OPINION OF ADVOCATE GENERAL JACOBS
delivered on 2 April 1998 *

1. To what extent may a trade-mark owner object to the use of his trade mark by a third party in order to refer to the provision of services relating to his genuine trade-marked goods, when he has not registered his trade mark in respect of the type of services in question? That is the main issue raised by the present request for a preliminary ruling by the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) on the interpretation of the Trade Marks Directive. [1]

The facts

2. Bayerische Motorenwerke AG ('BMW AG'), a company established under the laws of the Federal Republic of Germany and whose registered office is in Munich, manufactures and markets motor vehicles. It has marketed BMW cars in the Benelux countries since 1930.

3. BMW AG has registered with the Benelux Trade Marks Office the trade name BMW and two figurative trade marks for, *inter alia*, engines and motor vehicles, as well as for parts of and accessories for engines and motor vehicles (collectively 'the BMW marks').

4. BMW AG markets its vehicles via a network of authorised dealers. In the Netherlands it supervises the network with the help of BMW Nederland BV ('BMW BV'). Authorised dealers are entitled to use the BMW marks for the purpose of running their business but are required to meet the high standards of technical quality deemed necessary by BMW AG and its subsidiaries when providing service and warranties and in sales promotion.

5. The respondent, Mr Deenik, runs a garage business. Although he is not one of BMW AG's authorised dealers, he has specialised in particular in the sale of second-hand cars of the BMW mark and in the repair and maintenance of cars bearing that mark.

6. In the present proceedings BMW AG and BMW BV (collectively 'BMW') submit that, when carrying on his business, Mr Deenik

* Original language: English.

1 — 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.

makes unauthorised use, in advertisements, of the trade marks of BMW AG, or at least of similar signs. By writ dated 21 February 1994, BMW accordingly sought an order prohibiting Mr Deenik from using the BMW marks or any similar signs in advertisements, publicity statements or other announcements, and from using such trade marks or signs in any other way for or in connection with his business. BMW relied on its rights under Article 13A of the Uniform Benelux Law on Trade Marks in the version in force at that time ('the Benelux Law').

7. The Arrondissementsrechtbank te Zwolle (Tribunal of Zwolle) ('the Rechtbank') took the view that a number of statements made by Mr Deenik in advertisements constituted unauthorised use of the BMW marks in so far as those statements might create the impression that they emanated from an undertaking that was entitled to use those trade marks and was thus affiliated to the dealer network of BMW. The Rechtbank accordingly made an order prohibiting Mr Deenik from using the BMW marks in such a way.

8. However, the Rechtbank also ruled that Mr Deenik was free to use, in advertisements, statements such as 'Repairs and maintenance of BMWs', since it was sufficiently clear that that statement referred only to products bearing the BMW mark; hence, even if such use did not come within the derogating provision in the third paragraph of Article 13A of the Benelux Law (which provided for the exhaustion of the rights of the trade-mark owner in relation to goods which he or his licensee had put into circulation under that mark), there were in any event reasonable grounds for the use of the mark and the proprietor of the trade mark could not thereby be adversely affected. Furthermore, the Rechtbank deemed permissible the use of statements such as 'Specialist in BMWs' or 'specialised in BMWs' inasmuch as BMW had not disputed that Mr Deenik had specialist experience regarding BMW vehicles and it was not for BMW to decide who was entitled to describe himself as a specialist in BMW vehicles. The Rechtbank also dismissed the claim for damages brought by BMW.

9. BMW appealed against that decision to the Gerechtshof (Court of Appeal), Arnhem, seeking, in addition to an order setting that decision aside in so far as their original claims had not been upheld or had been upheld only to a limited extent, a declaration in law, essentially to the effect that, by referring in advertisements to 'Repairs and maintenance of BMWs' and announcing that he was a 'Specialist in BMWs' or 'specialised in BMWs', Mr Deenik was infringing the trade-mark rights of BMW or was otherwise acting unlawfully. Mr Deenik cross-appealed.

10. On 22 August 1995 the Gerechtshof confirmed the decision of the Rechtbank both on the main appeal and on the cross-appeal. It was against that judgment that the appeal to the Hoge Raad (Supreme Court) was lodged.

11. As mentioned earlier, the writ in the present proceedings was issued on 21 February 1994. By that time the Trade Marks Directive should have been transposed into Benelux law since the deadline for implementation of the Directive was 31 December 1992. [2] However, the Benelux Protocol of 2 December 1992, amending the Benelux Law on Trade Marks pursuant to the Trade Marks Directive (in particular Article 13A(1) of the Law), did not come into force until 1 January 1996. I shall refer to the Benelux Law on Trade Marks as amended by that Protocol as 'the Amended Benelux Law'.

12. The Hoge Raad considers that the appeal before it raises the question whether it is the previous or the amended version of the Benelux Law which applies to the present case. Since the Benelux Protocol amending the Benelux Law does not in its view contain any transitional provisions with regard to Article 13A of that Law, the Hoge Raad has decided to refer that question to the Benelux Court. The Hoge Raad has also decided to refer to this Court the question whether Member States, when adapting their legislation to the Directive, are free to introduce transitional provisions or whether in doing so they must comply with specific restrictions, and if so, which.

13. The Hoge Raad also considers it necessary to refer further questions to the Benelux Court concerning the interpretation of Benelux Law both before and after the implementation of the Directive. Since it recognises that both the previous and the amended versions of the Benelux law must as far as possible be interpreted in the light of the wording and purpose of the Directive, it has referred similar questions to this Court concerning the interpretation of the Directive.

14. The questions referred to this Court are as follows:

(1) In view of the fact that, with regard to the rights associated with a trade mark, Directive 89/104/EEC contains a transitional legal provision only for the purpose of the case described in Article 5(4), are Member States otherwise free to lay down rules on the matter, or does Community law in general, or the objective and tenor of Directive 89/104 in particular, have the effect that Member States are not entirely free in that regard but must comply with specific restrictions, and if so which?

(2) If someone, without the authorisation of the trade-mark proprietor, makes use of that proprietor's trade mark, registered exclusively for specified goods, for the

2 — Under Article 16(1) of the Directive, Member States were to implement its provisions by 28 December 1991. However, by Decision 92/10/EEC, OJ 1992 L 6, p. 35, the Council made use of the power conferred on it by Article 16(2) and postponed the deadline for implementing the Directive until 31 December 1992.

purpose of announcing to the public that he (A) carries out repair and maintenance work on the goods which have been placed on the market under that trade mark by the proprietor or with his consent, or that he (B) is a specialist or is specialised with regard to such goods, does this, under the scheme of Article 5 of the Directive, involve:

(i) use of the trade mark in relation to goods which are identical to those for which it was registered, as referred to in Article 5(1)(a);

(ii) use of that trade mark in relation to services which must be deemed to constitute use of the trade mark within the meaning of Article 5(1)(a) or use of the trade mark as referred to in Article 5(1)(b), on the assumption that it can be stated that there is an identity between those services and the goods for which the trade mark was registered;

(iii) use of the trade mark as referred to in Article 5(2); or

(iv) use of the trade mark as referred to in Article 5(5)?

(3) For the purpose of answering Question (2), does it make any difference whether announcement (A) or announcement (B) is involved?

(4) In the light of the provision in Article 7 of the Directive, does it make any difference, with regard to the question whether the proprietor of the trade mark can prevent use of his trade mark registered exclusively for specified goods, whether the use referred to in Question (2) is that under (i), (ii), (iii) or (iv)?

(5) On the assumption that both or one of the cases described at the start of Question (2) involve the use of the proprietor's trade mark within the meaning of Article 5(1), whether under Article 5(1)(a) or (b), can the proprietor prevent that use only where the person thus using the trade mark thereby creates the impression that his undertaking is affiliated to the trade-mark proprietor's network, or can he also prevent that use where there is a good chance that the manner in which the trade mark is used for those announcements may create an impression among the public that the trade mark is in that regard being used to an appreciable extent for the purpose of advertising his own business as such by creating a specific suggestion of quality?

15. Written observations have been submitted by BMW, the Italian and United Kingdom Governments and the Commission. At the hearing BMW, Mr Deenik, the United Kingdom Government and the Commission were represented.

The Trade Marks Directive

16. The Trade Marks Directive constitutes a first step in the harmonisation of Member States' trade-mark laws. It harmonises, *inter alia*, the rights conferred by a trade-mark, albeit leaving the adoption of certain of its provisions to the discretion of the Member States. Thus Article 5 provides:

'Rights conferred by a trade mark

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.

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

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

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

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

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

4. Where, under the law of the Member State, the use of a sign under the conditions referred to in 1(b) or 2 could not be prohibited before the date on which the provisions necessary to comply with this Directive entered into force in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign.

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.'

17. The Amended Benelux Law provides, by Article 13A(1), subparagraphs (c) and (d) respectively, for the discretionary forms of protection which are specified in Article 5(2) and which are preserved by Article 5(5).

18. The rights conferred by Article 5 are, however, subject to the limits provided for by Articles 6 and 7. Article 6 provides so far as material:

'Limitation of the effects of a trade mark

1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

(a) his own name or address;

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

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

19. Article 7 is as follows:

'Exhaustion of the rights conferred by a trade mark

1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.'

Question (1)

20. By its first question the Hoge Raad asks whether, in view of the fact that, with regard to the rights conferred by a trade mark, the Directive contains transitional provisions only for the purpose of the situation described in Article 5(4), Member States are 'otherwise free to lay down rules on the matter'; alternatively does Community law in general, or the objective and tenor of the Directive in particular, have the effect that Member States are not entirely free in that regard but must comply with specific restrictions, and, if so, which?

21. As explained earlier, the Hoge Raad considers that that question arises from the fact that the Directive was not implemented in the Benelux until 1 January 1996, while the facts giving rise to the present case appear to have occurred and the proceedings were commenced before that date but after the date by which the Directive should have been implemented (31 December 1992).

22. The transitional provision in Article 5(4) to which the Hoge Raad refers states that where, under the law of the Member State, the use of a sign under the conditions referred to in Article 5(1)(b) or Article 5(2) could not be prohibited before the date on which the provisions necessary to comply with the Directive entered into force in the Member

State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign. Other transitional provisions are to be found in Article 3(4) and Article 4(6), which state that any Member State may provide that the grounds of refusal of registration or invalidity in force in that State prior to the date on which the provisions necessary to comply with the Directive entered into force shall apply to trade marks for which application was made prior to that date.

23. The Commission, BMW and the United Kingdom Government submit that the fact that transitional provisions are expressly provided for in the Directive makes it clear that the Directive allows for no transitional provisions other than those specified.

24. However, except to the extent that Article 5(4) might apply, the Directive does not deal with the question whether it is the previous national law or the national law as amended in the light of the Directive which applies to litigation in respect of the use (as opposed to the registration) [3] of a sign which commenced before the date upon which the Directive came into force but which is still continuing and in relation to which judgment is yet to be given.

3 — See Articles 3(4) and 4(6), referred to in paragraph 22 above.

25. According to BMW, it is that situation which the Hoge Raad has in mind in its formulation of the first question. BMW explains that the aim of the litigation is to obtain both an injunction in relation to future advertisements and damages in respect of past advertisements. Although the Amended Law is now in force, the Hoge Raad will have to rule upon the correctness of the judgment which was given by the Gerechtshof at a time when the Amended Law was not yet in force. According to BMW, if the Hoge Raad considers that the Gerechtshof applied the previous law correctly, the Gerechtshof's judgment will simply be confirmed; if, however, the Hoge Raad annuls the judgment of the Gerechtshof and either decides the case itself or returns the case to the Gerechtshof, the case will have to be decided on the basis of the Amended Law.

26. The view of the Advocate General in the proceedings before the Hoge Raad differs slightly from that of BMW. In his view, subject to the rule that once the date for implementing a directive has passed national law must be interpreted as far as possible in conformity with the directive, the law which the Hoge Raad must apply is the previous national law, by analogy with Article 74(4) of the transitional law concerning the new Netherlands Civil Code (Overgangswet Nieuw BW). According to BMW, that article provides that the previous law applies even if the case is returned to the lower court, unless the whole matter must be revisited. BMW explains that the Hoge Raad wishes to know whether transitional provisions of that kind are permitted by Community law.

27. It appears to me that, in answer to the first question posed by the Hoge Raad, it suffices to make the following points.

28. In so far as what is being judged is the continued use of the sign after the date by which the Directive should have been implemented, the rights conferred by Article 5 of the Directive must be applied, unless the situation is that envisaged by Article 5(4), as discussed above. The Directive envisages no transitional provisions in respect of the use or registration of a sign subsequent to the date upon which the Directive should have been implemented, other than the provisions specifically mentioned therein. With effect from that date, whether or not the Directive has been transposed into national law, all provisions of national law must be interpreted as far as possible in accordance with the Directive. [4] Where however the Directive has not been properly implemented, the question may arise whether its provisions could have direct effect in proceedings brought against individuals. [5]

29. In so far as what is being judged is the use of the sign before the date for implementing the Directive had passed, the previous national law can apply, unaffected by the Directive. As the Court held in *Salumi*, [6] substantive rules are 'usually interpreted as applying to situations existing before their entry into force only in so far as it clearly follows from their terms, objectives or general scheme that such an effect must be given to them'. [7] There is no such need here.

30. I accordingly conclude in answer to the first question that, when implementing the Directive in national law, Member States are not free to adopt any transitional provisions other than those expressly provided for by the Directive insofar as such transitional provisions would prejudice the complete and correct transposition of the Directive.

Questions (2) to (5)

31. In so far as questions (2) to (5) are concerned, it is important to bear in mind that Mr Deenik both sold second-hand BMW cars and provided a repair and maintenance service for such cars. It is also important to note that the BMW marks were registered for

4 — Case C-106/89 *Marleasing* [1990] ECR I-4135.

5 — Cases 152/84 *Marshall* v *Southampton and South-West Hampshire Area Health Authority* [1986] ECR 723 and C-91/92 *Faccini Dori* v *Recreb* [1994] ECR I-3325.

6 — Joined Cases 212/80 to 217/80 *Amministrazione delle Finanze dello Stato* v *Salumi* [1981] ECR 2735.

7 — Paragraph 9 of the judgment. See also Joined Cases C-121/91 and C-122/91 *CT Control and JCT Benelux* v *Commission* [1993] ECR I-3873, paragraph 22, and Case C-261/96 *Conserchimica* v *Amministrazione delle Finanze dello Stato*, judgment of 6 November 1997, not yet reported, paragraphs 16 to 18.

motor vehicles (and their parts and accessories), but not for services relating thereto.

32. The questions referred concern the use of Mr Deenik's statements 'Specialist in BMWs' or 'specialised in BMWs' and 'Repairs and maintenance of BMWs'. Whilst the last statement clearly concerns the repair and maintenance services provided by Mr Deenik, the Hoge Raad explains that the references to specialisation in BMW vehicles can be read as referring both to the provision of a repair and maintenance service and to the sale of second-hand BMW cars.

33. In my view it would not be appropriate for the Court to seek to give guidance on the specific forms of words which are in issue in the national proceedings. The Court can, however, give guidance on the applicable principles.

Use of the mark in relation to goods

34. To the extent that the statements are used merely to advertise the fact that second-hand BMW vehicles are on sale at Mr Deenik's garage, use of the trade-mark falls within Article 5(1)(a) of the Directive since it concerns use of the mark in relation to the genuine article: Article 5(1)(a) entitles the trade-mark owner to prevent all third parties not having his consent from using in the course of trade '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'.

35. Indeed, even the advertisement of the repairs and maintenance service falls within that provision in so far as it can be read as meaning simply that Mr Deenik's garage is capable of servicing BMW cars and not that the servicing provided there is authorised by BMW. As the United Kingdom points out, in that case the mark is being used to describe what can be repaired and serviced and is thus being used 'in relation to' the cars, rather than Mr Deenik's services.

36. The question then is whether the rights conferred on BMW under Article 5(1)(a) are subject to the exceptions provided for under Article 7 (which concerns the exhaustion of trade-mark rights), or under Article 6 (which concerns, *inter alia*, the right to indicate the purpose of a product or service).

37. Article 7(1) of the Directive precludes a trade-mark owner from prohibiting use of a trade mark 'in relation to goods which have been put on the market in the Community

under that trade mark by the proprietor or with his consent'. That appears to be the case here. Under Article 7(2), however, a trade-mark owner may oppose the further commercialisation of his goods where there exist 'legitimate reasons' for so doing, 'especially where the condition of the goods is changed or impaired after they have been put on the market'.

38. In its recent judgment in *Christian Dior* [8] the Court held that, in addition to being free to resell such goods, a reseller is also free to make use of the trade mark in order to bring to the public's attention the further commercialisation of those goods; however, the trade-mark owner may object to the use of his mark in such advertising if it seriously damages the reputation of the mark.

39. *Christian Dior* did not concern advertising which was alleged to lead the public to believe the advertiser to be an authorised distributor: Dior's complaint was, on the contrary, that the advertising in question was not up to its required standards. However, in cases in which there is a genuine and properly substantiated likelihood of advertising leading the public to believe that the reseller is an authorised distributor, it should be permissible for the trade-mark owner to rely upon the trade mark he has registered in respect of his goods in order to prevent the public being misled in that way, even if, because the undertaking in question is competent and respectable, there is thereby no damage to his reputation.

40. It was argued in *Christian Dior* that the ability of a trade-mark owner to object both to advertising which damages his reputation and to advertising which suggests that the reseller is an authorised distributor would effectively prohibit all parallel trade, since in upgrading their advertising to avoid the former objection, resellers would expose themselves to the latter. It must however in my view be open to the reseller to upgrade his advertising without the conclusion being drawn that he is an authorised distributor; and the same must apply to the provision of services by an independent trader. It would be an undue restriction on trade in goods or the provision of services if his use of advertisements of a respectable standard were to be regarded as tantamount to presenting himself as an authorised distributor.

41. Thus in circumstances such as those of the present case BMW can object to Mr Deenik's advertising only in so far as it seriously damages the reputation of BMW or if there is a genuine and properly substanti-

8 — Case C-337/95, judgment of 4 November 1997.

ated likelihood that the public will be led to believe that Mr Deenik is authorised by BMW to sell its cars. Whether that is so is essentially a question of fact for the national court but, according to the findings of fact already made, that seems unlikely: both the Rechtbank and the Gerechtshof considered that the advertising still in question did not suggest that Mr Deenik was an authorised dealer and that it did not appear inaccurate to describe Mr Deenik as having specialist experience in dealing with BMW vehicles.

42. With reference to the last question raised by the Hoge Raad, it should be noted that BMW argues that Mr Deenik uses the BMW marks to advertise his own business since the mere fact of advertising that he stocks and repairs their products creates a high quality image for his own business. However, if there is no likelihood of the public being confused into believing that there is some sort of trade connection between the reseller and the trade-mark owner, the mere fact that the reseller obtains an advantage by the use of the trade mark because the sale of the trade-marked goods gives his own business an aura of quality is not, in my view, a legitimate reason within the meaning of Article 7(2) of the Directive for a trade-mark owner to object to the advertising of his own goods. Otherwise it would be unduly difficult for the trader effectively to inform the public of the business in which he is engaged.

Use of the mark in relation to services

43. The use of the mark in relation to the repairs and maintenance service poses different questions since the BMW marks are registered only in relation to BMW vehicles, not services. The issue here is accordingly whether, and in what circumstances, a mark which is protected in relation to goods is infringed by the use of the mark in advertising services which are offered independently of those goods and in relation to which the mark has not been registered.

44. In order to resolve that issue it is first necessary to consider whether services can be identical or similar to goods for the purposes of Article 5(1) of the Directive. It seems clear that goods and services cannot be identical so as to make Article 5(1)(a) applicable, but can be similar so as to make Article 5(1)(b) applicable in principle.

45. Goods and services may well be similar where, as in this case, the services provided are for the repair or maintenance of the goods in question. But, as the United Kingdom points out, whether they are similar is a matter for the national court to decide. It may be appropriate for the national court to take account of the fact that servicing is provided at the same place as cars are sold and other

considerations of that kind, but the assessment of similarity is for the national court. The essential issue is whether there is sufficient similarity to give rise to a likelihood of confusion on the part of the public, as that concept of confusion is explained by the Court in *SABEL*. [9] That suggests that what is relevant in this case is whether there is a likelihood of the public being confused into thinking that there is some sort of trade connection between the respective suppliers of the goods or services in question. [10] With reference to the last question raised by the Hoge Raad, it is accordingly clearly not sufficient for the application of Article 5(1)(b), in the absence of any such confusion, to show simply that the reseller derives advantage from the mere fact that he deals in the trade-marked goods because the trade mark's aura of quality rubs off to some extent, giving his own business a high quality image.

46. As for Article 5(2) of the Directive, that provision applies (where Member States so provide) in cases where a registered trade mark has a reputation in the Member State and where use of a sign in relation to dissimilar goods or services without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

47. Again it is for the national court to apply that provision in the light of the facts but, as the United Kingdom and the Commission point out, it seems unlikely that the provision is applicable; in particular, it seems difficult to hold that advertising legitimate economic activities such as the repair of second-hand cars could be regarded as use without due cause. Nor will such use ordinarily be detrimental in the required sense. Any detriment to BMW is perhaps caused primarily, as the Commission suggests, by the competition offered by independent garages to BMW's authorised distributors. Such detriment is not material from the point of view of trade-mark protection.

48. The national court also refers to Article 5(5) of the Directive, which provides that the preceding paragraphs of Article 5 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

9 — Case C-251/95 *SABEL* v *Puma*, judgment of 11 November 1997.

10 — See my Opinion in Case C-39/97 *Canon*, delivered on 2 April 1998.

49. Article 5(5) thus preserves the provisions of national law which afford protection against unfair or harmful practices under the conditions mentioned therein. Such practices, if they were in issue in the present case, could therefore be challenged in proceedings based on such provisions of national law independently of the Directive. BMW considers that Article 5(5) applies to the present case, without however making clear which provisions of national law apply. The Commission, on the other hand, considers that the advertising in question cannot be described as being 'other than for the purposes of distinguishing goods or services' within the meaning of Article 5(5). In any event, it seems unlikely that Article 5(5) can apply to the present case since, like Article 5(2), it applies only to use 'without due cause' and, as mentioned in paragraph 47 above, it seems difficult to hold that advertising legitimate economic activities such as the repair of second-hand cars could be regarded as such use.

Article 6

50. The national court has put no questions directly on Article 6 of the Directive. Yet in the scheme of the Directive, although Article 5 sets out the rights of the trade-mark owner, Article 6 imposes certain limits on those rights. Article 6 was however considered by the United Kingdom Government in its written observations and by BMW, the Italian Government and the Commission in response to a question put by the Court on the possible applicability of Article 6. The issue arises in this case essentially in relation to the provision of services by an independent trader.

51. As set out above, [11] Article 6(1) provides by subparagraphs (b) and (c) respectively that the trade mark shall not entitle its proprietor to prohibit a third party from using, in the course of trade, *inter alia*, the following: 'indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services', or 'the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts'. In each case, however, the third party must act 'in accordance with honest practices in industrial or commercial matters'.

52. BMW, observing that Article 6(1)(c) precludes the trade-mark owner from prohibiting the use of the mark where it is 'necessary' to indicate the intended purpose of a product or service, submits that in a case such as the present there is no such necessity.

11 — At paragraph 18.

53. Once again it is in my view for the national court to decide the point, if it should arise. The Commission points out however that a question will arise under Article 6 only if the trade-mark owner can successfully invoke one of the provisions of Article 5. That, as we have seen, seems doubtful. The Commission adds that the proviso in Article 6(1) that the third party must act in accordance with honest practices in industrial or commercial matters is consistent with the interpretation to be given to the notion which appears in Article 5(2) and (5) of the use of a sign which without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

54. BMW submitted, with some measure of support from the Italian Government, that it would be open to Mr Deenik to offer the services of car maintenance and repair without the need to name any specific make of car. That seems an unrealistic suggestion. As the United Kingdom Government observed at the hearing, if Mr Deenik does in fact specialise in maintaining and repairing BMW cars it is difficult to see how he could effectively communicate that fact to his customers without using the sign BMW. As mentioned earlier, BMW considers that he benefits from using the BMW marks because they give his own business an aura of quality and that that is unfair. I agree with the United Kingdom Government, however, that whether there is any benefit to Mr Deenik is not the key issue. The issue is the extent to which a trader in his position should be free to describe the nature of the services he is offering.

55. In my view Article 6(1) precludes the owner of a trade mark from preventing the use of his mark by an independent trader to advertise repair and servicing of the goods covered by the mark, provided that the independent trader does so 'in accordance with honest practices in industrial or commercial matters'. Again, to enable the trade-mark owner to prevent such use of the mark would be an undue restriction on the trader's freedom. However to my mind it would not be in accordance with such practices if the advertising were so designed as to lead the public to believe that the reseller is authorised by the trade-mark owner, [12] or, in referring to the trade-mark owner's goods, to damage seriously the reputation of the trade mark. [13] With reference to the last question posed by the Hoge Raad, it is not, however, in my view contrary to honest practices within the meaning of Article 6(1) merely to derive advantage from the use of a mark.

56. It is for the national court to assess in relation to any particular use of a mark whether the conditions set out in Article 6 are fulfilled. In doing so, however, the national court should take into account the need to ensure that the concept of 'honest practices in industrial or commercial matters' is not interpreted so broadly as to constitute an unjustified impediment to trade or to fair competition.

12 — See paragraph 39 above.
13 — See paragraph 38 above.

Conclusion

57. Accordingly the questions posed by the Hoge Raad should in my opinion be answered as follows:

(1) Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that, when implementing the Directive in national law, Member States are not free to adopt any transitional provisions other than those expressly provided for by the Directive in so far as such transitional provisions would prejudice the complete and correct transposition of the Directive.

(2) Where a garage is specialised in repair and maintenance of cars of a particular mark, and uses that mark, without the authorisation of the proprietor of the mark, to announce to the public that it carries out repair and maintenance work on those cars or that it is a specialist, or is specialised, with regard to those cars, Articles 5, 6 and 7 of the Directive must be interpreted as meaning that the garage is free to use that mark to bring its services to the attention of the public unless it is established that the use of the mark for that purpose seriously damages the reputation of the mark or that the use of the mark is designed to lead the public to believe that the garage is an authorised dealer.