JUDGMENT OF THE COURT (Second Chamber)

16 September 2004 *

In Case C-404/02

REFERENCE for a preliminary ruling under Article 234 EC,

from the High Court of Justice of England and Wales, Chancery Division, made by decision of 3 September 2002, registered at the Court on 12 November 2002, in the proceedings

Nichols plc

v

Registrar of Trade Marks,

THE COURT (Second Chamber),

composed of: C.W.A. Timmermans, President of the Chamber, C. Gulmann (Rapporteur), J. P. Puissochet, R. Schintgen and N. Colneric, Judges,

* Language of the case: English.

Advocate General: D. Ruiz-Jarabo Colomer,
Registrar: M. Múgica Arzamendi, Principal Administrator,

having regard to the written procedure and further to the hearing on 27 November 2003,

after considering the observations submitted on behalf of:

— Nichols plc, by C. Morcom QC,

— the United Kingdom Government, by P. Ormond, acting as Agent, and D. Alexander, barrister,

— the Greek Government, by G. Skiani and S. Trekli, acting as Agents,

— the French Government, by G. de Bergues and A. Bodard Hermant, acting as Agents,

— the Commission of the European Communities, by K. Banks, acting as Agent,

after hearing the Opinion of the Advocate General at the sitting on 15 January 2004,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 3(1)(b) and Article 6(1)(a) of the 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).

2 The reference was made in the course of proceedings between Nichols plc ('Nichols'), a company incorporated in the United Kingdom, and the Registrar of Trade Marks concerning the latter's refusal to register a common surname as a trade mark for certain products.

Legal background

3 Article 2 of Directive 89/104, entitled 'Signs of which a trade mark may consist', is worded as follows:

'A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.'

4 Article 3 of that directive, entitled 'Grounds for refusal or invalidity', provides:

'1. The following shall not be registered or if registered shall be liable to be declared invalid:

(a) signs which cannot constitute a trade mark;

(b) trade marks which are devoid of any distinctive character;

...'

5 Article 6, entitled 'Limitation of the effects of a trade mark' states:

'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;

...

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

...'

The main proceedings and the questions for the Court of Justice

6 Nichols applied to the Registrar of Trade Marks for registration of the surname 'Nichols' as a trade mark for products including vending machines, and food and drink of the kind typically dispensed through such machines.

7 By decision of 11 May 2001, the Registrar of Trade Marks granted that application in respect of vending machines, but refused it in respect of all other products.

8 He found that the surname 'Nichols', including its phonetic equivalent 'Nicholls' and its singular form 'Nichol', is common in the United Kingdom, given the number of times it appears in the London telephone directory.

9 With regard to food and drink, that surname is therefore not of itself capable of communicating the fact that such goods originate from one and the same

undertaking. In view of the nature of the business involved and the potential size of the market for those goods, the surname 'Nichols' could be used by other manufacturers and providers. The public are therefore unlikely to consider that there is only one trader operating under that surname in the market. A mark in the form of that surname is therefore devoid of any distinctive character in respect of food and drink products.

10 On the other hand, the market for vending machines is more specialised, with fewer people trading in it. The mark can therefore be registered in respect of those goods.

11 Nichols appealed against that decision to the Chancery Division of the High Court of Justice of England and Wales.

12 That court states that the United Kingdom Trade Marks Registry takes the view that the registration of names, and particularly of common surnames, should be considered carefully to ensure that unfair advantage is not given to the first applicant for such a name. Broadly, the more common the surname, the less willing is the Registry to accept an application for registration without proof that that name has in fact become distinctive. The Trade Marks Registry also takes into account the number of goods and services, and the number of people with the same or a similar name, which might be affected by the registration.

13 The national court considers that the question arises whether a fairly common surname must be regarded as 'devoid of any distinctive character' until it has acquired a distinctive character through use.

14 It considers that it is proper to take account of the limitation of the effects of the mark which is provided for in Article 6(1)(a) of Directive 89/104 and relates to a third party's use of its own name. In its view, the wider the potential limitation laid down in that provision, the less of an impost on the persons concerned the registration would be. It is therefore necessary to consider the extent to which the limitations laid down in Article 6 of Directive 89/104 are relevant when considering the distinctive character of a mark of which registration is sought.

15 In that regard, the national court raises the question whether Article 6(1)(a) applies not only to the names of natural persons but also to company names. It is also uncertain as to the meaning of the expression 'honest practices' used in that provision.

16 In those circumstances, the Chancery Division of the High Court of Justice of England and Wales stayed the proceedings pending a preliminary ruling from the Court of Justice on the following questions:

'1. In what circumstances, if any, must a trade mark (ie a "sign" which complies with the requirements of Article 2 of the Trade Marks Directive 89/104/EEC) consisting of a single surname be refused registration as being in itself "devoid of any distinctive character" within the meaning of Article 3(1)(b) of the Directive?

2. In particular (a) must or (b) may such a sign, before it has acquired distinctive character by use, be refused registration if it is a common surname in the Member State in which the trade mark is sought to be registered or if it is a common surname in one or more of the other Member States?

3. If the answer to either Question 2(a) or (b) is in the affirmative, is it appropriate for national authorities to determine the matter by reference to the presumed expectations of an average customer in relation to the goods/services in question in the Member State, taking into account the commonness of the surname, the nature of the goods/services at issue, and the prevalence (or otherwise) of the use of surnames in the relevant trade?

4. Is it of significance for the purpose of determining whether a surname is "devoid of any distinctive character" within Article 3(1)(b) of the Directive that the effects of registration of the trade mark are restricted under Article 6(1)(a)?

5. If so,

   (a) is the word "person" in Article 6(1) of the Directive to be understood as including a corporation or a business and

(b) what amounts to "honest practices in industrial or commercial matters"; in particular, does that expression apply where

(i) the Defendant is not, in practice, deceiving the public by the use of his own name or

(ii) the Defendant is merely causing unintentional confusion thereby?'

The first four questions

17 By its first four questions, which it is appropriate to consider together, the national court seeks essentially to ascertain what conditions apply to the assessment, in the context of Article 3(1)(b) of Directive 89/104, of the distinctiveness or otherwise of a trade mark constituted by a surname, particularly where that surname is common, and whether the fact that the effects of registration of the trade mark are limited pursuant to Article 6(1)(a) of the same directive has an impact on that assessment.

Observations submitted to the Court

18 Nichols submits that registration of a trade-mark cannot be refused solely on the ground that it is a common surname. It considers that the criterion used in the main

proceedings of the number of occurrences of a surname in the London telephone book is arbitrary. Surnames cannot be subjected to special treatment which is more severe than that applied to other signs which are capable of constituting a trade mark. Like all other signs, they should be registered if they enable the products or services for which registration is sought to be distinguished, according to their origin. In the assessment of distinctiveness, account should be taken of Article 6(1)(a) of Directive 89/104.

19 The Greek and French Governments and the Commission also consider that surnames, even common ones, should be treated in the same way as other categories of signs, having regard to the products or services involved and the perception of the relevant public regarding the function of the trade mark as an indicator of origin.

20 The United Kingdom Government considers that it is highly unlikely that a common surname will denote only the goods or services of the undertaking that applies for registration of that surname as a trade mark. A trade mark which did not designate solely the products or services of a given undertaking could not be registered because it would not comply with Article 3(1)(b) of Directive 89/104. In such a case, it would not serve to indicate origin. Account must be taken of the presumed expectations of an average consumer with regard to the trade mark. The factors to be taken into consideration might include the commonness of the surname, the number of undertakings supplying products or services of the type concerned and the prevalence or otherwise of the use of surnames in the relevant trade.

21 The French and United Kingdom Governments, and the Commission, consider that Article 6(1)(a) of Directive 89/104 has no impact on the assessment of the distinctiveness carried out under Article 3(1)(b) of the same directive.

Findings of the Court

22 Article 2 of Directive 89/104 contains a list, described as a 'list of examples' in the seventh recital in the preamble to that directive, of signs which may constitute a trade mark, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings, that is to say to fulfil the trade mark's function as an indicator of origin. That list expressly includes 'personal names'.

23 According to Article 3(1)(b) of Directive 89/104, the distinctive character of a mark must be assessed in relation to the goods or services in respect of which registration is applied for and in relation to the perception of the relevant consumers (see Case C-299/99 *Philips* [2002] ECR I-5475, paragraphs 59 and 63, and Case C-218/01 *Henkel* [2004] ECR I-1725, paragraph 50).

24 In that regard, the provision concerned draws no distinction between different categories of trade mark (see, to that effect, Joined Cases C-53/01 to C-55/01 *Linde and Others* [2003] ECR I-3161, paragraph 42, and, regarding the identical provision in 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), the order of 28 June 2004 in Case C-445/02 P *Glaverbel* v *OHIM* [2004] ECR I-6267, paragraph 21).

25 The criteria for assessment of the distinctive character of trade marks constituted by a personal name are therefore the same as those applicable to the other categories of trade mark.

26 Stricter general criteria of assessment based, for example, on:

— a predetermined number of persons with the same name, above which that name may be regarded as devoid of distinctive character,

— the number of undertakings providing products or services of the type covered by the application for registration, or

— the prevalence or otherwise of the use of surnames in the relevant trade,

cannot be applied to such trade marks.

27 The distinctive character of a trade mark, in whatever category, must be the subject of a specific assessment.

28 In the context of that assessment, it may indeed appear, for example, that the perception of the relevant public is not necessarily the same for each of the categories and that, accordingly, it could prove more difficult to establish the distinctive character of trade marks in certain categories than that of those in other categories (see, in particular, *Henkel*, paragraph 52, and, in relation to Article 7(1)(b) of Regulation No 40/94, Joined Cases C-468/01 P to C-472/01 P *Proctor & Gamble* v *OHIM* [2004] ECR I-5141, paragraph 36, and the order in *Glaverbel* v *OHIM*, paragraph 23).

29 However, such greater difficulty as might be encountered in the specific assessment of the distinctive character of certain trade marks cannot justify the assumption that such marks are *a priori* devoid of distinctive character or can acquire such character only through use, pursuant to Article 3(3) of Directive 89/104.

30 In the same way as a term used in everyday language, a common surname may serve the trade mark function of indicating origin and therefore distinguish the products or services concerned where it is not subject to a ground of refusal of registration other than the one referred to in Article 3(1)(b) of Directive 89/104, such as, for example, the generic or descriptive character of the mark or the existence of an earlier right.

31 The registration of a trade mark constituted by a surname cannot be refused in order to ensure that no advantage is afforded to the first applicant since Directive 89/104 contains no provision to that effect, regardless, moreover, of the category to which the trade mark whose registration is sought belongs.

32 In any event, the fact that Article 6(1)(a) of Directive 89/104 enables third parties to use their name in the course of trade has no impact on the assessment of the distinctiveness of the trade mark, which is carried out under Article 3(1)(b) of the same directive.

33 Article 6(1)(a) of Directive 89/104 limits in a general way, for the benefit of operators who have a name identical or similar to the registered mark, the right granted by the mark after its registration, that is to say after the existence of the mark's distinctive character has been established. It cannot therefore be taken into account for the purposes of the specific assessment of the distinctive character of the trade mark before the trade mark is registered.

34 The answer to the first four questions must therefore be that, in the context of Article 3(1)(b) of Directive 89/104, the assessment of the existence or otherwise of the distinctive character of a trade mark constituted by a surname, even a common one, must be carried out specifically, in accordance with the criteria applicable to any sign covered by Article 2 of the said directive, in relation, first, to the products or services in respect of which registration is applied for and, second, to the perception of the relevant consumers. The fact that the effects of registration of the trade mark are limited by virtue of Article 6(1)(a) of that directive has no impact on that assessment.

The fifth question

35 An answer to the fifth question was sought only in the event of a positive answer being given to the fourth question. Since the fourth question has been answered in the negative, there is no need to answer the fifth.

Costs

36 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 of Justice (Second Chamber) rules as follows:

In the context of Article 3(1)(b) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, the assessment of the existence or otherwise of the distinctive character of a trade mark constituted by a surname, even a common one, must be carried out specifically, in accordance with the criteria applicable to any sign covered by Article 2 of that directive, in relation, first, to the products or services in respect of which registration is applied for and, second, to the perception of the relevant consumers. The fact that the effects of registration of the trade mark are limited by virtue of Article 6(1)(a) of that directive has no impact on that assessment.

Signatures.