OPINION OF MR ADVOCATE GENERAL TESAURO
delivered on 9 October 1990 *

Mr President,
Members of the Court,

1. The national court's questions concern the use in intra-Community trade of the well-known symbol, a letter 'R' in a small circle — which I shall henceforth refer to as '(R)' — placed next to a duly registered trade mark. That symbol is not a distinguishing mark, but is there simply to indicate that the accompanying trade mark has been registered. It therefore constitutes information, or rather a warning, intended for third parties, in particular competitors of the undertaking using it, about the fact that the trade mark in question is legally protected.

The use of the symbol (R) originated in the United States of America, where it is expressly provided for by law (US Trademark Law, Section 29). However, no specific provision in that regard is to be found either in the legal orders of the Member States or in the First Council Directive on trade marks.[1] Nevertheless, it is a fairly common commercial practice in almost all the Member States of the Community to use that symbol (or other symbols or words) as a means of giving notice to third parties that a trade mark has been registered.

It may well be that, notwithstanding the absence of express legal provisions, in some Member States the use of the symbol (R) could produce legal effects and thus assume a certain relevance with regard to enforcing trade-mark protection;[2] but leaving aside any relevance in the specific context of trade-mark law, it is nevertheless clear that the use of the symbol (R) remains subject, in general, to the rules for the protection of the legitimate expectations of third parties and of fair competition, like any other factor relating to the presentation of a product to the public.

2. It is precisely into that context that the national court's questions fit. The dispute concerns an Italian product which has a trade mark that was duly registered in Italy and which was marketed with the symbol (R). That Italian product was then exported to the Federal Republic of Germany. In addition to the trade mark followed by the symbol (R) — printed on the product itself — the packaging also bore further particulars concerning the producer, the importer, the instructions for use, the size, the date of manufacture and the use-by date.

In the present case it is in no way disputed that the national product's identifying trade mark may be legitimately used in Germany;

* Original language: Italian.

1 — First Council Directive of 21 December 1988 (89/104/EEC) to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1).

2 — As a research note prepared in the Court shows, in the Benelux countries and the Federal Republic of Germany at least, the use of the symbol (R) could serve to prevent a trade mark being used generically.

the plaintiff in the main proceedings is not claiming any right over the trade mark under German law, nor is it alleged that there is any possibility of confusion with similar trade marks. The plaintiff in the main proceedings objects to the use of the symbol (R) in the marketing of the product in the Federal Republic of Germany simply because, in its view, it could mislead third parties as to the State in which the trade mark is registered.

That argument is based on Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb (Law on Unfair Competition), which restrains the conduct of those who, in order to gain an advantage over competitors, provide misleading information in the presentation of their products. The plaintiff in the main proceedings and the national court consider it to be accepted that the presence of the symbol (R) leads third parties to believe that the trade mark in question has been registered *in Germany* and therefore enjoys legal protection there. They consider, in other words, that third parties attribute a precise territorial connotation to the symbol (R); it is interpreted as an indication not simply of registration, but of registration in the Federal Republic of Germany. Third parties therefore receive misleading information whenever the trade mark that the symbol (R) accompanies is registered not in Germany but in another country; in such cases they are led to believe that the trade mark is legally protected, whereas it is not.

In short, it follows that the plaintiff and the national court take the view that it must be regarded as prohibited under Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb to market in Germany a product which has been imported from another Member State and which has a trade mark accompanied by the symbol (R) if the trade mark has not been registered in Germany, even if it has been duly registered in the exporting country.

The questions referred by the national court to the Court of Justice concern precisely the compatibility of such a prohibition with Articles 30 and 36 of the Treaty.

3. It is perhaps appropriate to point out at this juncture that the reference to Article 36 does not appear relevant to the present case. As I have already indicated, the present dispute does not have to do with protecting a trade-mark right but solely with ensuring that the legitimate expectations of third parties and fair competition are not prejudiced by a misleading presentation of the goods to the public. Consequently, the question whether the national prohibition complies with Community law will be appraised only in the light of Article 30 and, in particular, of the 'imperative requirements' laid down by the judgment in the 'Cassis de Dijon' case.

In that regard the Commission has put forward an argument of a preliminary nature. It claims that the prohibition postulated by the national court could not, in any event, be justified on the basis of possible 'imperative requirements' since it applies to imported products alone and is therefore discriminatory.[3] The Commission is also of the opinion that the national court, by applying Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb, seeks to draw a distinction between a trade mark of a national product that is protected

3 — It should be noted that the discriminatory nature of a rule precludes the application of the criteria for justification laid down in the judgment in 'Cassis de Dijon' (see, for example, the judgment in Case 59/082 *Schutzverband gegen Unwesen in der Wirtschaft* [1983] ECR 1217).

under German law and one that is protected only under the law of another Member State. The judgment in Case 177/83 *Kohl* [1984] ECR 3651 is relied on in support of that argument.

However, in view of the abovementioned factors, it would seem to be difficult to deny that the prohibition at issue is a measure which is 'applicable without distinction'. The German court takes the view that under the German rules on unfair competition the use of the symbol (R) is lawful only if the relevant trade mark has been registered in the Federal Republic of Germany. That requirement applies, however, regardless of the origin of the product. The use of the symbol (R) is therefore, in principle, authorized both for national products and for products imported from other Member States; conversely, neither national products nor imported products may be marketed in the Federal Republic of Germany with the symbol (R) if their trade marks have been registered only in another Member State.

Accordingly, I believe that there is a very clear difference between the present case and the one considered by the Court in the judgment in *Kohl*, cited above. *Kohl* concerned a prohibition on the use of a symbol solely because 'the public may be misled as to the *domestic or foreign origin* of the goods' (my emphasis). In the present case, however, the reason for the prohibition is to ensure that there is no error as to the place where the product's trade mark is registered and protected; the question whether the goods are of domestic or foreign origin is irrelevant for the purpose of applying the prohibition.

It is clear that, in practice, the restrictive effects of such a prohibition will, in the main, apply only to imported products. However, the case-law of the Court on this point is, in my view, clear. The fact that a national provision operates to the detriment of imports by producing 'protective effects' on the national market does not mean that the measure cannot 'apply without distinction' (see the judgment in Case 16/83 *Prantl* [1984] ECR 1299, paragraph 21); the effects on imports are, in any event, of importance only for the purpose of determining whether the rules in question impede trade and hence fall within the scope of Article 30.

In conclusion, it appears to me that the present case concerns a measure which 'applies without distinction' since what is at issue is a prohibition, in a sector in which there are no Community rules, on the use of a specific symbol, applied in the same way to national goods and to imported goods.

4. A measure of that kind is not in itself incompatible with the common market. Indeed, 'Community law does not in principle have the effect of preventing the application in a Member State to goods imported from other Member States of the provisions on marketing in force in the State of importation' and therefore 'the marketing of imported goods may be prohibited if the conditions on which they are sold constitutes an infringement of the marketing usages considered proper and fair in the Member State of importation' (judgment in Case 58/80 *Dansk Supermarked* v *Imerco* [1981] ECR 181).

However, it is also indisputable that there is a material limit on the exercise of the Member States' power in that regard in the form of the obligations laid down by Community law, in particular the fundamental principle of the free movement of goods. In accordance with that principle, national measures which restrict trade may be applied to imports of goods lawfully produced and marketed in their State of origin only if they are actually 'necessary' to attain objectives such as consumer protection or fair trading.

That is particularly true for those national provisions, relating to the presentation and marketing of goods (including, in my view, the rules governing a particular symbol), which, if also applied to imported products, can make the marketing of such products at least more difficult or onerous since they make it necessary to change the presentation of the products in order to make it comply with the various requirements in force in the country of destination.[4]

Those principles, laid down in a considerable body of case-law, were subsequently clarified by the Court, which had occasion to point out that 'in a common market system, consumer protection and fair trading ... must be guaranteed with regard on all sides for the fair and traditional practices observed in the various Member States' (see the judgment in Case 179/85 *Commission* v *Germany* [1986] ECR 3879, and *Prantl*, cited above).

5. With regard to the present case, it should be pointed out, first of all, how the order making the reference for a preliminary ruling itself clearly identifies the restrictions on trade resulting from the application of the national prohibition. In so far as it is prohibited, as *misleading*, to market goods with the symbol (R) if their trade marks are not registered in Germany, traders who possess rights in a trade mark which has been duly registered in another Member State are forced, in order to export to the Federal Republic of Germany, either quite simply to remove the symbol (R) or to register the trade mark in the Federal Republic of Germany as well, or at least to provide additional information indicating, without any possible ambiguity, in which Member State registration took place, for example, by using the words '(R) in Italy' or similar wording.

In all three cases the product cannot be imported using the same presentation as is normally used in the State of origin. The obstacles to the free movement of goods which arise as a result are particularly relevant in the light of the following circumstances:

(i) the prohibition in question concerns not a specific category of goods, but the most disparate categories; moreover, in view of the widespread

4 — In that regard, Article 30 has been held to be applicable, for example, to national measures applicable without distinction requiring, for imported products, that labelling be changed to adopt a particular description (judgment in Case 27/80 *Fietjie* [1980] ECR 3839), or that specific hallmarks be used (judgment in Case 220/81 *Robertson* [1982] ECR 2349), or that packaging be changed to make it comply with the special prescribed form of packaging (judgment in Case 261/81 *Rau* [1982] ECR 3961), or that the type of bottle in which a wine was traditionally marketed in the State of origin be changed in order to comply with the national provisions of the importing State, which reserve that type of bottle (Bocksbeutel) solely for wine produced in a specific region (judgment in Case 16/83 *Prantl* [1984] ECR 1229).

use of the symbol (R) internationally, it is clear that the prohibition may affect trade of the most diverse origins;

(ii) in order to comply with the German rules traders would be faced with additional costs (for registration in Germany or for changing the presentation of the goods) such as to disadvantage the imported product;

(iii) changing the presentation of goods is particularly difficult, if not impossible, where the symbol (R) not only appears on the packaging but is printed on the product itself (as in the present case);

(iv) quite often the product is exported not by the producer but by independent commercial intermediaries who usually do not have the right to take unilaterally the steps necessary to comply with the German rules.

Furthermore, it must be added that if similar prohibitions were also to be imposed in other Member States a serious impediment would be created to the movement within the Community of products duly and traditionally marketed in their States of origin with the symbol in question. For example, if an Italian court considered it necessary to apply the Italian rules on fair competition in the way suggested by the German court, goods legally marketed in Germany with the symbol (R) could not be imported into Italy. In other words, if the prohibition in question were to become widespread, there would be a serious risk of national markets becoming compartmentalized.

6. In my view, therefore, the national prohibition cannot be regarded as 'necessary' in order to guarantee the imperative requirements recognized by Community law. It is true that that prohibition, in so far as it results from the application of Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb, may, in abstract terms, be considered to be intended to protect consumers (albeit in the widest sense, that is to say encompassing the protection of legitimate expectations of third parties in general from misleading information or presentation) and, at the same time, fair trading (in so far as the misleading presentation of a product can provide one competitor with an unfair advantage over another).

However, it is also true that, on closer analysis, it does not appear that the free movement of goods such as those at issue is really likely to mislead third parties and thus distort competition.

In that regard, I would make the preliminary observation that it is plain that the symbol (R) was placed on the product in

question in accordance with an international commercial practice which, although it is very widespread, has never given rise to any difficulty. In the context of international trade, the symbol (R) is normally used to indicate, in a general way, that the trade mark which it accompanies has been registered, without territorial connotations. That, moreover, appears to be borne out by the fact that the symbol in question, unlike words in a particular language, is characterized by the fact that it is a symbol used internationally and that, consequently, it usually appears on products whose trade marks are registered in the most diverse countries.

That said, it should be pointed out, firstly, that in the present case there does not appear to be any risk of misleading consumers in the strict sense, that is to say those who purchase products bearing the symbol (R). As the Commission pointed out, the symbol (R), by virtue of its very function, is a message not to consumers but essentially to other traders and in particular to the competitors of the undertaking using the symbol. That can be confirmed empirically by the fact that the symbol (R), or similar markings, often takes a less than prominent place in the presentation of the product inasmuch as it does not in any way draw the attention of purchasers.

In reality, for the consumer it is not all that important to know that a particular trade mark has been registered; what concerns him, if anything, is to be sure that a trade mark (with or without the symbol of registration) has not been forged or does not give rise to confusion with similar trade marks. Moreover, even if the consumer did accord any significance to the fact of registration, the place of registration would be of no interest to him. It is true that registration is not carried out everywhere in accordance with the same rules (which are governed by the various national legislative provisions, which have not yet been harmonized at the Community level), but it is also true that those differences are procedural and that, in any event, as emerged at the hearing, they do not have any effect, even indirectly, on guarantees of the quality of the product offered for sale.

Lastly, it should be pointed out that even if the consumer associates certain qualities with the registration of a trade mark in a *particular* country — an assumption which, however, appears to be entirely hypothetical — there is nothing to stop producers who can meet that requirement from supplying that information to the consumer on their own initiative. It is clear, however, that, even in such a hypothetical case, a prohibition such as the one at issue appears manifestly disproportionate.

Secondly, there is also no real risk of misleading those to whom notice of a trade mark's registration is normally directed: economic operators. The national court considers that use of the symbol (R) in a way which breaks with the traditional national practice prejudices the legitimate expectations of those economic operators. They are always led to believe that a trade mark with the symbol (R) has been registered in the Federal Republic of Germany and consequently enjoys a specific legal status; when, therefore, products with the symbol (R) whose trade mark has not

been registered in Germany are in circulation, third parties are misled in so far as they are led to attribute to the trade mark legal protection which, to the contrary, it does not enjoy.

However, common experience shows us that a prudent entrepreneur, exercising a normal degree of diligence, who wishes to market a product and who is therefore interested in knowing whether or not a particular trade mark is registered and consequently enjoys the relevant legal protection, will, before he takes any other step, ascertain the precise legal situation of the trade mark in question at the appropriate public registers, irrespective of whether or not a similar product bears the symbol (R). The legal protection of such operators exercising a normal degree of diligence is not therefore really dependent on — much less prejudiced by — whether or not products bearing the symbol (R) are in free circulation but with a trade mark that has not been registered in the country in which those products are being marketed. Even where there is no national prohibition, those operators do not run the risk of being misled as to whether a particular trade mark is legally protected and, therefore, as to the scope of their own commercial property rights. For the same reasons, it must be considered that, without the contested prohibition, there is no risk of distortions of competition.

Moreover, even assuming that in a Member State third parties consider that the symbol (R) cannot indicate anything other than that registration took place in that same Member State and that they automatically draw from this inferences as to the scope of their own commercial property rights (something which, it should be pointed out, the German Government itself doubts would happen), it must nevertheless be emphasized that such an interpretation could not in any event be given absolute protection to the point of placing the free movement of goods so seriously at risk.

Indeed, in a single market whose corollary is the greatest degree of liberalization of intra-Community trade, the protection of third parties cannot be fashioned on the basis of purely national considerations. In fact it is normal that the opinions and the representations of third parties — and the relevant protection — should undergo progressive change as the market becomes increasingly integrated.

Moreover, that is the perspective adopted in its case-law by the Court, which has stated that:

'Consumers' conceptions, which vary from one Member State to the other, are also likely to evolve in the course of time within a Member State. The establishment of the common market is, it should be added, one of the factors that may play a major contributory role in that development'. [5]

These are principles which I believe can be fully applied in the present case.

5 — Judgment in Case 178/84 *Commission* v *Germany* [1987] ECR 1227, paragraph 32.

7. I therefore propose that the Court should reply to the questions referred by the national court as follows:

'Article 30 of the Treaty precludes a Member State from prohibiting, in application of a national rule on unfair competition, such as that laid down by Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb, the marketing of a product bearing the symbol (R) where the trade mark of that product has not been registered in the Member State in question.'