OPINION OF ADVOCATE GENERAL RUIZ-JARABO COLOMER delivered on 17 January 2006 [1]

I — Introduction

1. The most significant difference between the protection afforded by trade mark law and that provided by the other intellectual and industrial property rights in all probability lies in its duration, since it is granted for an indefinite time, subject only to actual use of the trade mark and payment of the registration renewal fees. However, this characteristic does not give protection against fluctuations in the market, because keen competition or other circumstances may deprive the trade mark of its *raison d'être*, of its ability to identify the goods or services of the proprietor undertaking, for example, owing to changes in the way it is perceived by the relevant public.

2. The facts in the present case constitute a prime example of those changes and the problems they cause. The Belgian Cour de cassation (Belgium's supreme court) wishes to know at what time that impression made on consumers should be assessed, for the purposes of determining whether there is any likelihood of confusion between a registered trade mark and a symbol introduced into the same market by another company which would thereby infringe it. This is no trifling matter since, if the right over that intangible asset is weakened, the reply has different consequences depending on the moment deemed appropriate for the court to assess that likelihood.

3. We need only look at the number of people in the street wearing jeans every day to have an idea of the economic significance of that article of clothing for trade [2] and, consequently, of the background to the

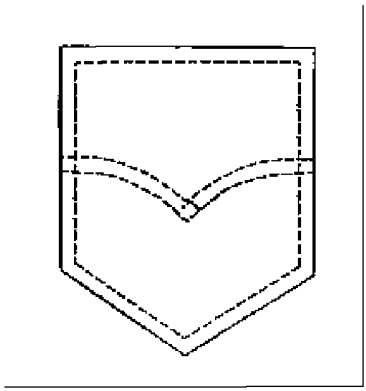
1 — Original language: Spanish.

2 — In its more that 150-year history, Levi Strauss has sold about 3 500 million pairs of trousers. Adrián, J., Levi's abandona sus raíces, http://winred.com (Levi's abandons its roots).

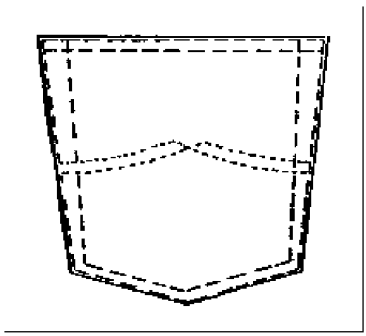
proceedings before the Belgian courts. There is controversy as to its origin, [3] but I doubt whether any other garment so representative of the American way of life has achieved the same universal acceptance. [4]

II — The facts and the questions referred for a preliminary ruling

4. In 1980 Levi Strauss & Co., a company established in the State of Delaware, United States, obtained from the Benelux Trade Mark Office registration of the graphic mark known as 'mouette', [5] a design represented by a double row of overstitching curving downwards in the middle, placed in the centre of a pentagonal pocket, for clothes in Class 25 of the Nice Classification, the design of which is reproduced below:



5. In 1997 Casucci Spa, established in Sant'Eligio Alla Vibrata (Termano, Italy), began marketing jeans also with a double row of overstitching, curving gently upwards in the centre of the back pockets, which has the following form:



3 — It was used mainly for working and in the 1950s began to be popular amongst teenagers. However, its history seems to be less well-known. It begins in Genoa, when that Italian city was still an independent republic and naval power. Its navy needed hard-wearing clothes for the sailors and used this kind of material which could be worn even when wet (http://en.wikipedia.org).

4 — Among the many references to this garment in recent literature, I should like to draw attention to Hosseini, K., a writer born in Afghanistan and resident in California, who, in his work *The Kite Runner*, paperback edition, Bloomsbury, London 2004, dresses the main character in '[b]lack leather coat, red scarf, faded jeans' (p. 58) on the winter's day in 1975 which changed his life, when he won the Kabul kite-fighting tournament, in the days of President Daoud Kan, who, after launching a coup d'état in 1973, had ousted his cousin, Sha Kazir, thus bringing an end to the monarchy in the country. A little later, Hosseini adds: 'His glance lingered admiringly on my leather coat and my jeans — *cowboy pants*, we used to call them. In Afghanistan, owning anything American, especially if it wasn't second-hand, was a sign of wealth.' (p. 61).

5 — The French word 'mouette' means 'seagull', also known as 'arcuate', as is stated in the order for reference.

6. Considering that that design infringed the rights deriving from its sign, the appellant in the main proceedings brought an action against the Italian company before the Tribunal de Commerce (Commercial Court), Brussels, seeking cessation of the use of the motif incorporated into the Casucci trousers and an order for damages against it.

7. When its claims were unsuccessful in that court, Levi Strauss brought an appeal before the Cour d'appel (Court of Appeal), Brussels, which, by judgment of 7 June 2002, upheld the judgment at first instance, ruling that the Italian company had not infringed the 'mouette' trade mark. It also held that there is little similarity between the conflicting signs and that Levi Strauss' trade mark has lost its quality as a 'strong' mark, owing to the constant and widespread use of its more distinctive components. It took the view that, nowadays, the overstitching signals the fact that the garments belong to the category of trousers made from denim, [6] known as 'jeans' in English. [7]

8. The Court of Appeal also held that the motifs on the respective pockets had different meanings, since, according to paragraph 23 of the judgment in *SABEL,* [8] the appreciation of the likelihood of confusion must be based on the overall impression given by the mark, and the Levi Strauss stitching evoked a seagull with outstretched wings whereas the Casucci stitching suggested rather the shape of a volcano. On the basis of that judgment, [9] and on paragraph 29 of the judgment in *Canon,* [10] the Brussels Cour d'appel stated that the lack of a conceptual overlap precluded the possibility that the public would believe that the jeans manufactured by the undertakings in dispute had the same commercial origin.

9. Unhappy with that judgment, Levi Strauss took the case to the Cour de cassation, where it is pending until an answer is given to the question referred for a preliminary ruling.

10. Essentially, Levi Strauss takes the view that the Court of Appeal infringed Article 5(1)(b) of Directive 89/104/EEC [11] by finding that its 'mouette' trade mark was no longer a strong mark. Its industrial property right was still strong in 1997, when the Italian company put the trousers on sale in the

6 — This word reflects the origin of the garment, attributed to the French city of Nîmes (serge de Nîmes, hence denim). It is made of cotton, sometimes mixed with nylon, and usually blue. It was used traditionally as work-wear on ranches and farms. *Encyclopedia Britannica*, 15th ed., ed. Helen Hemingway Benton, Chicago 1974, p. 466.

7 — The etymology of this word can be traced to the former Republic of Genoa, and probably stems from the English pronunciation of the French name for that city, Gênes, jeans (http://en.wikipedia.org).

8 — Case C-251/95 [1997] ECR I-6191.

9 — Specifically, on paragraphs 16 to 18.

10 — Case C-39/97 [1998] ECR I-5507.

11 — First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40 , p. 1).

Benelux countries, which is the time the Court of Appeal should have taken as a reference for determining the likelihood of confusion, in accordance with the case-law of the Benelux Court of Justice in the judgment in *Quick*. [12]

11. Finally, the American undertaking maintains that the Court of Appeal's finding that the 'mouette' trade mark was weak because it had lost its distinctive character owing to the widespread use of its most characteristic components lacks legal basis since the Court did not assess whether that circumstance was due, at least partially, to the appellant's inactivity in the face of increased competition.

12. Against that background, the Cour de cassation suspended proceedings and referred the following questions to the Court of Justice for a preliminary ruling:

'1. For the purposes of determining the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of Directive 89/104 ..., must the court take into account the perception of the public concerned at the time when use commenced of the similar sign which allegedly infringes the trade mark?

2. If not, may the court take into account the perception of the public concerned at any time after the commencement of the use complained of? Is the court entitled in particular to take into account the perception of the public concerned at the time it delivers the ruling?

3. Where, in application of the criterion referred to in the first question, the court finds that the trade mark has been infringed, is it entitled, as a general rule, to order cessation of the infringing use of the sign?

4. Can the position be different if the claimant's trade mark has lost its distinctive character wholly or in part after commencement of the unlawful use, but solely where that loss is due wholly or in part to an act or omission by the proprietor of that trade mark?'

III — Procedure before the Court of Justice

13. The reference for a preliminary ruling was lodged at the Registry of the Court of Justice on 31 March 2005.

12 — Judgment of 13 December 1994 (A 93/3).

14. Written observations were lodged, within the time-limit laid down in Article 20 of the Statute of the Court of Justice, by Levi Strauss and the Commission of the European Communities. Casucci, on the other hand, expressly waived its right to do so in a document from its legal representative dated 1 June 2005.

15. At the hearing on 17 November 2005, the appellant in the main proceedings and the Commission presented oral argument.

IV — Legal framework

16. The outcome of the dispute depends essentially on the interpretation of Directive 89/104, which seeks 'to approximate the trade mark laws of the Member States in order to remove disparities which may impede the free movement of goods and freedom to provide services or distort competition within the common market. However, the intervention of the Community legislature, not being intended to achieve full-scale approximation of these laws, remains limited to certain aspects concerning trade marks acquired by registration'.[13] In particular, it does not include procedural rules.

13 — Point 3 of the Opinion I delivered on 6 November 2001 in Case C-273/00 *Sieckmann* [2002] ECR I-11737. Also, recitals 3 and 9 of Directive 89/104.

17. Article 5(1) and (3) of the Directive provides:

'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:

(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 industrial property right and the logo], 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.

...

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 there under;

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

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

18. Under Article 12(2) of the Directive:

'A trade mark shall also be liable to revocation if, after the date on which it was registered,

(a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;

...'

V — Analysis of the questions referred for a preliminary ruling

19. As a preparatory step to examining the questions referred to the Court of Justice by the Cour de cassation, we should recall the fundamental concern in the main proceedings. It is important, in this case, to determine the moment at which the national court must assess the likelihood of confusion, since it is apparently not disputed that the 'mouette' trade mark lost its distinctive character in the period before proceedings were brought in Belgium. Therefore, a completely different result may be reached depending on whether that likelihood is assessed before or after, and that result affects the calculation of the time to be taken into account for assessing possible damages.

A — *The first and second questions referred for a preliminary ruling*

20. By these questions, the national court wishes to know when, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, for the purposes of Article 5(1) of Directive 89/104, it must take into account the perception of the public concerned; it envisages three situations, depending on whether it takes account of (a) the time use commences of the sign which infringes the trade mark, (b) any other time, or (c) the time it delivers its ruling.

21. It is worth pointing out that, according to settled case-law, the essential function of a trade mark is to guarantee the identity of the origin of the marked products or services to the consumer or end-user by enabling him to identify them without any possibility of confusion. [14] Therefore, only a trade mark which has a distinctive character is capable of fulfilling that role, since, if it did not, it would be denied access to the register, as is inferred from Article 3(1)(b) of the Directive. [15]

22. Once it has been registered at the appropriate office and published in the relevant journal, the trade mark confers on its proprietor the rights listed in Article 5 of Directive 89/104. Although no provision is laid down in this regard, legal logic dictates that those rights shall be exercised for as long as proprietorship of the trade mark endures.

23. As the Commission rightly points out, according to the judgment in *SABEL*, [16] the perception of marks in the mind of the average consumer of the goods or services in question plays a decisive role in the appreciation of the likelihood of confusion, and is a particularly important criterion for determining the distinctive character. However, over time the way in which the public responds to those signs changes, especially in the light of the approach taken by the other suppliers of products or services in the same market, and affects the distinguishing power of the signs.

24. Consequently, the rights arising under Article 5 take full effect only if they protect

14 — Case 102/77 *Hoffmann-La Roche* [1978] ECR 1139, paragraph 7; Case C-299/99 *Philips* [2002] ECR I-5475, paragraph 30; and Case C-37/03 P *BioID* v *OHIMI* [2005] ECR I-7975, paragraph 27. Also, recital 10 of the preamble to Directive 89/104.

15 — In conjunction with Article 7(1)(b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), *alter ego* of the provision in Directive 89/104, and the judgments in Case C-329/02 P *SAT.1* v *OHIM* [2004] ECR I-8317, paragraph 23; and in *BioID* v *OHIM*, cited in the previous footnote, paragraph 27.

16 — Paragraph 23.

their holder *ipso facto*, that is to say, if they are actionable from the moment they are infringed. For goods given a symbol which infringes a trade mark right by confusing the public for which they are intended, infringement of the industrial property right occurs the moment the items are marketed and continues until the situation is remedied.

25. Therefore, the national court must not take as the reference point for assessing the likelihood of confusion a time after the beginning of that unlawful act, since that would be to reduce the protection afforded to the lawful proprietor of the mark. However, it must also not extend that protection beyond the date on which those rights cease to support the proprietor. In this case, therefore, the day on which a ruling is given in the action must not be taken into account, since it would not be appropriate either for assessing the impact of the aforementioned likelihood on the distinctive character of the mark or for adopting the relevant measures or penalties.

26. If, as in the main proceedings, where damages are claimed, it is found that, when the case comes before the court, no right is being infringed because, for whatever reason, the trade mark has lost its distinctive character, it is also necessary to ascertain at what moment the protected sign ceased to have legal effect, in order to calculate the time for which that compensation may be claimed.

27. Consequently, where a sign similar to a trade mark infringes it by causing a likelihood of confusion between the two, the national court, for the purposes of determining the scope of protection of that trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of Directive 89/104, must take into account the perception of the public concerned at the time when use commenced of the sign.

B — *The third question*

28. Essentially, this question asks whether a specific measure, an order for the cessation of the use of the infringing sign, is appropriate prevention in the circumstances outlined in the two previous questions: where the court had found that the use of that sign constitutes an infringement.

29. I have already pointed out that Directive 89/104 does not harmonise the national laws with regard to procedure, which is governed by the principle of autonomy, under which the Member States are at liberty to select the appropriate means of implementing the substantive rules laid down by the Community legislature.

30. However, when transposing the directives into national law, Member States must act in accordance with the principle of cooperation in good faith, enshrined in Article 10 EC. Accordingly, it is necessary to comply, as well as with this prerequisite, with the settled case-law of the Court of Justice, [17] which requires national courts to interpret and apply the legislation adopted for the implementation of a directive in conformity with the requirements of European law, so that the decisions they take guarantee the judicial protection of the rights arising under those legislative provisions.

31. So far as concerns the harmonisation of the rules governing trade marks, although Directive 89/104 did not expressly deal with the procedural aspects, [18] it does touch indirectly on some points.

32. Article 5(3) of Directive 89/104, when defining the *ius prohibendi* of the holder of a trade mark right, hints at the most appropriate means of achieving the results it describes. In the light of Article 5(3)(a) to (d), an order to cease using an infringing sign would be an effective measure; moreover, the national systems probably have similar devices.

33. Nevertheless, it is for the national court to decide whether such a measure is appropriate, in the light of all the circumstances prevailing at the time it gives its ruling, in order to guarantee the protection of the rights conferred by Directive 89/104.

C — *The fourth question*

34. By this question, the Cour de cassation asks whether it is appropriate to order cessation of the use of a sign which infringes a trade mark, if the latter has lost its distinctive character, wholly or in part, owing to acts or omissions by the proprietor of that trade mark. This is really a variation of the previous question.

35. Levi Strauss suggests that it should be answered in the affirmative, since that approach treats fairly the interests both of the holder of the industrial property right and of its competitors.

17 — Case 14/83 *Von Colson and Kamann* [1984] ECR 1891, paragraphs 23, 26 and 28; and Case C-352/95 *Phyteron International* [1997] ECR I-1729, paragraph 18.

18 — Meanwhile, steps have been taken towards harmonising procedures in industrial and intellectual property law, in particular with Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45), applicable to trade marks by virtue of Article 1 of that directive.

36. The Commission takes the view that, since distinctive character is determined in accordance with objective criteria, its loss cannot be the consequence of the attitude taken by the beneficiary of the protection afforded by Article 5, because the beneficiary's conduct affects the articles which expressly establish it, Article 9 (limitation in consequence of acquiescence) and Article 12 (grounds for revocation). Furthermore, the meaning of that rule would be distorted if an undertaking which has distributed goods or services, in infringement of the rights conferred by a legally protected intangible asset, the property of another economic trader, were to gain certain advantages from its unlawful act.

37. We must not forget that the nature of property right which registration formally confers on a trade mark, — whose legal effect derives from its registration, which is for an indefinite time, provided that it is used in the course of trade and that the fees are paid — means that its entry in the register may be deleted only by a declaration made by a competent legal body. In that connection, Directive 89/104 authorises competitors who use similar signs to seek, in certain circumstances, a declaration of invalidity or revocation. Changes in the perception of the subject-matter of industrial property are a prerequisite for taking such action. However they are not, on their own, sufficient to remove the protection afforded by that registration.

38. The Commission is right to draw attention to the rights of competitors which serve as a constraint and counterpoint to the rights of a trade mark proprietor. Nevertheless, the Commission's observations need to be clarified by drawing attention to two situations in the loss of distinctive character, which may be due both to factors connected with its use by the proprietor and to its widespread plagiarism by third-party companies, and even to the attitude of consumers.

39. The most usual example of the first situation consists in the excessive dissemination of the trade mark amongst users, who use it for other products or services, [19] causing it to become generally known. But also, certain omissions on the part of its proprietor bring harmful consequences, if actions for invalidity are not brought against infringers. [20] Finally, the public, by calling all similar items indiscriminately by the same brand name, makes it generic and deprives it of its distinctive character.

40. So, where the disappearance of the power to differentiate is caused by the activities of third party competitors in the market, to deny the national court the opportunity of ordering the cessation of the use of signs which is likely to have an adverse effect on a proprietor's use of his trade mark would be tantamount to encouraging those

19 — Fernández-Nóvoa, C., *Tratado sobre Derecho de marcas*, Marcial Pons, Madrid, 2004, p. 662, also points out that well-known trade marks are more exposed to this danger.

20 — *Ibidem.*

infringing undertakings to carry out a concerted action to flood the market with similar signs and then claim that the logo they have imitated has weakened. In this context, I agree with the Commission that it would allow them to gain an advantage through their own unlawful acts.

41. On the other hand, if, owing to a proprietor's excessive use of its own sign or to the unappealable verdict of the consumer, the sign's function as a guarantee of origin were to disappear and its distinctive character to fade, it would be open to the competitors of the firm which is the proprietor of the trade mark to bring proceedings for revocation under Article 12 or for invalidity under Article 3(1)(b). A formal declaration in those circumstances would cause the right to lapse, so that it would not be appropriate to prohibit the use of similar signs.

42. To sum up, the national court would be justified in refraining from ordering cessation of the use of a sign infringing a trade mark only if the other undertakings can establish that the trade mark is widely known for reasons unconnected with the use of their own marks, provided that cancellation of the mark is sought through the proper channels. Otherwise, the court's failure to act would be contrary to the spirit of protecting the rights of the proprietor in accordance with Articles 4 and 5 of Directive 89/104.

VI — Conclusion

43. In the light of the foregoing considerations, I suggest that the Court of Justice give the following reply to the questions referred by the Belgian Cour de cassation for a preliminary ruling:

'(1) Where a sign similar to a trade mark infringes it by causing a likelihood of confusion between the two, the national court, for the purposes of determining

the scope of protection of that trade mark which has been lawfully acquired on the basis of its distinctive character, in accordance with Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, p. 1), must take into account the perception of the public concerned at the time when use commenced of the sign.

(2) Once it has been established that a registered trade mark has been infringed, it is also for the national court to determine whether, in the light of all the circumstances prevailing at the time it gives its ruling, a judicial order to cease the use of the infringing sign is an adequate measure to ensure protection of the rights conferred on the proprietor of a trade mark by Directive 89/104.

(3) However, the national court may refrain from ordering that measure if the trade mark has lost its distinctive character in consequence of acts or inactivity of the proprietor, provided that the proprietor's responsibility for those acts or inactivity has been expressly declared in a decision taken by a competent body.