JUDGMENT OF THE COURT (Sixth Chamber)
9 January 2003 *

In Case C-292/00,

REFERENCE to the Court under Article 234 EC by the Bundesgerichtshof (Germany) for a preliminary ruling in the proceedings pending before that court between

Davidoff & Cie SA,

Zino Davidoff SA

and

Gofkid Ltd,

on the interpretation of Articles 4(4)(a) and 5(2) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1),

* Language of the case: German.

THE COURT (Sixth Chamber),

composed of: J.-P. Puissochet, President of the Chamber, C. Gulmann (Rapporteur), V. Skouris, F. Macken and N. Colneric, Judges,

Advocate General: F.G. Jacobs,
Registrar: H.A. Rühl, Principal Administrator,

after considering the written observations submitted on behalf of:

— Davidoff & Cie SA and Zino Davidoff SA, by J. Frisinger, Rechtsanwalt,

— Gofkid Ltd, by M. Wirtz, Rechtsanwalt,

— the Portuguese Government, by L. Inez Fernandes and I. Vieira Lopes, acting as Agents,

— the Commission of the European Communities, by K. Banks, acting as Agent, assisted by W. Berg, Rechtsanwalt,

having regard to the Report for the Hearing,

after hearing the oral observations of Davidoff & Cie SA and Zino Davidoff SA, represented by J. Frisinger; of Gofkid Ltd, represented by M. Wirtz; of the United

Kingdom Government, represented by J.E. Collins, acting as Agent, assisted by M. Tappin, Barrister; and of the Commission, represented by W. Berg, at the hearing on 13 December 2001,

after hearing the Opinion of the Advocate General at the sitting on 21 March 2002,

gives the following

Judgment

1 By order of 27 April 2000, received at the Court on 31 July 2000, the Bundesgerichtshof referred for a preliminary ruling under Article 234 EC two questions on the interpretation of Articles 4(4)(a) and 5(2) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1, hereinafter 'the Directive').

2 The questions have arisen in a dispute between Davidoff & Cie and Zino Davidoff SA (together 'Davidoff'), Swiss-based companies which distribute luxury items under the trade mark Davidoff, and Gofkid Ltd ('Gofkid'), a Hong Kong-based company, concerning the use by Gofkid of the trade mark 'Durffee' in Germany.

Legal framework

3 The Directive states as follows in the ninth and tenth recitals:

'... [I]t is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the Member States;... this should however not prevent the Member States from granting at their option extensive protection to those trade marks which have a reputation;

... [T]he protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and goods or services;... the protection applies also in case of similarity between the mark and the sign and the goods or services;... it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion;... the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection;... the ways in which likelihood of confusion may be established, and in particular the onus of proof, are a matter for national procedural rules which are not prejudiced by the Directive.'

4 Article 4(1) and (4) provide as follows:

'1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

(a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;

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

...

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

(a) the trade mark is identical with, or similar to, an earlier national trade mark... and is to be, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State concerned and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;

...'

5 Article 5(1) and (2) of the Directive provide:

'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 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.

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.'

The main proceedings and the questions referred for a preliminary ruling

6 Davidoff uses the trade mark Davidoff, which is registered internationally, including for Germany, to distribute gentlemen's cosmetics, cognac, ties, glasses

frames, cigars, cigarillos and cigarettes together with related accessories, and pipes and pipe tobacco together with related accessories, and leather goods.

7 Gofkid is the proprietor of the word and device mark Durffee, which was registered in Germany after the Davidoff mark.

8 It distributes *inter alia* precious metals and their alloys and also goods made from precious metals, precious metal alloys and goods plated with precious metals, including handmade and decorative items, tableware (except for flatware), centrepieces, ashtrays, cigar and cigarette cases, cigar holders and cigarette holders, jewelry, silversmith's and goldsmith's items, precious stones, watches and time-measuring instruments.

9 Davidoff brought proceedings against Gofkid in Germany, seeking an order, with a penal notice attached, that Gofkid desist from using the Durffee mark and annulment of the mark. It argued that there was a likelihood of confusion between the Durffee mark and the Davidoff mark. Gofkid uses the same script and the letters 'D' and 'ff' in the same distinctive manner as the Davidoff mark. It was alleged to be deliberately designed to take advantage of the high prestige value of the Davidoff mark and to use its advertising appeal for the goods it markets. The use of the Durffee mark is said to be detrimental to the good reputation of the Davidoff mark since the public does not tend to associate China with high-quality, exclusive products.

10 Gofkid asked for the action to be dismissed, arguing that there is neither a likelihood of confusion between the two marks at issue in the main proceedings nor a possibility of appropriation of reputation. It argued that the English script used in the Davidoff mark is frequently used for goods for smokers, but also for watches, jewelry and accessories.

11 Davidoff was unsuccessful in its action, both at first instance and on appeal, and now seeks review on a point of law by the Bundesgerichtshof.

12 In its order for reference, the Bundesgerichtshof points out the following:

— in the main proceedings, Davidoff seeks protection of a mark with a reputation against use of another mark, partly for identical goods and partly for similar goods;

— Davidoff's action was dismissed both at first instance and on appeal on the ground that there is no likelihood of confusion;

— the two marks at issue in the main proceedings are similar;

— nevertheless, further findings of fact are required before it is possible to determine whether there is a likelihood of confusion or not;

— accordingly, it is necessary to examine whether protection is conferred on marks with a reputation by Articles 4(4)(a) and 5(2) of the Directive, even in the case of use of a sign for goods which are identical or similar;

— on their wording, those two provisions of the Directive apply only where there is no similarity between the goods concerned;

— however, a broad interpretation of those provisions, by which they would also apply in the case of use of a sign for identical or similar goods, could be based on the consideration that protection of trade marks with a reputation seems even more justified in the case of use of a sign for such goods than in a case of use for non-similar goods;

— if the provisions referred to were none the less to be interpreted literally, the question arises of whether they exhaustively regulate the scope of protection which may be conferred on marks with a reputation under national law or whether they permit supplementary national provisions designed particularly to protect marks with a reputation against unfair competition in the case of later signs used for identical or similar goods.

13 Taking the view that the decision in the case depends on the interpretation of Articles 4(4)(a) and 5(2) of the Directive, the Bundesgerichtshof stayed proceedings and requested a preliminary ruling from the Court on the following questions:

'(1) Are the provisions of Article 4(4)(a) and Article 5(2) of First Council Directive 89/104/EEC... to be interpreted (and where appropriate applied) as also entitling the Member States to provide more extensive protection for marks with a reputation in cases where the later mark is used or to be used for goods or services identical with or similar to those in respect of which the earlier mark is registered?

(2) Are the grounds mentioned in Articles 4(4)(a) and 5(2) of the Trade Mark Directive (use which without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the earlier mark) exhaustive in regulating when it is permissible for provisions protecting marks with a reputation to be retained under national law, or may those articles be supplemented by national rules protecting marks with a reputation against later signs which are used or to be used in respect of identical or similar goods or services?'

The first question

14 By its first question, the national court essentially asks whether Articles 4(4)(a) and 5(2) of the Directive are to be interpreted as entitling the Member States to provide specific protection for registered trade marks with a reputation in cases where the later mark or sign, which is identical with or similar to the registered mark, is intended to be used or is used for goods or services identical with or similar to those covered by the registered mark.

Observations submitted to the Court

15 Davidoff, the Portuguese Government and the Commission submit that the first question must be answered in the affirmative, on the ground that the specific protection given to marks with a reputation by Articles 4(4)(a) and 5(2) of the Directive for non-similar goods must apply *a fortiori* for goods which are identical or similar.

16 Gofkid and the United Kingdom Government contend that the first question must be answered in the negative because that is the solution most in line with the wording of the provisions and the intention of the Community legislature. Sufficient protection of marks with a reputation is, moreover, already ensured by Articles 4(1)(b) and 5(1)(b) of the Directive since, according to the case-law, in particular Case C-251/95 *SABEL* [1997] ECR I-6191 and Case C-39/97 *Canon* [1998] ECR I-5507, a likelihood of confusion is found more readily in the case of marks with a reputation.

Findings of the Court

17 The Court points out *in limine* that the question will be examined below solely in the light of Article 5(2) of the Directive, but that the interpretation reached at the

end of that examination will apply *mutatis mutandis* to Article 4(4)(a) of the Directive.

18 It should be recalled that, unlike Article 5(1) of the Directive, Article 5(2) does not require Member States to provide in their national law for the protection to which it refers. It merely permits them to provide such protection. When that power has been used, marks with a reputation thus benefit from the protection under both Article 5(1) of the Directive and Article 5(2).

19 Article 5(2) of the Directive allows stronger protection to be given to marks with a reputation than that conferred under Article 5(1).

20 Protection is stronger for the goods and services to which it applies in that the proprietor may prevent the use of a sign which is identical with or similar to his mark for goods and services which are not similar to those in respect of which the mark is registered, that is, in situations where there is no protection under Article 5(1), since that provision applies only where goods or services are identical or similar.

21 This stronger protection is given when the use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark. This is thus specific protection against impairment of the distinctive character or repute of the marks in question.

22 In the main proceedings, the Bundesgerichtshof does not rule out the possibility that it may be difficult to establish the likelihood of confusion, in which case the proprietor of the mark with a reputation may have a legitimate interest in protecting the distinctive character and the repute of his mark under Article 5(2) of the Directive.

23 The question therefore arises of whether the wording of Article 5(2) of the Directive precludes its application also where a sign is used for identical or similar goods or services, given that it refers expressly only to the use of a sign for non-similar goods or services.

24 The Court observes that Article 5(2) of the Directive must not be interpreted solely on the basis of its wording, but also in the light of the overall scheme and objectives of the system of which it is a part.

25 Having regard to the latter aspects, that article cannot be given an interpretation which would lead to marks with a reputation having less protection where a sign is used for identical or similar goods or services than where a sign is used for non-similar goods or services.

26 On this point, it has not been seriously disputed before the Court that, where a sign is used for identical or similar goods or services, a mark with a reputation must enjoy protection which is at least as extensive as where a sign is used for non-similar goods and services.

27 The question debated before the Court was essentially whether protection of a mark with a reputation against the use of a sign for identical or similar goods or services which is detrimental to the distinctive character or repute of the mark cannot already be obtained under Article 5(1) of the Directive, so that it is not necessary to seek it under Article 5(2).

28 Although, in the light of the 10th recital of the Directive, the protection conferred under Article 5(1)(a) is an absolute right when the use affects or is liable to affect one of the functions of the mark (see Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraphs 50 and 51), the application of Article 5(1)(b) depends on there being a likelihood of confusion (see Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 34). The Court points out that in *SABEL*, cited above (paragraphs 20 and 21), it has already excluded a broad interpretation of Article 4(1)(b) of the Directive, which is, in substance, identical to Article 5(1)(b), an interpretation which had been suggested to it on the ground, *inter alia*, that Article 5(2) of the Directive, on its wording, applies only where a sign is used for non-similar goods or services.

29 Accordingly, where there is no likelihood of confusion, Article 5(1)(b) of the Directive could not be relied on by the proprietor of a mark with a reputation to protect himself against impairment of the distinctive character or repute of the mark.

30 In those circumstances, the answer to the first question must be that Articles 4(4)(a) and 5(2) of the Directive are to be interpreted as entitling the Member States to provide specific protection for registered trade marks with a reputation in cases where a later mark or sign, which is identical with or similar to the registered mark, is intended to be used or is used for goods or services identical with or similar to those covered by the registered mark.

The second question

31 In the light of the answer to the first question, it is not necessary to examine the second one, since it was asked by the national court only in the event that the first question was answered in the negative.

Costs

32 The costs incurred by the Portuguese and United Kingdom Governments and the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT (Sixth Chamber),

in answer to the questions referred to it by the Bundesgerichtshof by order of 27 April 2000, hereby rules:

Articles 4(4)(a) and 5(2) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks are to be interpreted as entitling the Member States to provide specific protection for registered trade marks with a reputation in cases where a later mark or sign, which is identical with or similar to the registered mark, is intended to be used or is used for goods or services identical with or similar to those covered by the registered mark.

Puissochet Gulmann Skouris

Macken Colneric

Delivered in open court in Luxembourg on 9 January 2003.

R. Grass

Registrar

J.-P. Puissochet

President of the Sixth Chamber