JUDGMENT OF THE COURT (Second Chamber)

22 November 2007 *

In Case C-328/06,

REFERENCE for a preliminary ruling under Article 234 EC from the Juzgado de lo Mercantil 3 de Barcelona (Spain), made by decision of 17 July 2006, received at the Court on 27 July 2006, in the proceedings

Alfredo Nieto Nuño

v

Leonci Monlleó Franquet,

THE COURT (Second Chamber),

composed of C.W.A. Timmermans, President of the Chamber, L. Bay Larsen (Rapporteur), J. Makarczyk, P. Kūris and J.-C. Bonichot, Judges,

* Language of the case: Spanish.

Advocate General: P. Mengozzi,
Registrar: R. Grass,

having regard to the written procedure,

after considering the observations submitted on behalf of:

— Mr Monlleó Franquet, by C. Arcas Hernández, procurador, and C. Cardelús de Balle, abogado,

— the French Government, by G. de Bergues and J.-C. Niollet, acting as Agents,

— the Italian Government, by I.M. Braguglia, acting as Agent, and P. Gentili, avvocato dello Stato,

— the Commission of the European Communities, by R. Vidal Puig and W. Wils, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 13 September 2007,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 4 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) ('the Directive').

2 The reference was made in the context of proceedings between Mr Nieto Nuño, proprietor of a registered trade mark FINCAS TARRAGONA, covering various activities in the property field and Mr Monlleó Franquet, estate agent in Tarragona (Spain), concerning the use by the latter, for his business, of the earlier non-registered mark FINCAS TARRAGONA, in Spanish, or FINQUES TARRAGONA, in Catalan.

Legal context

Community legislation

3 Article 4 of the Directive, entitled 'Further grounds for refusal or invalidity concerning conflicts with earlier rights', provides:

'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.

2. "Earlier trade marks" within the meaning of paragraph 1 means:

...

(d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in a Member State, in the sense in which the words "well known" are used in Article 6 bis of the Paris Convention.

...

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:

...

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;

...'

4 Article 6(2) of the Directive, entitled 'Limitation of the effects of a trade mark', states:

'The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.'

The Paris Convention

5 Article 6 bis of the Convention for the Protection of Industrial Property signed in Paris on 20 March 1883, last revised at Stockholm on 14 July 1967 and amended on 28 September 1979 (*United Nations Treaty Series*, Vol. 828, No 11851, p. 305) ('the Paris Convention'), which binds all the Member States of the Community, states:

'*Marks:* Well-Known Marks

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time-limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.'

National legislation

6 Article 6 of Spanish Trade Mark Law No 17/2001 (Ley de Marcas Española 17/2001) of 7 December 2001, provides:

'1. A sign may not be registered as a trade mark:

(a) if it is identical with an earlier trade mark which covers identical goods or services;

(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.

2. "Earlier trade marks" within the meaning of paragraph 1 means:

...

(d) non-registered trade marks which, on the date of filing or priority of the application for registration of the trade mark under consideration, are well known in Spain, in the sense in which the words "well known" are used in Article 6 bis of the Paris Convention.'

The main proceedings and the question referred for a preliminary ruling

7 Mr Nieto Nuño is the proprietor of the trade mark FINCAS TARRAGONA, registered for services corresponding to Class 36, defined by the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, as relating to the activities of management of property in sole or joint ownership, letting of property, sale of property, legal advice and property development.

8 Mr Monlleó Franquet, an estate agent in Tarragona, has publicly and continuously used the name FINCAS TARRAGONA, in Spanish, or FINQUES TARRAGONA, in Catalan, for the purpose of designating his business.

9 On the basis of Spanish national trade mark legislation, Mr Nieto Nuño brought proceedings before the Juzgado de lo Mercantil 3 de Barcelona (Commercial Court 3 of Barcelona) (Spain) against Mr Monlleó Franquet for a finding that the latter had infringed the registered trade mark FINCAS TARRAGONA.

10 Mr Monlleó Franquet maintained in his defence that the name under which he carried on his business was a well-known earlier trade mark, which he had been using since 1978 at least. He counterclaimed for the annulment of the registration of Mr Nieto Nuño's trade mark.

11 The national court observes that the defendant in the main proceedings uses his non-registered mark only in the city of Tarragona and its surrounding area, meaning that the relevant sector of the public, of the clientele, of the consumers and of the competitors is not the whole of Spain, nor a significant part of it.

12 Against that background, the Juzgado de lo Mercantil 3 de Barcelona decided to stay the proceedings and to refer the following question to the Court of Justice for a preliminary ruling:

'Must the concept of trade marks which are "well known" in a Member State, referred to in Article 4 of [the Directive] be taken to indicate solely and exclusively the degree of knowledge and establishment in a Member State or in a significant part of the territory of that State, or may the determination of whether a mark is well known be linked to a territorial scope which does not coincide with that of the territory of a State but rather with an autonomous community, region, district or city, depending on the goods or services which the mark covers and the persons to whom the mark is actually addressed, in short, depending on the market in which the mark is used?'

The question referred for a preliminary ruling

13 The question referred for a preliminary ruling is limited to the geographical area in which an earlier mark is well known and not to the criteria for assessing whether it is indeed well known, considered in terms of the degree of knowledge of the mark among the public.

14 As regards the geographical area in which the mark is well known, it should be noted that, under Article 4(2)(d) of the Directive, the existence of 'well-known marks' within the meaning of Article 6 bis of the Paris Convention is to be assessed 'in a Member State'.

15 By its question, the national court seeks to determine the scope of the expression 'in a Member State'.

16 In the light of the facts in the main proceedings, the national court essentially asks whether Article 4(2)(d) of the Directive is to be interpreted as meaning that the earlier trade mark must be well known throughout the territory of the Member State of registration or in a substantial part of it, or whether the protection granted by that provision also covers a situation in which the area in which the earlier trade mark is well known is confined to a city and its surrounding area.

17 In that regard, since the Community provision being interpreted lacks a definition to that effect, a trade mark certainly cannot be required to be well known 'throughout' the territory of the Member State and it is sufficient for it to be well known in a substantial part of it (see, by analogy, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 28, concerning the kindred concept of the 'reputation' of a trade mark for which Article 5(2) of the Directive refers also to an assessment 'in the Member State').

18 However, the customary meaning of the words used in the expression 'in a Member State' preclude the application of that expression to a situation where the fact of being well known is limited to a city and to its surrounding area which, together, do not constitute a substantial part of the Member State.

19 In any event, it should be noted that an earlier non-registered mark may, where appropriate, be covered in particular by:

— Article 4(4)(b) of the Directive, which allows a Member State to provide that a trade mark is not to be registered or, if registered, is not to be liable to be declared invalid where and to the extent that the rights of a non-registered trade mark were acquired earlier and that that non-registered mark confers on its proprietor the right to prohibit the use of a subsequent trade mark;

— Article 6(2) of the Directive which entitles a Member State to authorise the using of an earlier right which only applies in a particular locality, within the limits of the territory in which it is recognised.

20 Without prejudice to the respective scopes of those two provisions, the answer to the question referred for a preliminary ruling must therefore be that Article 4(2)(d) of the Directive is to be interpreted as meaning that the earlier trade mark must be well known throughout the territory of the Member State of registration or in a substantial part of it.

Costs

21 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. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

Article 4(2)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks is to be interpreted as meaning that the earlier trade mark must be well known throughout the territory of the Member State of registration or in a substantial part of it.

[Signatures]