertising, I recall first that that article effects an exhaustive harmonisation of the conditions under which such advertising might be lawful (see paragraph 30 above) and I note that none of its provisions expressly lays down a requirement of indispensability with respect to the use of another's trade mark or other distinguishing marks.

47. Nor does it seem to me that, as O2 contends, such a requirement can be deduced by implication from Article 3a(1)(g) of that directive, a provision which prohibits taking unfair advantage of the reputation of a trade mark or other distinguishing marks of a competitor or of the designation of origin of competing products.

48. O2's reference to recital 14 in the preamble to Directive 97/55 does not serve to substantiate its interpretation of that provision. As the Commission rightly observes, in that recital the Community legislature seems merely to have wished to make it clear that, in general, for comparative advertising to be effective reference will inevitably be made to a competitor's trade mark or trade name, but has not prescribed a condition subject to which such a reference might be lawful. Moreover, the conditions on which such a reference might be permitted are mentioned separately in the following recital 15 ('where it complies with the conditions laid down by this Directive') which, when it mentions 'such use of another's trade mark', is referring to use of a trade mark to identify the goods or services of a competitor, not to use of a trade mark which is indispensable for that purpose.

49. The Court has already had occasion to interpret Article 3a(1)(g) of Directive 84/450.

50. In *Toshiba* it was asked by the national court, among other things, to clarify the criteria to be used when assessing whether comparative advertising takes unfair advantage of the reputation of a distinguishing mark of a competitor within the meaning of that provision.

51. Advocate General Léger suggested to the Court a line of reasoning by which to establish, in the context of Article 3a(1)(g) of Directive 84/450, 'the point beyond which an advertiser should be considered to be acting unfairly'. He suggested, first, that that is the case where a step is taken by the advertiser only with a view to taking advantage of the reputation of his competitor for the benefit of his own activities, but that there could not truly be considered to be an unfair advantage where the content of the comparative advertising can be justified by reference to certain conditions.³⁰

52. In this connection, Advocate General Léger held that it follows from recitals 14 and 15 in the preamble to Directive 97/55 that 'a competitor may use an economic operator's exclusive right to his trade mark or other distinguishing marks if the reference in question is justified by the requirements of comparative advertising' and that '[t]he advertiser may make these references if the comparison of the merits and deficiencies of the competing products is made impossible or, more simply, would be impaired by a failure to identify the competitor'. As to 'the ways in which it is permissible to use the distinguishing marks of the competitor', he observed that '[s]ince exceptions must be interpreted narrowly, derogations from the protected rights of proprietors should only be allowed within limits which are strictly necessary to achieve the object of the directive, which is to make possible a comparison of the objective characteristics of the products'. 'It follows', continues the Advocate General, 'that unfair advantage is taken of a competitor's reputation when the reference to the competitor

30 — Opinion delivered on 8 February 2001 in *Toshiba*, points 79 and 80.

or the manner in which he is referred to is not necessary in order to inform customers of the respective qualities of the goods compared. Conversely, this complaint cannot be upheld where the matters to which the comparison relates cannot be described without the advertiser making reference to his competitor, even though the advertiser may at the same time take some advantage of it'. 'It is therefore this test of necessity that in [his] view forms the basis of an understanding of the lawfulness of comparative advertising under Article 3a(1)(g) of the Directive.'³¹

53. In my view, however, those last considerations, which support the interpretation advocated by O2, were disregarded by the Court in *Toshiba*. Paragraph 54 of that judgment, cited by O2, does not really support that interpretation since, although the Court stated in that paragraph that 'an advertiser cannot be considered as taking unfair advantage of the reputation attached to distinguishing marks of his competitor if effective competition on the relevant market is conditional upon a reference to those marks', there is no indication that it also meant to imply that, conversely, where effective competition on that market is not conditional upon a reference to those marks, a reference to them would necessarily imply that the advertiser was taking unfair advantage of their reputation. In *Toshiba*, the Court held on the contrary that use of the distinguishing marks of a competitor enables the advertiser 'to take unfair advantage of the reputation attached to those marks only if the effect of the reference to them is to create, in the mind of the

persons at whom the advertising is directed, an association between the manufacturer whose products are identified and the competing supplier, in that those persons associate the reputation of the manufacturer's products with the products of the competing supplier'.³²

54. In the light of those statements in *Toshiba*, Advocate General Tizzano took the view, in his Opinion in *Pippig Augenoptik*,³³ that 'indication of the brand name of a competitor's products is not contrary to Article 3a(1)(g) where such indication is justified by the objective requirement to identify the competitor's products and highlight the qualities of the products that are being advertised (if necessary by a direct comparison between them) and that its sole aim is not therefore to take advantage of the reputation of the trade mark, trade name or other distinguishing marks of a competitor ... unless, in view of the peculiarities of the case at issue, it is clear that such information is given in a manner that is likely to create an association in the public between the advertiser and his competitor, conferring the reputation of the latter's products on the former's'.

55. The Court did not take a position on the interpretation of Article 3a(1)(g) in *Pippig Augenoptik*, but returned to it later in *Siemens*, from which it is to be deduced that in determining whether an advertiser's use

31 — Ibid., points 82, 84, 85 and 87. In point 86 Advocate General Léger also notes, as O2 has done in the present proceedings, that the same philosophy underlies the provisions of Article 6(1)(c) of Directive 89/104.

32 — *Toshiba*, paragraph 60 (see also paragraph 57). Emphasis added.

33 — Opinion delivered on 12 September 2002, point 32.

of a competitor's trade mark or other distinguishing marks in comparative advertising takes unfair advantage of the reputation of the trade mark or other distinguishing marks, it is necessary, on the one hand, to determine whether such use could *cause* the public at whom the advertising is directed to associate the competitor with the advertiser, since the public might associate the reputation of the former's products with the products distributed by the latter³⁴ and, on the other, to take into account the benefit to consumers of the comparative advertising in question.³⁵

56. If, as legal commentators generally observe, the subject-matter of comparative advertising is in most cases a comparison with a more established competitor and therefore involves the establishment of a certain 'link' with the competitor's reputation or the reputation of the distinguishing marks concerned, the advantage gained by the establishment of such a link would be unfair, on the basis of *Toshiba* and *Siemens*, only if it results, in the minds of the persons to whom it is addressed, in an association between the advertiser and his competitor that might cause the public to associate the reputation of the former's products with the latter's. This is, according to those judgments, a matter that must be determined in each specific case, a process that clearly excludes considerations relating to the indispensability of a reference to the competitor's distinguishing marks.

57. The criterion chosen by the Court in those judgments, based on an analysis of the impressions created in the public as to the relations between the undertakings identified in the advertising, tends to favour the advertiser by permitting a reference to another's distinguishing marks, even where it does not appear to serve any legitimate requirement connected with the advertisement, if it does not actually create in the minds of the public that association with the transfer of reputation mentioned in those judgments. I personally take the view that an approach that calls for the existence of such a requirement, as Advocate General Léger too appeared to foreshadow in the introduction to the line of reasoning reported in point 51 above, may achieve a more balanced reconciliation between the conflicting interests of the advertiser and his competitor, in that it would prohibit reference to another's distinguishing marks where it is clear that comparative advertising is in reality merely a pretext to exploit the reputation of that mark in a parasitical manner, quite apart from creating the aforesaid association.

58. In any case, for the purposes of the present reference for a preliminary ruling there is no need for a general explanation of the criteria to be used when applying Article 3a(1)(g) of Directive 84/450; it is enough to say that *Toshiba* and *Siemens* do not admit, but on the contrary exclude by implication, the criterion of indispensability (or necessity) with regard to the use of a competitor's trade mark or other distinguishing mark in comparative advertising. That is to say, it cannot be maintained, as O2 argues, that when such use is not indispensable for the purpose of identifying the competitor or

34 — Judgment in *Siemens*, paragraphs 18 to 20.

35 — *Ibid.*, paragraphs 22 to 24.

the goods or services concerned, the comparative advertising is *ipso facto* such as to enable the advertiser to take unfair advantage of the reputation of that trade mark or distinguishing mark. As the Commission points out, it would instead have to be established whether or not such unfair advantage had been taken, which cannot be assumed to follow from the fact that the reference to that trade mark or distinguishing mark in the comparative advertising is not indispensable.

59. Moreover, as rightly observed both by H3G and by the Court of Appeal in the order for reference, the requirement that the conditions required of comparative advertising must be interpreted in the sense most favourable to it argues against asserting that there exists a condition of indispensability of that kind.³⁶

60. The foregoing considerations regarding the use of a competitor's trade mark in comparative advertising naturally apply also to the use in that context of a sign which is not identical but similar to that trade mark. In my view, the question put to the Court whether, on the basis of Article 3a of Directive 84/450, the use of a sign to identify a competitor is subject to a condition of indispensability arises in the same terms, irrespec-

tive of whether it concerns the use of a sign which is identical or a sign which is merely similar to the competitor's trade mark.

61. I would, moreover, add that as a matter of fact going, however, far beyond what is necessary to answer the first part of the second question,³⁷ it is difficult to imagine that H3G can have taken unfair advantage of the use in the advertisement at issue of bubbles similar to O2's bubbles trade marks, in view of the fact that the advertising in question also explicitly identifies the competitor by means of references to the O2 trade mark, the lawfulness of the use of which is no longer disputed by O2, and that, as is clear from the order for reference, consumers associate images of bubbles in the context of mobile phones with O2. So if a link with the competitor is already established by means of the reference to O2's trade mark, without any objection on the subject from O2, I do not see what unfair advantage H3G could gain from the additional use in the advertisement at issue of signs similar to the bubbles trade marks likewise owned by O2.

62. As I consider that the use of a competitor's trade mark or of a sign similar to a competitor's trade mark in comparative advertising is not prohibited under Article 3a of Directive 84/450 solely on the ground that it is not indispensable for the purpose of identifying the competitor or the goods or services

36 — *Toshiba*, paragraph 37; *Pippig Augenoptik*, paragraph 42; Case C-356/04 *Lidl Belgium* [2006] ECR I-8501, paragraph 22; and Case C-381/05 *De Landtsheer* [2007] ECR I-3115, paragraphs 35 and 63.

37 — It is clearly for the referring court, where necessary, to determine whether the use of the images of bubbles in the advertisement at issue enables H3G to benefit unfairly from the reputation of O2's bubbles trade marks (see, by analogy, *Adam Opel*, paragraph 36).

concerned, there is no need to examine the second part of the second question or the third question, which assume a solution other than that which I have just suggested.

63. I would also point out, since O2 has laid special emphasis, particularly at the hearing, on the fact that the advertisement at issue presented a distorted version of its bubbles trade marks, thereby causing detriment to the distinctive character and repute of those trade marks, that the alleged distortion is irrelevant in the sense of rendering the said advertisement unlawful unless it does not comply with one of the conditions laid down in Article 3a of Directive 84/450.

64. Those conditions include conditions intended to protect the repute of the trade mark, such as that contained in Article 3a(1)(e), prohibiting the discrediting or denigration of a trade mark, and the condition, just examined, laid down in Article 3a(1)(g), which prohibits taking unfair advantage of the reputation of a trade mark. In particular, if the distortion of the bubbles trade marks in the advertisement at issue were such as to present those trade marks or the image of their proprietor in a negative light, O2 could complain, citing the national provision transposing Article 3a(1)(e) of Directive 84/450.

65. On the other hand, the conditions contained in Article 3a do not include the separate requirement that the distinctive character of the trade mark should be protected. That requirement, covered in its dual aspect of prohibition of causing detriment to that

character and of taking unfair advantage of it, both in Article 5(2) of Directive 89/104 and in Article 8(5) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark,³⁸ as amended, with reference to trade marks with a reputation, was not included — unlike the requirement to protect the repute of the trade mark, which was also protected, again with reference to trade marks with a reputation, under the abovementioned provisions — in Article 3a of Directive 84/450 which, as we have seen (see paragraph 59 above), is to be interpreted narrowly. This must represent a deliberate choice by the Community legislature, which clearly considered that it had a duty to prefer the interest in effective comparative advertising which acts as an instrument to inform consumers and a stimulus to competition between suppliers of goods and services (see, in particular, the second recital in the preamble to Directive 97/55) to the interest of protecting the distinctive character of trade marks.

66. In the light of the foregoing considerations, I suggest that the Court should answer the second question as follows:

‘Article 3a of Directive 84/450 is not to be interpreted as permitting the use, in a comparative advertisement, of a sign identical or similar to the registered trade mark of a competitor only when that use is indispensable for the purpose of identifying the competitor or the goods or services concerned.’

38 — OJ 1994 L 11, p. 1.

Conclusion

67. In conclusion, I propose that the Court give the following answer to the questions referred by the Court of Appeal (England and Wales):

- '(1) The use of a sign identical or similar to the registered trade mark of a competitor in an advertisement which compares the characteristics of goods or services marketed by that competitor under that trade mark with the characteristics of goods or services supplied by the advertiser is covered exhaustively by Article 3a of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising, as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997, and is not subject to the application of Article 5(1)(a) or (b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.

- (2) Article 3a of Directive 84/450 is not to be interpreted as permitting the use, in a comparative advertisement, of a sign identical or similar to the registered trade mark of a competitor only when that use is indispensable for the purpose of identifying the competitor or the goods or services concerned.'