OPINION OF ADVOCATE GENERAL MISCHO

delivered on 7 July 1998 *

1. 'Is Article 30 or Article 52 et seq. of the EC Treaty to be interpreted as precluding the application of national provisions which require that, in the case of trademarks or designations of undertakings which are liable to be confused, the one with earlier priority is to be protected, and hence prohibit an undertaking from using, in three provinces of Austria, a trademark or designation under which companies in the same group lawfully operate in other Member States?'

2. This question is submitted to the Court in the context of a dispute between the company Pfeiffer Großhandel GmbH (hereafter 'Pfeiffer') and the company Löwa Warenhandel GmbH (hereafter 'Löwa').

3. The applicant in the main proceedings, Pfeiffer, has operated since 1969 a supermarket in Pasching, near Linz in Austria, under the designation 'Plus KAUF PARK'. [1] Moreover, 'Plus KAUF PARK' was registered with the Austrian Patent Office (Patentamt) as a text and picture mark for a number of different classes of product with priority from 5 August 1969. Pfeiffer also sells various goods, primarily in the food and drink sector, under the trademark 'Plus wir bieten mehr' (priority from 22 September 1989). The supermarket 'Plus KAUF PARK' was integrated into a shopping centre, the 'Plus City', opened in October 1989, which includes over 100 retail outlets of all current sectors. In the course of the construction of 'Plus City', the predecessors in law of Pfeiffer granted to the various retailers who were installed there very wide rights of use over the abovementioned trademarks and other names containing the word 'Plus'. By virtue of the lease agreements, each operator is obliged, when making reference to 'Plus City', to use the original logo of this shopping centre.

4. The defendant in the main proceedings, Löwa, operates 139 discount shops in Austria in which it offers for sale goods of the same type as those in the Pfeiffer supermarket store. Löwa is a subsidiary of the German company Tengelmann Warenhandelsgesellschaft, which is the owner of the international trademark 'Plus', with priority from 15 November 1989. Löwa is also the sister company of 'Plus Warenhandelsgesellschaft', a German company, which is the owner of the text and picture mark 'Plus prima leben und sparen' (priority from 18 December 1979), registered at the Austrian Patent Office. Löwa is itself the

* Original language: French.

1 — Although the order for reference refers to the designation 'Plus KAUF MARKT', the case-file shows that in fact it is 'Plus KAUF PARK'.

owner of the text and picture mark 'Pluspunkt', registered at the Austrian Patent Office from 15 April 1994.

5. The Tengelmann Warenhandelsgesellschaft and Plus Warenhandelsgesellschaft operate in Germany, Italy, Spain, the Czech Republic and Hungary in the discount store sector under the trading name 'Plus'. Tengelmann, the parent company, aims to have a uniform appearance throughout Europe, which would allow similar advertising throughout Europe and the further development of a corporate identity.

6. For those reasons, Löwa started in 1994 to market its goods under the designation 'Plus' and to change the name of 17 of the 139 supermarkets that it operates in Austria from 'Zielpunkt' to 'Plus prima leben und sparen', the graphical presentation of which corresponds completely to the text and picture mark of its German sister company, Plus Warenhandelsgesellschaft.

7. This graphic presentation differs from the designation used by Pfeiffer both by additional wording and the optical design.

8. In the context of the dispute in the main proceedings, the plaintiff seeks to prohibit the defendant from operating, in the provinces of Lower Austria, Upper Austria and Salzburg, retail outlets for final consumers under the trade name 'Plus', with or without other additions and/or from advertising for such outlets.

9. The request for a preliminary ruling informs us that Paragraph 9(1) of the Gesetz gegen den unlauteren Wettbewerb (Law against unfair competition, hereafter the 'UWG') prohibits the use of names, trading names or specific designations of an undertaking, in a manner liable to cause confusion with names, trading names or specific designations which another person lawfully uses. According to subparagraph 3 of the same paragraph, registered trademarks and business symbols which are regarded in trade circles concerned as distinguishing signs of the undertaking and the other devices intended to distinguish the undertaking from other undertakings, including in particular the presentation of goods, their packaging or wrapping, and business documents, are equated with the specific designation of an undertaking.

10. Austrian case-law, as set out in the order for reference, interprets this provision as meaning that trademarks and specific designations of undertakings enjoy the protection of Paragraph 9 of the UWG only if they have a distinctive character, that is to say they have something special and individual which makes it suitable by its very nature for distinguishing

their bearer from other persons, or if they have acquired a distinctive force — independent of their originality — as a result of trade acceptance. According to settled Austrian case-law, invented fantasy words or words which, although belonging to general linguistic usage, have no connection with the goods for which they are intended, thus more purely descriptive, have a distinctive character. These principles apply to word marks in the same way as to specific designations of undertakings. Descriptive indications are however capable of protection, in the case of an unusual description of an undertaking which is out of the ordinary.

11. The Handelsgericht Wien thinks that, with regard to this case-law, 'Plus' as the name of an undertaking which sells a wide variety of goods — groceries, but also other goods for daily needs — in supermarkets, is altogether original and not merely descriptive, and hence capable of protection. Even if it were assumed that it is only a 'weak' sign which equally benefits from the protection of Paragraph 9 of the UWG, but in respect of which even slight differences eliminate in principle the risk of confusion, the addition of the words 'prima leben und sparen' is still not capable of eliminating this risk, since they are much less conspicuous and are scarcely understood as a specific designation of an undertaking. Nor can the different optical presentation of the designations prevent confusion, since mere acoustic coincidence also suffices.

12. The referring court concludes, as a result, that 'under Austrian law, use by the defendant of the designation "Plus", with or without additions, infringes Paragraph 9 of the UWG, since Pfeiffer has priority'.

13. However, since the prohibitory injunction which it would be obliged to grant by virtue of Paragraph 9 of the UWG would affect intra-Community trade, the Handelsgericht Wien decided to stay proceedings and to submit to the Court the abovementioned question.

The scope of the preliminary question

14. It follows both from the request for a preliminary ruling [2] and the written observations of the two parties to the dispute in the main proceedings and the answers given by them to a question posed by the Court at the hearing that what is in point in this dispute is solely the possible prohibition on using a certain designation of an undertaking. The use of the word 'Plus' (with or without addition) as a product trademark is not therefore at issue in the present proceedings. Consequently, there is no need to examine the question put with regard to the First Council Directive 89/104/EEC of 21 December 1998 to approximate the laws of the Member States relating to trademarks. [3]

2 — See above paragraph 8.
3 — OJ 1989 L 40, p. 1.

15. As a result, it is sufficient, in order to provide to the national court with an answer allowing it to decide the case before it, to limit myself to an interpretation of Articles 30 and 52 of the Treaty with regard to the conflict between two specific designations of undertakings.

16. Moreover, the national court does not ask this Court to determine whether there is a risk of confusion between the designations in question. It takes this risk for granted anyhow. Thus in the *Terrapin* judgment, [4] the Court was confronted with the same situation and it decided that although 'this finding [of the referring court] has been questioned during the oral procedure the Court does not have to rule on this point since no question has been put to it with regard to the matter'. Nor does the Handelsgericht ask the Court about the same concept of 'risk of confusion', in contrast to the situation for example in the *SABEL* case. [5]

17. Thus, the question put by the Handelsgericht Wien is to be understood as meaning that it only seeks to ascertain whether, in a case where, in the opinion of the national court, it would be necessary, by virtue of priority and the risk of confusion, to prohibit the use of a specific designation of an undertaking, Articles 30 or 52 of the Treaty prevent the national court from ruling on, as it is obliged to do under national law, the aforementioned prohibition, by reason of the fact that the company in question lawfully uses this designation in other Member States.

4 — Case 119/75 [1976] ECR 1039, paragraphs 3 and 4.

5 — Case C-251/95 [1997] ECR I-6191.

18. In accordance with the national court's wishes, I will consider the problem from the point of view first of the free movement of goods (Article 30 et seq.) and then of the right of establishment (Article 52 et seq.).

As to Article 30 of the Treaty

19. Löwa submits that 'in the case of an unrestricted application of Paragraph 9 of the UWG companies within a group would have to use different names in certain Member States in a situation such as that which is the subject of the preliminary ruling. Advertising concepts could not be uniform for the Member States of the European Community and the objective pursued by the group of companies of a corporate identity for the undertaking's names, which are the central element in presentation for advertising purposes, could not be clearly presented abroad'.

20. Löwa's argument is designed essentially to establish that the prohibition within part of Austria on the use of the same business name as that used in other Member States by companies belonging to the same group would constitute a measure of equivalent effect to a quantitative restriction. This prohibition would have the result that it would be impossible for the group to use the same advertising concept in order to sell its goods.

21. In order to show that this renunciation of a global business strategy would constitute a hindrance to the free movement of goods, Löwa relies on the judgment in *Yves Rocher* [6] where the Court pointed out that:

'national legislation which restricts or prohibits certain forms of advertising or certain means of sales promotion may, although it does not directly affect imports, be such as to restrict their volume because it affects marketing opportunities for the imported products. To compel an economic operator either to adopt advertising or sales promotion schemes which differ from one Member State to another or to discontinue a scheme which he considers to be particularly effective may constitute an obstacle to imports even if the legislation in question applies to domestic products and imported products without distinction.'

22. According to Löwa, a hindrance to marketing opportunities would constitute, even after the decision in *Keck and Mithouard*, [7] a restriction on the free movement of goods within the meaning of Article 30 of the Treaty. For Löwa, neither the judgment in *Keck and Mithouard* nor that in *Hünermund and Others* [8] involved a legal analysis of the compatibility with Community law of a national prohibition which impedes or renders more difficult the implementation of a uniform advertising concept on the Community level. On the contrary, Löwa goes on to say, in its judgment in *Mars* [9] the Court stated unequivocally, referring to its decision in *Keck and Mithouard*, that a prohibition which, although applying to all products without distinction, relates to the marketing in a Member State of products bearing the same publicity markings as those lawfully used in other Member States, is by nature such as to hinder intra-Community trade. According to the Court, such a restriction 'may compel the importer to adjust the presentation of his products according to the place where they are to be marketed and consequently to incur additional packaging and advertising costs.' [10]

23. From this Löwa concludes that 'the same applies in the case of a prohibition in the present case under Paragraph 9 of the UWG, which prevents a group of companies from appearing under a uniform name of establishment in the Member States of the European Community ...'. Consequently, Article 30 of the Treaty is applicable.

24. The arguments of Pfeiffer are based essentially on the case-law developed by the Court since the decision in *Keck and Mithouard*. Thus, Paragraph 9 of the UWG, 'as a national measure which only concerns selling arrangements and does not affect the products, and

6 — Case C-126/91 [1993] ECR I-2361.
7 — Joined Cases C-267/91 and C-268/91 [1993] ECR I-6097.
8 — Case C-292/92 [1993] ECR I-6787.
9 — Case C-470/93 [1995] ECR I-1923.
10 — Paragraph 13.

which is indistinctly applicable to all operators exercising their activity within the country, is compatible with Article 30 of the EC Treaty'.

25. Pfeiffer also points out that the desire of Löwa to have a uniform advertising concept for the Member States of the European Community and the attempt to create a corporate identity conflicts with commercial property. According to Pfeiffer, prohibitions and restrictions on importation justified for commercial and industrial property reasons are permissible, with the express reservation that they are not to constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.

26. The Commission, for its part, thinks that Article 30 of the Treaty is not opposed to a provision such as that contained in Paragraph 9 of the UWG 'because, if by virtue of the *Keck* case-law, selling arrangements are excluded from the scope of application of Article 30 of the Treaty, this should, *a fortiori*, apply to provisions which do not prescribe any selling arrangement, of any kind whatever'. According to the Commission, in particular 'local or temporal conditions and other conditions — such as a restriction on a group of retailers — under which goods may be sold and which represent the expression of national or regional socio-cultural differences fall within the framework of selling arrangements'. [11] Thus, in the opinion of the Commission, these conditions are not contained in Paragraph 9(1) of the UWG.

27. The Commission points out, moreover, that the Court has ruled that a national measure having no link to the importation of goods does not fall within the ambit of Article 30 et seq. of the Treaty. [12] That would also be the situation in the present case given that the provision set out in Paragraph 9(1) of the UWG has neither the object nor effect of regulating cross-border trade in goods. The defendant, who is already established in Austria continues, regardless of its business name, to have the opportunity of importing and selling goods in Austria.

28. For my part, I propose that the Court uphold the arguments of Pfeiffer and of the Commission. I cannot conceive that the prohibition on the use of a business name in so far as it only addresses the specific designation of the *undertaking* could constitute a measure having equivalent effect to a quantitative restriction.

11 — See, for example, Cases C-418/93 to C-421/93, C-460/93 to C-462/93, C-464/93, C-9/94 to C-11/94, C-14/94, C-15/94, C-23/94, C-24/94 and C-332/94 *Semeraro Casa Uno and Others* [1996] ECR I-2975, paragraph 25.

12 — See Cases C-321/94 to C-324/94 *Pistre and Others* [1997] ECR I-2343, paragraph 44.

29. The Court has held in (and since) the decision in *Keck and Mithouard*:

'That definition [of a measure having equivalent effect to a quantitative restriction] covers obstacles to the free movement of goods which, in the absence of harmonisation of legislation, are the consequence of *applying to goods* coming from other Member States where they are lawfully manufactured and marketed, *rules that lay down requirements to be met by such goods* (such as those relating to designation, form, size, weight, composition, presentation, labelling, packaging). This is so even if those rules apply without distinction to all products unless their application can be justified by a public-interest objective taking precedence over the free movement of goods.'

30. By contrast,

'the application to products from other Member States of national provisions restricting or prohibiting certain selling arrangements is not such as to hinder trade between Member States, within the meaning of that definition, so long as those provisions apply to all relevant traders operating within the national territory and so long as they affect in the same manner, in law and in fact, the marketing of domestic products and of those from other Member States.

Provided that those conditions are fulfilled, the application of such rules to the sale of products from another Member State meeting the requirements laid down by that State is not by nature such as to prevent their access to the market or to impede access any more than it impedes the access of domestic products. Such rules therefore fall outside the scope of Article 30 of the Treaty.'

31. In the present case, we are not dealing with a national provision that lays down conditions which goods must satisfy or that seeks to regulate trade in goods between Member States.

32. The provision is one, moreover, that does not affect the marketing of products from another Member State in a different manner to that of domestic products.

33. Admittedly, the prohibition on using the specific designation of an undertaking might possibly be of a nature such as to curb the further development of the volume of sales and, as a result, of the volume of sales of products from other Member States, to the extent that it deprives companies belonging to the same group of the possibility of using a uniform advertising concept in all the Member States where the group is present. This circumstance is not, however, such as to bring the prohibition in question within the

definition of a measure having equivalent effect, since the prohibition only concerns the name of the undertaking in question and not the goods sold by it.

34. This is also the reason for which the argument Löwa seeks to derive from the *Mars* judgment cannot be accepted. That judgment concerns restrictions on the free movement of goods resulting from a prohibition on the use of certain advertising names on the packaging of *products*. However, as stated above, the subject of the dispute in the main proceedings is solely the designation of the two undertakings and not the trademark which one or other undertaking gives its products.

35. As regards the judgment in *Yves Rocher*, it does not seem relevant to me for three reasons. First of all, we are not concerned here with 'a national measure which restricts or prohibits certain forms of advertising'. The inability of Löwa to use the forms of advertising devised by its parent company for other markets is only the indirect consequence of the provisions protecting commercial property.

36. Secondly, like R. Joliet, [13] I am of the opinion that the *Yves Rocher* judgment concerned a 'selling arrangement' and that it has been overtaken by the judgment in *Keck and Mithouard*.

37. Finally, a rule such as that contained in Paragraph 9 of the UWG does not even constitute a selling arrangement. The *a fortiori* reasoning of the Commission set out above should, therefore, be accepted.

38. I thus arrive at the conclusion that the prohibition on the use of a specific designation of an undertaking does not fall within the scope of Article 30 of the Treaty. Quite superfluous though it may be, I would add that, even if a provision such as Paragraph 9 of the UWG did constitute a measure of equivalent effect, it would benefit from the exemption provided for in Article 36 of the Treaty. Since it applies without distinction to undertakings whose share capital is Austrian-owned and undertakings whose share capital is foreign-owned, it cannot be considered as a 'means of arbitrary discrimination'. Nor does it constitute a 'disguised restriction on trade between Member States', since, as I have already pointed out, it does not affect the marketing of goods from other Member States in a different manner to that of domestic products.

As to Article 52 of the Treaty

39. The preliminary question also seeks to determine whether Article 52 of the Treaty

13 — Joliet, R., 'La libre circulation des marchandises: l'arrêt Keck et Mithouard et les nouvelles orientations de la jurisprudence', *Journal des Tribunaux — Droit européen*, 20 October 1994, No 12, p. 145 et seq.

precludes, in circumstances such as the present, an undertaking from being prohibited to use a specific designation.

40. According to Pfeiffer, the plaintiff in the main proceedings, the fundamental freedom established by Article 52 et seq. of the Treaty is not affected by the national provision in question. The issue of an infringement of this freedom does not even arise.

41. Pfeiffer adds that the principle of non-discrimination inherent in the freedom of establishment prohibits all discrimination on grounds of nationality in the commencement and the pursuit of a self-employed activity in another Member State. Only national rules which are formally discriminatory, that is those based on nationality and which treat nationals and foreigners openly and deliberately in a different manner on the ground of their nationality, cannot be accepted. However, Pfeiffer points out, the legal consequence of Paragraph 9 of the Austrian UWG applies, without distinction, to nationals and non-nationals.

42. Again according to Pfeiffer, in so far as freedom of establishment is also — especially on the basis of the most recent case-law of the Court — construed partially as constituting a prohibition on introducing restrictions, it does not imply a general prohibition, the contrary of what is the case in relation to the free movement of goods. Restrictions on the freedom laid down in Article 52 of the EC Treaty in order to take into account commercial and industrial property have always been accepted. The foundations and the criteria of freedom of establishment, that is the authorisation of actual pursuit of a self-employed economic activity, in another Member State, by means of a fixed establishment for an indefinite period of time, are not restricted or prohibited by Paragraph 9 of the Austrian UWG.

43. According to the defendant in the main proceedings, Löwa, 'prohibiting the name of an undertaking could also restrict in an impermissible manner freedom of establishment, as contemplated by Articles 52 and 58 of the Treaty, for the parent company'. In support of its argument, Löwa cites the *Gebhard* [14] case, in which the Court stated that:

'It follows, however, from the Court's case-law that national measures liable to hinder or make less attractive the exercise of fundamental freedoms guaranteed by the Treaty must fulfil four conditions: they must be applied in a non-discriminatory manner; they must be justified by imperative requirements in the general interest; they must be suitable for securing the attainment of the objective which they pursue; and they must not go beyond what is necessary in order to attain it'.

14 — Case C-55/94 [1995] ECR I-4165, paragraph 37.

44. Transposing these principles to the circumstances of the present case, Löwa argues that where 'there is a case of restriction where an undertaking (in the present case, German), which is known also by its business name in a neighbouring Member State (in the present case, Austria) as a result of advertising outside the borders and of cross-border purchases, and which, for obvious reasons, tries to standardise its strategy on a European level, is restricted in its chances of succeeding on this neighbouring market because it has been forbidden to use a sign established elsewhere and which is not unknown on the market in question'. Löwa concludes by submitting that the prohibition in question is not proportionate since there is no (serious) risk of confusion. Further, according to it, 'the risk of confusion must be serious for it to be quantitatively of a weight such as to justify a restriction on the freedom of establishment'.

45. The Commission, for its part, is of the opinion that Article 52 et seq. of the Treaty does not preclude the application of a provision such as Paragraph 9(1) of the Austrian UWG. National provisions relating to company names or trading names may, admittedly, affect the freedom of establishment when, for instance, the bearing of a company name is made subject to specific authorisation or when such authorisation is granted subject to specific conditions, of a linguistic or similar nature. However, the provision set out in Paragraph 9(1) of the Austrian UWG does not involve such a type of regulation concerning directly the 'if' and/or 'how' of establishment. As a result, it has no link or, at least, no sufficient link, with freedom of establishment.

46. According to the Commission, even if Articles 52 and 58 of the Treaty were to be interpreted as meaning that provisions such as Paragraph 9(1) of the UWG fall within the scope of freedom of establishment, the order for reference provides no grounds for concluding that this provision, the applicable case-law or the practical application of the provision discriminates, directly or indirectly, between Austrian undertakings and undertakings which establish themselves in Austria.

47. Having regard to the circumstances of the case, the Commission thinks, however, that the right of an undertaking to use a specific trading name for its subsidiaries does not fall within the scope of freedom of establishment.

48. The Commission points out that it is necessary, moreover, to take account of the fact that the defendant was already established in Austria when it changed the name of 17 of its subsidiaries in 1994, replacing 'Zielpunkt' by 'Plus prima leben und sparen'.

49. In my opinion, the reasoning put forward by the Commission is convincing.

50. Here is a company established under Austrian law whose share capital is German-owned and which has been running for a

number of years 139 discount shops in Austria, 122 of which operate under the name 'Zielpunkt' and 17 of which changed their name to 'Plus prima leben und sparen' in recent years.

51. The company has thus evidently been able to thrive without coming up against any obstacle owing to the holding of its share capital by a German parent company. The only provision of Austrian law being questioned is Paragraph 9(1) of the UWG. As the Commission very rightly points out, this provision does not comprise any regulation concerning directly the 'if' and/or 'how' of establishment.

52. It is only when Löwa wanted to change the name of some of its shops that it met with the opposition of another firm claiming a priority right on a similar name.

53. The opposition which Löwa has to face has nothing to do with the fact that its share capital is held by a German parent company. There is nothing to warrant the conclusion that a company with an exclusively Austrian share capital, also wanting to use the word 'Plus', would not have faced the same opposition.

54. The ground put forward by Löwa in order to change the name of its shops (international development of the corporate identity, advertising campaign covering several countries) does not establish either, in my opinion, any sufficient link with the principle of freedom of establishment. This ground relates to possible ways for the company to increase its turnover by using a name well-known in neighbouring countries as well as by a number of Austrian citizens who have travelled in such countries.

55. However, no provision of Community law requires Member States to do their utmost to assure the most favourable circumstances for commercial strategies judged to be the most promising by firms established there, the capital of which is held by nationals of other Member States *inter alia* by disapplying their national legislation on intellectual property.

56. Article 52 of the Treaty provides that: 'Freedom of establishment shall include the right to take up and pursue activities as self-employed persons and to set up and manage undertakings, in particular companies or firms within the meaning of the second paragraph of Article 58, under the conditions laid down for its own nationals by the law of the country where such establishment is effected ...'.

57. The scope of the passage quoted by the defendant in the main proceedings from the *Gebhardt* case, where reference is made to

'national measures liable to hinder or make less attractive the exercise of fundamental freedoms guaranteed by the Treaty', might lead to confusion — and Löwa's arguments are evidence of this — and would for this reason benefit from clarification.

58. One must not arrive at a situation where Member States are required to justify as 'imperative requirements' all kinds of provisions of their legislation, for instance rates of corporate taxation or their rates of VAT, which are higher than elsewhere, the necessity to use the national language in relationships with administrative authorities or the principle that a registered trademark or a business name used previously has a priority, whenever an operator claims that such a provision makes its right of establishment less attractive.

59. For national legislation to require justification vis-à-vis Article 52 of the Treaty, it must have a sufficiently close link with the freedom of establishment. I agree with the Commission that such is not the case as far as Paragraph 9(1) of the UWG is concerned.

60. In case the Court should nevertheless disagree, I would now like to examine the present case in light of the case-law of the Court, according to which obstacles to the exercise of the right of establishment must be accepted only if the national measures liable to hinder or make less attractive the exercise of fundamental freedoms guaranteed by the Treaty fulfil four conditions.

61. Firstly, these measures must be applied in a non-discriminatory manner. This is undeniably the case as regards Paragraph 9 of the UWG. This provision applies to domestic undertakings as well as to undertakings wishing to establish themselves in Austria. Furthermore, there is nothing in the documents before the Court to show that the practical application of this provision puts foreign undertakings at a disadvantage by comparison with domestic undertakings.

62. Secondly, the said measures must be justified by overriding reasons in the general interest. However, as the *Coditel* judgment [15] shows, the Court has upheld, for overriding reasons in the general interest, restrictions resulting from the application of national legislation on the protection of intellectual property. Even though, in that judgment, the Court had expressed itself on the legitimacy of the protection of intellectual property to justify a restriction on *freedom to provide services*, such an interest must still be considered as an

15 — Case 62/79 [1980] ECR 881, paragraph 15.

overriding reason in the general interest deserving of protection in the context of a restriction on *the freedom of establishment.*

63. Thirdly, as to the requirement that the national measure in question must be suitable for ensuring the attainment of the objective which it pursues, it should be pointed out that the protection of the specific designation of an undertaking, with the benefit of priority, aims at preventing as between two undertakings with similar designations, a 'risk of confusion' which would enable an undertaking to benefit improperly from the similarity between the two designations. Such an objective is undoubtedly attained by the prohibition on use of a name with an earlier right of priority.

64. It remains to be seen if such a prohibition fulfils the fourth condition set by the case-law, namely that it must not go beyond what is necessary in order to attain the objective pursued.

65. In that regard, what is important to bear in mind is the fact that Pfeiffer limits its claim to three federal *Länder* of the Republic of Austria. A prohibition covering the national territory may be considered as disproportionate where the undertaking benefiting from protection operates only on a regional or a local market.

66. In addition, the extent of the geographical territory for which a prohibition may be ordered constitutes a question of fact which it is for the national court to determine.

67. Löwa also contends that the prohibition sought by Pfeiffer goes beyond what is necessary in order to attain the objective pursued as there is in fact no risk of confusion between the two business names.

68. This argument is at the heart of the main proceedings. However, as I mentioned above, the Handelsgericht does not ask the Court to decide on the issue whether, in the present case, there is a risk of confusion, or to clarify the scope, under Community law, of the concept of risk of confusion. It takes this risk for granted.

69. However, Löwa is not satisfied with this situation. It would like to have the Court uphold the submission that the concept of risk of confusion is not a matter for national courts and that it must, by virtue of Community law, be interpreted strictly. It is seeking in this way to force the national court to accept that there is no risk of confusion. Löwa submits that, owing to the harmonisation of trademark law by Directive 89/104, it is necessary to take into account, at the level both of the law laid down by the Treaty and of secondary legislation, the objective of the European legislature, which is to achieve the

completion of the internal market in this area too. According to Löwa, concepts such as the possibility of confusion cannot be interpreted broadly in order to attain this objective. According to Löwa, even if the directive only governs trademarks, whereas, in the present case, the matter for determination is the conflict between two business names, it is necessary to begin with the idea of a concept of risk of confusion, one that is in principle uniform, for all signs. More specifically, Löwa draws attention to the fact that both itself and Pfeiffer always use the designations at issue with additions which, it says, are such as to reduce, if not to eradicate, any risk of confusion.

70. Pfeiffer, for its part, relies on the line of case-law developed by the Court in the field of trademarks in relation to Articles 30 and 36 of the Treaty. More specifically, it relies on the judgment in *Deutsche Renault* [16] according to which, in the field of trademarks, determination of the existence of a risk of confusion is a matter for the national court. What applies to the packaging of goods, should, argues Pfeiffer, also apply to the name of the undertaking. A name of a supermarket which is liable to be confused should be prohibited just as are product lines which are liable to be confused.

71. Like Pfeiffer, I consider that the question whether the 'risk of confusion' is real is a question of fact to be determined by the national court. One should in this respect proceed by analogy with the case-law on trademarks, developed under Article 36 of the Treaty, and take as an example the *Deutsche Renault* judgment, in which the Court stated that the adoption of criteria for a finding of risk of confusion forms part of the detailed rules for trademark protection which are a matter for national law. [17] Furthermore, the Court held, in reply to the question of whether the notion of risk of confusion should be interpreted strictly, that 'Community law does not lay down any strict interpretative criterion for the concept of risk of confusion'. [18]

72. Quoting the Advocate General, the Court justifies this conclusion in the following terms:

'Further ... a trademark right as an exclusive right and protection against marks giving rise to risk of confusion are in reality ... two sides of the same coin: reducing or extending the scope of protection against the risk of confusion simply reduces or extends the scope of the right itself. Both aspects must accordingly be governed by a single homogeneous

16 — Case C-317/91 [1993] ECR I-6227.

17 — Paragraph 31.

18 — Paragraph 32.

source of law — that is, at present, by national law.' [19]

73. The Court points out, of course, that national law is subject to the limits set out in the second sentence of Article 36 of the Treaty. [20] Under this provision, prohibitions or restrictions on imports justified on grounds of the protection of industrial and commercial property are not to 'constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States'.

74. More specifically, the Court pointed out 'that it is for the national court to decide whether the use of the words "Quattro" and "Quadra" in composite designations such as "AUDI Quattro" and "Espace Quadra" is sufficient to exclude the risk of confusion, even if it is established that the designation "Quattro" has achieved a high degree of recognition'.

75. Transposing this reasoning to the case before us, it can equally be said that the detailed rules for protection of the right to a specific designation of an undertaking, which include the concept of risk or danger of confusion, are, in the absence of any harmonisation in Community law, a matter for national law.

76. Consequently, the question whether the use by Löwa of the specific designation 'Plus', with or without addition, is likely to result in a risk of confusion with the designation used by Pfeiffer since 1969, should be left for determination by the national court.

77. To conclude on the argument derived by Löwa from the fourth condition laid down by the case-law of the Court in the matter of imperative requirements, all I need say is that prohibiting Löwa from using the designation at issue is not disproportionate by comparison with the objective pursued assuming that the national court reaches (or maintains) the conclusion that there is an actual risk of confusion.

78. For the foregoing reasons, I am of the opinion that Article 52 of the Treaty does not preclude a prohibition on the use of a specific designation in circumstances such as those in point in the main proceedings.

19 — Paragraph 31.
20 — Paragraph 33.

Conclusion

79. Concluding this analysis, I propose that the Court answer the question submitted by the Handelsgericht Wien as follows:

Articles 30 and 52 of the EC Treaty, properly construed, do not preclude, in circumstances such as those in the present case, the application of national provisions requiring that, in the case of specific designations of undertakings which are liable to be confused, the one with earlier priority is to be protected, and thus prohibiting an undertaking from using, in three *Länder* of the Republic of Austria, a specific designation of undertaking under which companies in the same group lawfully appear in other Member States.