requirements relating to consumer protection, since, assuming that consumers are misled, it can only be as to the place of registration of the trade mark, which is a secondary concern, and not as to the quality of the product, which is a prime concern, nor on the imperative requirements relating to fair trading, since, firstly, a prudent businessman with an interest in whether or not a trade mark is legally protected by virtue of registration can obtain precise information on that point, and, secondly, a person who registers a trade mark seeks, above all, to obtain that protection and the possibility of affixing a symbol indicating the existence of the protection is only ancillary thereto.

REPORT FOR THE HEARING
in Case C-238/89 *

I — Facts and procedure

1. P. J. Dahlhausen & Co., the defendant in the main proceedings, markets in the Federal Republic of Germany blood filters which it imports from Italy. The Italian manufacturer puts on the filters themselves and on the packaging the name 'Miropore', followed by the letter (R) in a circle. In addition to the stamp put on every pack with the mark in question and further information on use, manufacturer, size and dates of manufacture and expiry, the manufacturer affixes the name of the defendant (as the distributor) to the packs of filters supplied to it.

Pall Corp., the plaintiff in the main proceedings, applied *inter alia* for an injunction restraining the defendant from using in the Federal Republic of Germany the letter (R) after the name 'Miropore' for blood filters on the ground that that trade mark is not protected in Germany. In these circumstances, the use of the letter (R) in its view constituted, according to the plaintiff, misleading publicity prohibited under Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb (Law on Unfair Competition). Paragraph 3 provides as follows:

'Any person who, in the conduct of business, for purposes of competition makes misleading statements regarding commercial matters, in particular regarding the quality, origin, method of manufacture or of calculating the price of specific goods or services or the whole range of his products or services, price lists, the manner in which supplies are obtained or their source, the winning of awards, the cause or purpose of the sale or the quantities available may be made the subject of proceedings for an injunction restraining him from making such statements.'

The national court considers that the requested injunction must be granted in accordance with the German legislation, but

* Language of the case: German.

it expresses doubts as to whether such an injunction might amount to a quantitative restriction within the meaning of Article 30 of the Treaty.

Consequently, the Landgericht München I decided, by order of 29 June 1989, to stay the proceedings pursuant to Article 177 of the Treaty until the Court of Justice had given a preliminary ruling on the following questions:

'(1) Is the prohibition laid down in the case-law of the courts of the Federal Republic of Germany founded on Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb (Law on Unfair Competition) on putting goods into circulation in the Federal Republic of Germany with the (R) symbol added to the name of the product when there is no trade-mark protection in the Federal Republic of Germany tantamount in its effect to a quantitative restriction prohibited by Article 30 of the EEC Treaty if it is also applied to cases in which there is trade-mark protection in another EEC country?

(2) In the particular circumstances of the case in question, is Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb applicable for the purpose of protecting the legal interests mentioned in Article 86 of the EEC Treaty?'

2. The order of the Landgericht München I was registered at the Court Registry on 31 July 1989.

In accordance with Article 20 of the Protocol on the Statute of the Court of Justice of the European Communities, written observations were submitted by the following:

Pall Corp., plaintiff in the main proceedings, represented by J. Pagenberg, Rechtsanwalt, Munich,

P. J. Dahlhausen & Co., defendant in the main proceedings, represented by Mr Donle, Rechtsanwalt, Munich,

the Government of the Federal Republic of Germany, represented by Ernst Röder, Regierungsdirektor in the Ministry of Economic Affairs, and Horst Teske, Ministerialrat in the Ministry of Justice,

the Government of the Italian Republic, represented by Oscar Fiumara, avvocato dello Stato,

the United Kingdom of Great Britain and Northern Ireland, represented by S. J. Hay, of the Treasury Solicitor's Department,

the Commission of the European Communities, represented by Jörn Sack, Legal Adviser, assisted by Renate Kubicki, a civil servant in the Ministry of Justice of the Federal Republic of Germany, seconded to the Commission's Legal Department.

Upon hearing the report of the Judge-Rapporteur and the views of the Advocate General, the Court decided to open the oral procedure without any preparatory inquiry.

II — Summary of the written observations submitted to the Court

3. Dahlhausen & Co., the Italian Government and the Commission propose that the Court should rule that a prohibition such as that at issue constitutes a measure having an effect equivalent to a quantitative restriction on imports within the meaning of Article 30 of the Treaty which cannot be justified by imperative requirements or on the basis of Article 36 of the Treaty.

Dahlhausen & Co. considers that the application in this case of Paragraph 3 of the Law on Unfair Competition is contrary to Article 30 of the Treaty since it forms an obstacle to imports in so far as the products in question can be offered for sale in Italy in their present packaging and any change in that packaging solely for the German market would be uneconomical, so that the products would no longer be imported into Germany.

Imperative requirements such as fair trading and consumer protection cannot justify the creation of this obstacle, since in order to safeguard those interests it is not essential to prohibit the stamping of a trade mark accompanied by a symbol to show that it is protected, if it is in fact protected in the Member State of origin. Under German law the addition of the (R) symbol does not mean that the trade mark in question has been registered in Germany.

The territorial limitations on trade marks in the Community do not make it imperative, on the ground of fair trading, that an indication that the trade mark is protected may be allowed only in the country in which such protection was granted. In that regard, Dahlhausen refers to the judgment of the Court in the 'Bocksbeutel' case (Case 16/83 *Criminal Proceedings against Carl Prantl* [1984] ECR 1299, paragraph 27), in which the Court stated that consumer protection and fair trading had to be guaranteed with regard on all sides for the fair and traditional practices observed in the various Member States. Dahlhausen considers that that is not altered, at least where it is possible to identify the country of origin in which the trade mark is protected, by the fact that the conditions for protecting trade marks are not the same in the various Member States.

As regards consumer protection, Dahlhausen states that the purpose of a trade mark is to indicate that goods originate from a particular undertaking and not to supply information as to the authority with which the trade mark has been registered.

Even if a small number of German consumers were to imagine that the (R) symbol indicated that the trade mark was formally protected in Germany, protection against that interpretation, which is erroneous and not widespread, does not appear to be an imperative requirement in view of the importance of the free movement of goods for the common market.

Furthermore, Dahlhausen & Co. considers that it is necessary to apply to the present case the line of reasoning adopted in the Court's judgment Case 177/83 *Kohl* v *Ringelhan & Rennett* [1984] ECR 3651, paragraph 15, in which the Court stated that the prohibition of the use of a distinctive symbol for the sole reason that the public might be misled as to the domestic or foreign origin of the goods constituted discrimination against the imported goods.

Dahlhausen & Co. proposes that the questions referred to the Court should be answered as follows:

'The application of Paragraph 3 of the Law on Unfair Competition which would prohibit the defendant from putting into circulation in the Federal Republic of Germany blood filters bearing the trade mark 'Miropore' followed by the letter (R) in a circle to show that the trade mark in question is registered in Italy is in this case contrary to Article 30 of the EEC Treaty.'

The Italian Government considers that a prohibition such as that concerned in this case constitutes a measure having equivalent effect prohibited by Article 30 of the Treaty. Adding the (R) symbol to the trade mark does not in any way affect its substance, and both the origin and the quality of the product are clear from the information on the packaging. Consequently, consumer protection and fair trading are not affected.

The Italian Government therefore proposes that the first question should be answered in the affirmative and the second in the negative.

The Commission first of all states that Council Directive 84/450/EEC of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising (Official Journal 1984 L 250, p. 17) is not applicable in this case. The sole purpose of the (R) symbol is to inform competitors of the existence of a protected trade mark and not to give any information on the trade mark itself or in particular to enable a conclusion to be drawn as to the State in which the trade mark is registered or as to the quality of the product in question. Therefore the (R) symbol cannot be considered to be a form of advertising within the meaning of Article 2 of the directive.

In this case the Commission considers that the prohibition constitutes a measure having equivalent effect within the meaning of Article 30 of the Treaty which cannot be justified on the basis of Article 36 or on the basis of imperative requirements. The latter may be taken into consideration only as regards measures which apply to domestic and imported products without distinction. In deciding whether the use of the symbol is prohibited, the national court seeks precisely to draw a distinction according to whether the trade mark is protected under German law or only under the law of another Member State (see judgment in Case 177/83, cited above). Such a distinction based on the origin of the goods is not valid, especially as the law on trade marks has since been harmonized and therefore all trade marks are in principle to be treated as being of equal rank.

The Commission therefore proposes that the Court should rule as follows:

'Articles 30 and 36 of the EEC Treaty must be interpreted as meaning that the prohibition under national law of the offering for sale and putting into circulation of goods which display the international symbol (R) and are manufactured in another Member State, in which the trade mark is protected, must be regarded as a measure having an effect equivalent to a quantitative restriction and therefore prohibited.'

4. Pall Corp. and the United Kingdom consider that the prohibition in question is not a measure having an effect equivalent to a quantitative restriction on imports and is therefore not contrary to Article 30 of the Treaty.

Pall Corp. considers that the (R) symbol indicates the existence of a trade mark registered in the country in which it is used. That follows from the territorial nature of trade marks and from the different national procedures and different conditions applicable to the registration of trade marks in the Member States. A statement that the trade mark is registered is therefore liable to be misleading in cases in which the trade mark has not in fact been registered in the country in question. Moreover, such a statement should be considered to be unfair competition *vis-à-vis* other competitors. If the registration of a trade mark in any State of the Community were sufficient to justify the use of the (R) symbol, trade marks would no longer be lodged for registration except in the countries which require mere registration, and the countries providing for prior examination and opposition procedures would be avoided.

Pall Corp. considers that this case, unlike the 'Bocksbeutel' case (Case 177/82, cited above), relates not to the free movement of goods but to an unjustified claim to trade-mark rights, a claim which must be prohibited for imperative reasons of consumer protection.

Such a prohibition applies to domestic and imported products alike.

Moreover, it cannot be considered an appreciable barrier to the free movement of goods. It would be very simple to use a single packaging for every State and to indicate the State in which the trade mark is registered. To require such an express reference of this kind does not constitute discrimination since the manufacturer is not obliged to use the (R) symbol.

Pall Corp. therefore proposes the following reply:

'Article 30 of the EEC Treaty does not apply to the prohibition of reference to a protected trade mark where the trade mark is protected not in the State in question but in another Member State of the Community.'

The *United Kingdom* considers that the use of the (R) symbol, which indicates that a trade mark is registered, misleads customers and competitors if the trade mark is not registered in the country in which the goods are being sold. That will not change until a Community trade mark is created; the owner of such a trade mark will be justified in using an indication of registration, such as the symbol (R), anywhere in the Community.

In the present state of law within the Community, where there are substantial differences in the conditions for the registration of trade marks, if it were to be held that registration in one Member State justified a manufacturer in implying in all other Member States that his mark is registered, this would amount to discrimination in favour of the manufacturers in those Member States where registration is easiest to obtain. Moreover, it could lead to 'forum shopping' so far as the choice of the

countries in which the trade marks are lodged is concerned.

The United Kingdom considers that the 'Bocksbeutel' case (Case 177/83, cited above) is distinguishable from the present case on the facts and therefore does not provide a precedent. In the 'Bocksbeutel' case, although the shape of the bottle might have misled consumers, the label on the bottle made clear the true position as to the nature and origin of the wine. In the present case, on the other hand, the true position is not apparent from the packaging.

In this case, the use of some indication next to the (R) symbol, such as 'trade mark registered in Italy', might provide a clear method of marking which could be used in any country without being misleading. The costs involved in such an addition would only be very small and should not be seen as discriminatory, especially since it is entirely up to the manufacturer whether or not to use the (R) symbol. He could therefore easily escape the prohibition in question in this case, which is not contrary to Article 30 of the Treaty, either by refraining from using the (R) symbol or by supplementing it with wording making the true position clear.

5. *The German Government*, while also proposing that the first question should in principle be answered in the negative, nevertheless considers that in the event that the national court should make certain findings of fact, the prohibition might be contrary to Article 30 of the Treaty.

The German Government considers that the reply to the question referred to the Court is determined by Directive 84/450 on misleading advertising. National measures which comply with the directive do not constitute an obstacle to trade covered by Article 30 of the Treaty. In Germany, Paragraph 3 of the Law on Unfair Competition fully assures the implementation of the directive and must be interpreted in the light of the directive.

It is clear in particular from Article 2(2) ('presentation') and from Article 3(c) of the directive (claim to intellectual property rights) that the use of the (R) symbol in conjunction with the trade mark constitutes advertising within the meaning of the directive.

In order to ascertain whether advertising is misleading, it is necessary to establish whether a substantial proportion of the categories of persons concerned, and in particular purchasers, take the mere use of the (R) symbol to mean that a trade mark is protected in the country in which the goods are sold. The German Government considers that it is for the national court to determine this point by means of measures of inquiry, such as an opinion poll.

If, as the German Government doubts, such measures of inquiry were to give rise to such a finding, it must then be ascertained, again by the national court, whether the confusion caused within the categories of persons concerned is capable of adversely affecting conditions of competition.

The German Government considers that the legal significance of confusion engendered in a minority of persons depends not only

on a minimum numerical threshold; it is also determined by weighing the interests at stake in the particular case, a task to be performed by the national court which, in so doing, will have regard to considerations of a higher order. Those considerations include legal principles embodied in Community law, and in particular the principle of the free movement of goods.

A prohibition imposed by the courts on the use of the name of a product manufactured in another Member State of the Community followed by the symbol (R), where there is in that other Member State trade-mark protection for that name, may restrict the free movement of goods. Consequently, it is compatible with the directive on misleading advertising only if it is established in the main proceedings, both on the basis of findings of fact and after the necessary weighing of the interests at stake, that in fact a legally significant proportion of the categories of persons concerned conclude, merely from the use of the (R), that there is national trade-mark protection and if that has an appreciable effect on conditions of competition.

Even if those requirements are not satisfied, a prohibition may in principle be adopted under national law pursuant to Article 7 of the directive, which permits a wider protection. But in that case such a measure would have to be assessed on the basis of the principles laid down by the Court of Justice in cases in which there is no Community legislation. Such a measure is therefore justified only if it is necessary in order to satisfy imperative requirements relating to fair trading or consumer protection. The German Government considers that there is no such requirement where the name used is objectively accurate, that is to say where a trade mark is in fact protected in another Member State and, although the statement in question may be misunderstood in the country by a small minority of persons concerned, who will believe that the trade mark is protected there, it will not mislead the vast majority of the categories of persons to which it is addressed.

Consequently, the German Government proposes that the question should be answered as follows:

'(1) (a) Where it is misleading advertising within the meaning of the Council Directive of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising (84/450/EEC, Official Journal 1984 L 250, p. 17) to put into circulation goods with the symbol (R) added to the name of the product when there is no trade-mark protection in the country of destination, a prohibition based on that directive is not a measure which is equivalent in its effect to a quantitative restriction on imports contrary to Article 30 of the EEC Treaty even if that prohibition is applied to cases in which the trade mark is protected in another Member State of the European Community.

(b) There is misleading advertising within the meaning of the directive only if it appears in the main proceedings, on the basis of the findings of fact and after the interests at stake have been weighed and the principle of the free movement of goods has been taken into account, that a legally significant proportion of the categories of persons concerned actually conclude, merely from the use of the (R) symbol, that the trade mark is protected within that country and that that affects conditions of competition. It is for the court hearing the main proceedings to make the necessary findings of fact.

(c) In the present case a prohibition of the use of the symbol (R) to show that the trade mark is protected, based on Paragraph 3 of the Law on Unfair Competition and outside the scope of the Community directive on misleading advertising, is not compatible with the provisions on the free movement of goods within the Community.

(2) In principle, national measures against misleading advertising must be assessed by reference to the Council Directive of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising (84/450/EEC, Official Journal 1984 L 250, p. 17); in so far as the directive permits national measures conferring more extensive protection, these must be justified on the basis of imperative requirements relating to fair trading and consumer protection (Articles 30 and 36 of the EEC Treaty).'

G. C. Rodríguez Iglesias
Judge-Rapporteur