JUDGMENT OF THE COURT (First Chamber)

8 July 2010 *

In Case C-558/08,

REFERENCE for a preliminary ruling under Article 234 EC from the Hoge Raad der Nederlanden (Netherlands), made by decision of 12 December 2008, received at the Court on 17 December 2008, in the proceedings

Portakabin Ltd,

Portakabin BV

v

Primakabin BV,

* Language of the case: Dutch.

THE COURT (First Chamber),

composed of A. Tizzano, President of the Chamber, E. Levits, A. Borg Barthet, M. Ilešič (Rapporteur) and J.-J. Kasel, Judges,

Advocate General: N. Jääskinen,
Registrar: C. Strömholm, Administrator,

having regard to the written procedure and further to the hearing on 26 November 2009,

after considering the observations submitted on behalf of:

— Portakabin Ltd and Portakabin BV, by N.W. Mulder and A. Tsoutsanis, advocaten,

— Primakabin BV, by C. Gielen and G. Schrijvers, advocaten,

— the French Government, by B. Beaupère-Manokha, acting as Agent,

— the Italian Government, by I. Bruni, acting as Agent, assisted by L. Ventrella, avvocato dello Stato,

— the Polish Government, by A. Rutkowska and A. Kraińska, acting as Agents,

— the Commission of the European Communities, by H. Krämer and W. Roels, acting as Agents,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Articles 5 to 7 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), as amended by the Agreement on the European Economic Area (EEA) of 2 May 1992 (OJ 1994 L 1, p. 3) ('Directive 89/104').

2 The reference has been made in the course of a dispute between, on the one hand, Portakabin Ltd and Portakabin BV (together 'Portakabin') and, on the other, Primakabin BV ('Primakabin') concerning the display of internet advertising links on the basis of keywords which are identical with, or similar to, a trade mark.

Legal context

3 Article 5 of Directive 89/104, entitled 'Rights conferred by a trade mark', provides:

'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 l 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.

…

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.'

4 Article 6 of Directive 89/104, entitled 'Limitation of the effects of a trade mark', provides:

'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.

…'

5 Article 7 of Directive 89/104, in its original version, entitled 'Exhaustion of the rights conferred by a trade mark', stated:

'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.'

6 In accordance with Article 65(2) of the Agreement on the European Economic Area of 2 May 1992, read in conjunction with Annex XVII, Point 4, to that agreement, the original version of Article 7(1) of Directive 89/104 was amended for the purposes of that agreement, with the expression 'in the Community' being replaced by the words 'in a Contracting Party'.

7 Directive 89/104 was repealed by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version) (OJ 2008 L 299, p. 25), which entered into force on 28 November 2008. However, in the light of the date on which the relevant facts occurred, the dispute in the main proceedings remains governed by Directive 89/104.

The dispute in the main proceedings and the questions referred for a preliminary ruling

The 'AdWords' referencing service

8 When an internet user performs a search, on the basis of one or more words, on the Google search engine, that search engine will display the sites which appear best to correspond to those words, in decreasing order of relevance. These are referred to as the 'natural' results of the search.

9 In addition, Google's paid referencing service – 'AdWords' – enables any economic operator, by means of the reservation of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its site. That advertising link appears under the heading 'sponsored links', which is displayed either on the right-hand side of the screen, to the right of the natural results, or on the upper part of the screen, above the natural results.

10 That advertising link is accompanied by a short commercial message. Together, that link and that message constitute the advertisement ('ad') displayed under the above-mentioned heading.

The use of keywords in the dispute in the main proceedings

11 Portakabin Ltd manufactures and supplies mobile buildings and is the proprietor of the Benelux trade mark PORTAKABIN, registered in respect of goods in Classes 6 (metal buildings, parts and building materials) and 19 (non-metal buildings, parts

and building materials) within the terms of the Nice Agreement of 15 June 1957 concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, as revised and amended.

12 Portakabin BV is a subsidiary of Portakabin Ltd and is engaged in the sale of the group's goods under a licence for the trade mark PORTAKABIN.

13 Primakabin sells and leases new and second-hand mobile buildings. Apart from manufacturing and marketing its own units, such as work shelters or temporary offices, Primakabin is also engaged in selling and leasing used units, including those manufactured by Portakabin.

14 Primakabin is not part of the Portakabin group.

15 Portakabin and Primakabin offer their goods for sale on their respective websites.

16 For the 'AdWords' referencing service, Primakabin chose the keywords 'portakabin', 'portacabin', 'portokabin' and 'portocabin'. The last three variations were chosen in order to avoid a situation in which internet users, performing a search for units manufactured by Portakabin, might miss Primakabin's ad because they had made minor spelling mistakes in typing the word 'portakabin'.

17 Originally, the heading of Primakabin's ad, which appeared once one of the aforementioned words had been entered into the search engine, was 'new and used units'. Subsequently, that heading was amended by Primakabin to 'used portakabins'.

18 On 6 February 2006, Portakabin brought an action against Primakabin before the voorzieningenrechter te Amsterdam (judge hearing applications for interim relief in Amsterdam) in which it sought an order requiring Primakabin, on pain of a fine, to cease all use of signs similar to the mark PORTAKABIN, including the keywords 'portakabin', 'portacabin', 'portokabin' and 'portocabin'.

19 By decision of 9 March 2006, the voorzieningenrechter te Amsterdam rejected Portakabin's application. He took the view that Primakabin did not use the word 'portakabin' to distinguish goods. In addition, Primakabin was not gaining unfair advantage through the use at issue. It was using the word 'portakabin' to direct interested parties to its website, on which it offered 'used portakabins' for sale.

20 Portakabin appealed against that decision to the Gerechtshof te Amsterdam (Amsterdam Regional Court of Appeal). By judgment of 14 December 2006, the Gerechtshof set aside the decision under appeal and prohibited Primakabin from using advertising which contained the words 'used portakabins' and, in the event that it used the keyword 'portakabin' and variants thereof, from providing a link leading directly to pages of its website other than those on which units manufactured by Portakabin were offered for sale.

21 As the Gerechtshof te Amsterdam held that use of the keyword 'portakabin' and variants thereof did not constitute use in relation to goods or services within the meaning of the legislation transposing Article 5(1) of Directive 89/104, Portakabin lodged an appeal against that judgment of 14 December 2006 with the Hoge Raad der Nederlanden (Supreme Court of the Netherlands). The Hoge Raad decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

'1. (a) Where a trader in certain goods or services ("the advertiser") avails himself of the possibility of submitting to the provider of an internet search engine [a keyword] … which is identical to a trade mark registered by another person ("the proprietor") in respect of similar goods or services, and the [keyword] submitted – without this being visible to the search engine user – results in the internet user who enters that word finding a reference to the advertiser's website in the search engine provider's list of search results, is the advertiser "using" the registered trade mark within the meaning of Article 5(1)(a) of Directive 89/104 …?

(b) Does it make a difference in that regard whether the reference is displayed:

— in the ordinary list of webpages found; or

— in an advertising section identified as such?

(c) Does it make a difference in that regard

whether, even within the reference notification on the search engine provider's webpage, the advertiser is actually offering goods or services that are identical to the goods or services covered by the registered trade mark; or

whether the advertiser is in fact offering goods or services which are identical to the goods or services covered by the registered trade mark on a webpage of his own, which internet users … can access via a hyperlink in the reference on the search engine provider's webpage?

2. If and in so far as the answer to Question 1 is in the affirmative, can Article 6 of Directive 89/104, in particular Article 6(1)(b) and (c), result in the proprietor being precluded from prohibiting the use described in Question 1 and, if so, under what circumstances?

3. In so far as the answer to Question 1 is in the affirmative, is Article 7 of Directive 89/104 applicable where an offer by the advertiser, as indicated in Question 1(a), relates to goods which have been marketed in the European Community under the proprietor's trade mark referred to in Question 1 or with his permission?

4. Do the answers to the foregoing questions apply also in the case of [keywords], as referred to in Question 1, submitted by the advertiser, in which the trade mark is deliberately reproduced with minor spelling mistakes, making searches by the internet-using public more effective, assuming that the trade mark is reproduced correctly on the advertiser's website?

5. If and in so far as the answers to the foregoing questions mean that the trade mark is not being used within the meaning of Article 5(1) of Directive 89/104, are the Member States entitled, in relation to the use of [keywords] such as those at issue in this case, simply to grant protection – under Article 5(5) of that directive, in accordance with provisions in force in those States relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services – against use of that sign which, in the opinion of the courts of those Member States, without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark, or do Community-law

parameters associated with the answers to the foregoing questions apply to national courts?'

The questions referred for a preliminary ruling

22 It is, in the first place, appropriate to examine the first, fourth and fifth questions, inasmuch as they concern the right of a trade mark proprietor, pursuant to Article 5 of Directive 89/104, to prevent an advertiser from using a sign which is identical with, or similar to, that trade mark as a keyword for an internet referencing service. The second and third questions, which concern Articles 6 and 7 of Directive 89/104 and relate to possible exceptions, in a situation in which the proprietor cannot exercise the right laid down in Article 5 of that directive, will be examined subsequently.

The first, fourth and fifth questions, relating to Article 5 of Directive 89/104

Question 1(a)

23 The dispute in the main proceedings arises from the use of signs which are identical with, or similar to, a trade mark as keywords for an internet referencing service, without the proprietor of that trade mark having given his consent for that use.

24 By Question 1(a), the referring court is asking, in essence, whether Article 5(1) of Directive 89/104 must be interpreted as meaning that a trade mark proprietor is entitled to prohibit a third party from displaying – on the basis of a keyword which is identical to that mark, and which that third party has chosen for an internet referencing service without the proprietor's consent – an ad for goods or services identical with, or similar to, those in respect of which that mark was registered.

25 As is apparent from the order for reference, the referring court has described the keyword 'portakabin' as identical to the trade mark PORTAKABIN. It is, furthermore, common ground that the purpose and effect of use of that keyword by Primakabin is to trigger a display of ads for goods which are identical to those in respect of which that mark is registered, namely mobile buildings.

26 Therefore, the first question must be examined in the light of Article 5(1)(a) of Directive 89/104. That provision entitles the proprietor of a trade mark to prevent use, without his consent, of an identical sign by a third party, where that use takes place in the course of trade, where it is for goods and services identical to those in respect of which the mark is registered, and where it adversely affects, or is liable adversely to affect, the functions of the trade mark (see, inter alia, Case C-17/06 *Céline* [2007] ECR I-7041, paragraph 16, and Case C-487/07 *L'Oréal and Others* [2009] ECR I-5185, paragraph 58).

27 As the Court stated in paragraphs 51 and 52 of its judgment in Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, the sign selected by an advertiser as a keyword for an internet referencing service is the means used to trigger his ad display and is therefore used 'in the course of trade' within the meaning of Article 5(1) of Directive 89/104.

28 This also constitutes a use in relation to the goods and services of the advertiser (*Google France and Google*, paragraphs 67 to 69). That finding is not invalidated by the fact, emphasised in the observations submitted to the Court, that the sign which is identical to the mark – in the present case, the sign 'portakabin' – is used not only in relation to the goods under that mark – that is to say, for the resale of units manufactured by Portakabin – but also for goods from other manufacturers, such as, in this instance, units manufactured by Primakabin or by other competitors of Portakabin. On the contrary, use by an advertiser of a sign, which is identical with another person's trade mark, to suggest to internet users an alternative to the offer from the proprietor of that mark, is use 'in relation to goods and services' within the meaning of Article 5(1)(a) of Directive 89/104 (*Google France and Google*, paragraphs 70 to 73).

29 That being so, the trade mark proprietor cannot oppose that use of the sign, identical with its mark, if that use is not liable to cause detriment to any of the functions of that mark (*L'Oréal and Others*, paragraph 60, and *Google France and Google*, paragraph 76).

30 Those functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services ('the function of indicating origin'), but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising (*L'Oréal and Others*, paragraph 58, and *Google France and Google*, paragraph 77).

31 As regards the use of signs identical with trade marks as keywords for a referencing service, the Court held, at paragraph 81 of *Google France and Google*, that the relevant functions to be examined are the function of indicating origin and the function of advertising.

32 As regards the function of advertising, the Court has held that use of a sign identical with another person's trade mark in a referencing service such as 'AdWords' is not liable to have an adverse effect on the advertising function of the trade mark (*Google France and Google*, paragraph 98, and Case C-278/08 *BergSpechte* [2010] ECR I-2517, paragraph 33).

33 That finding must also apply in the present case, since the dispute in the main proceedings concerns the selection of keywords and the display of ads within the context of the same 'AdWords' referencing service.

34 As regards the function of indicating origin, the Court has held that the question whether that function is adversely affected when internet users are shown a third party's ad, on the basis of a keyword identical with a mark, will depend in particular on the manner in which that ad is presented. The function of indicating the origin of the mark will be adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically linked to it or, on the contrary, originate from a third party (*Google France and Google*, paragraphs 83 and 84, and *BergSpechte*, paragraph 35).

35 On that point the Court has also stated that, in the case where a third party's ad suggests that there is an economic link between that third party and the proprietor of the trade mark, the conclusion must be that there is an adverse effect on the function of indicating origin. Similarly, in the case where the ad, while not suggesting the existence of an economic link, is vague to such an extent on the origin of the goods or services at issue that normally informed and reasonably attentive internet users are unable to determine, on the basis of the advertising link and the commercial message attached thereto, whether the advertiser is a third party vis-à-vis the proprietor of the trade mark or, on the contrary, economically linked to that proprietor, the conclusion must also be that there is an adverse effect on that function of the trade mark (*Google France and Google*, paragraphs 89 and 90, and *BergSpechte*, paragraph 36).

36 It is in the light of those factors that the national court must assess whether the facts of the dispute in the main proceedings point to an adverse effect, or the risk of an adverse effect, on the function of indicating origin.

Question 1(b)

37 By Question 1(b) the referring court is asking, in essence, whether the protection which a trade mark confers on its proprietor can have a different scope depending upon whether or not a third party's ad, displayed on the basis of a keyword which is identical with that mark in the context of an internet referencing service, appears in an advertising section identified as such.

38 It is common ground that the dispute in the main proceedings concerns only the use of keywords in the context of an internet referencing service resulting in the display of ads under the section 'sponsored links' of the search engine managed by that service provider. In those circumstances, an examination of the protection granted to the proprietor of a mark in the event of the display of third party ads outside of 'sponsored links' can have no bearing on the outcome of the dispute (see, by analogy, Case C-466/04 *Acereda Herrera* [2006] ECR I-5341, paragraph 48, and Case C-215/08 *E. Friz* [2010] ECR I-2947, paragraph 22).

39 It follows that it is not necessary to reply to Question 1(b).

Question 1(c)

40 By Question 1(c) the referring court asks to what extent it is necessary – in order to determine whether, if an advertiser makes use of a sign identical with a mark, the proprietor of that mark is entitled to prohibit that use – to distinguish a situation in which the goods or services referred to in the ad are actually offered for sale in the ad itself as it is displayed by the referencing service provider from a situation in which such an offer for sale appears only on the advertiser's website to which the internet user is referred if he clicks on the advertising link.

41 As has been stated in paragraphs 9 and 10 above, the use of a sign as a keyword for an internet referencing service triggers the display of an ad, which consists, firstly, of a link leading the internet user – should he decide to click on that link – to the advertiser's website and, secondly, of a commercial message.

42 That link and commercial message are concise and, in general, do not enable the advertiser to make specific sales offers or to provide a comprehensive overview of the types of goods or services which it markets. That circumstance does not, however, alter in any way the fact that the advertiser, having chosen as a keyword a sign identical with another person's trade mark, intends that internet users who enter that word as a search term should click on its advertising link in order to find out about its offers. There is, therefore, use of that sign 'in relation to goods or services' within the meaning of Article 5(1)(a) of Directive 89/104 (see *Google France and Google*, paragraphs 67 to 73).

43 It follows that no purpose is served by examining whether the goods or services referred to by the ad are actually offered for sale in the wording of that ad, as set out by the reference service provider, or whether they are offered for sale only on the advertiser's website to which the internet user is referred if he clicks on the advertising link.

44 It is, in principle, also unnecessary to carry out such an examination when considering the question whether the use of the sign – identical with the mark – as a keyword is likely to have an adverse effect on the functions of the mark and, in particular, on the function of indicating its origin. As was pointed out in paragraphs 34 to 36 above, it is for the national court to assess, in the light of how the ad is presented as a whole, whether it enables normally informed and reasonably attentive internet users to determine if the advertiser is a third party vis-à-vis the trade mark proprietor or, on the contrary, economically linked to that proprietor. The presence or absence, in the ad, of actual offers for the sale of the goods or services in question is not, in general, a decisive factor for purposes of that assessment.

Question 4

45 By its fourth question, the referring court asks, in essence, whether a trade mark proprietor is entitled, under the same circumstances as those applicable in the event of a third party using a keyword which is identical with the mark, to prohibit a third party from using keywords which reproduce the mark with 'minor spelling mistakes'.

46 That question arises by reason of the fact, set out in paragraph 16 above, that Primakabin chose not only the keyword 'portakabin', but also the keywords 'portacabin', 'portokabin' and 'portocabin'.

47 In that regard, it should be borne in mind that a sign is identical with a trade mark only where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences which are so insignificant that they may go unnoticed by an average consumer (Case C-291/00 *LTJ Diffusion* [2003] ECR I-2799, paragraph 54, and *BergSpechte*, paragraph 25).

48 With regard to keywords reproducing a trade mark with minor spelling mistakes, it is not in dispute that they do not reproduce all the elements constituting the trade mark. They may, however, be regarded as containing differences which are so insignificant that they may go unnoticed by the average consumer, within the meaning of the case-law cited in paragraph 47 above. It is for the national court to assess, in the light of the evidence available to it, whether the signs in this case are to be regarded as such.

49 In the event that the national court concludes that the trade mark and the keywords reproducing that mark with minor spelling mistakes are not identical, it is then for that court to ascertain whether those keywords are similar to that mark for the purposes of Article 5(1)(b) of Directive 89/104.

50 In the latter case, where the third party uses a sign which is similar to the trade mark in relation to goods or services identical with those for which the trade mark is registered, the trade mark proprietor can oppose the use of that sign only where there is a likelihood of confusion (*Google France and Google*, paragraph 78, and *BergSpechte*, paragraph 22).

51 The risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion (see, inter alia, Case C-342/97 *Lloyd*

Schuhfabrik Meyer [1999] ECR I-3819, paragraph 17; Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 26; and Case C-102/07 *adidas and adidas Benelux* [2008] ECR I-2439, paragraph 28).

52 It follows that, should the rule set out in Article 5(1)(b) of Directive 89/104 be applicable, it will be for the national court to determine whether there is a likelihood of confusion when internet users are shown, on the basis of a keyword similar to a trade mark, a third party's ad which does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or from an undertaking economically linked to it or, on the contrary, originate from a third party (*BergSpechte*, paragraph 39).

53 The guidance set out in paragraph 35 above is, by analogy, applicable.

54 In the light of all of the foregoing, the answer to the first and fourth questions is that Article 5(1) of Directive 89/104 must be interpreted as meaning that a trade mark proprietor is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with, or similar to, that mark, which that advertiser has selected for an internet referencing service without the consent of the proprietor, in relation to goods or services identical to those in respect of which the mark is registered, where that advertising does not enable average internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or from an undertaking economically linked to it or, on the contrary, originate from a third party.

Question 5

55 Since the fifth question was referred only in the event that the Court should rule that an advertiser's use of a sign identical with, or similar to, another person's trade mark as a keyword for an internet referencing service cannot constitute use for the purposes of Article 5(1) of Directive 89/104, it is not necessary, in the light of the replies to the first and fourth questions, to answer that question.

The second question, relating to Article 6 of Directive 89/104

56 By its second question, the referring court asks if an advertiser can rely on the exception provided for in Article 6 of Directive 89/104, and in particular the exception provided for in Article 6(1)(b) and (c), to use a sign identical with, or similar to, a trade mark as a keyword for an internet referencing service, even though this may constitute a use coming under Article 5 of that directive.

57 By limiting the effects of the rights which a trade mark proprietor derives from Article 5 of Directive 89/104, Article 6(1) of that directive seeks to reconcile the fundamental interests of trade-mark protection with those of free movement of goods and freedom to provide services in the common market (Case C-63/97 *BMW* [1999] ECR I-905, paragraph 62; Case C-228/03 *Gillete Company and Gillete Group Finland* [2005] ECR I-2337, paragraph 29; and *adidas and adidas Benelux*, paragraph 45).

58 In particular, Article 6(1) provides that a trade mark proprietor cannot 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'; or '(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'. The provision does, however, specify that that rule applies only in so far as that use by the third party is 'in accordance with honest practices in industrial or commercial matters'.

59 As it is not disputed that Article 6(1)(a) of Directive 89/104 is irrelevant to the outcome of the dispute in the main proceedings, it is appropriate, first, to examine whether Article 6(1)(b) might apply.

60 In that regard, it should be noted, as the Commission of the European Communities has observed, that, in general, use of a sign identical with, or similar to, another person's trade mark as a keyword for an internet referencing service is not intended to provide an indication of one of the characteristics of the goods or services offered by the third party in that use, with the result that that use does not come within Article 6(1)(b) of Directive 89/104.

61 In special circumstances, which must be assessed by the national court, a contrary finding may, however, be necessary. It is, consequently, for the national court to ascertain, on the basis of a full examination of the case before it, whether Primakabin, by its use as keywords of signs identical with, or similar to, the trade mark PORTAKABIN, is using descriptive indications for the purposes of Article 6(1)(b) of Directive 89/104. In the course of that assessment, it will have to take account of the fact that, according

to the information provided by Primakabin at the hearing before the Court, the word 'portakabin' has not been used as a generic name.

62 Next, in relation to the situation envisaged by Article 6(1)(c) of Directive 89/104, namely where use of the mark is 'necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts', the majority of observations submitted to the Court have contended that it is unlikely that use by Primakabin of signs identical with, or similar to, the trade mark PORTAKABIN could be categorised as such. Nevertheless, as the legal and factual context is to be determined by the referring court, and as that court has not ruled out the possibility that the situation covered by Article 6(1)(c) of Directive 89/104 may obtain in the case in the main proceedings, some guidance must be given on that point.

63 As the Court has already ruled, the intended purpose of products 'as accessories or spare parts' was cited by the legislature only by way of example, that being the usual situation in which it is necessary to use a trade mark in order to indicate the intended purpose of a product. The application of Article 6(1)(c) of Directive 89/104 is therefore not limited to that situation (*Gillette Company and Gillette Group Finland*, paragraph 32).

64 The situations coming within the scope of Article 6(1)(c) must, however, be limited to those which correspond to the objective of that provision. However, as Portakabin and the Commission have correctly observed, the objective of Article 6(1)(c) of Directive 89/104 is to enable providers of goods or services, which are supplementary to the goods or services offered by a trade mark proprietor, to use that mark in order to inform the public of the practical link between their goods or services and those of the proprietor of the mark (see, to that effect, *Gillette Company and Gillette Group Finland*, paragraphs 33 and 34).

65 It is for the referring court to examine whether or not the use by Primakabin of the sign identical to the trade mark PORTAKABIN, in relation to the goods offered to internet users by Primakabin, comes within the situation envisaged in Article 6(1)(c) as described above.

66 In the event that the referring court should find that the dispute in the main proceedings involves one of the uses covered by Article 6(1)(b) or (c) of Directive 89/104, it will be required, ultimately, to determine whether the condition that that use be in accordance with honest practices in industrial or commercial matters has been satisfied.

67 That condition is the expression of the duty to act fairly in relation to the legitimate interests of the trade mark proprietor. The issue of whether that condition has been satisfied must be assessed by, inter alia, taking account of the extent to which the use by the third party is understood by the relevant public, or at least by a significant section of that public, as establishing a link between the third party's goods and those of the trade mark proprietor or a person authorised to use the trade mark, and of the extent to which the third party ought to have been aware of that (Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989, paragraphs 82 and 83, and *Céline*, paragraphs 33 and 34).

68 As has been pointed out in reply to the first and fourth questions, however, use by an advertiser of a sign identical with, or similar to, a trade mark for an internet referencing service comes within Article 5(1) of Directive 89/104 where that use does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the trade mark proprietor or from an undertaking economically linked to it or, on the contrary, originate from a third party.

69 Thus, the circumstances under which a trade mark proprietor is, pursuant to Article 5(1) of Directive 89/104, entitled to prevent an advertiser from using a sign identical with, or similar to, that trade mark as a keyword may, in the light of the case-law referred to in paragraph 67 above, easily correspond to a situation in which the advertiser cannot claim that it is acting in accordance with honest practices in industrial or commercial matters, and cannot therefore validly rely on the exception provided for in Article 6(1) of that directive.

70 In that regard, it must be held, first, that one of the characteristics of the situation referred to in paragraph 68 above lies precisely in the fact that the ad is likely to cause at least a significant section of the target public to establish a link between the goods or services to which it refers and the goods or services of the trade mark proprietor or persons authorised to use that trade mark. Second, in the event that the national court finds that the ad does not enable average internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the trade mark proprietor or from a third party, it is unlikely that the advertiser can genuinely claim not to have been aware of the ambiguity thus caused by its ad. It is the advertiser itself, in the context of its professional strategy and with full knowledge of the economic sector in which it operates, which chose a keyword corresponding to another person's trade mark and which, alone or with the assistance of the referencing service provider, designed the ad and therefore decided how it should be presented.

71 Taking account of those factors, it must be concluded that, in the situation described in paragraphs 54 and 68 above, the advertiser cannot, in principle, claim to have acted in accordance with honest practices in industrial or commercial matters. It is, however, for the national court to carry out an overall assessment of all the relevant circumstances in order to determine whether there may be evidence to justify a contrary finding (see, to that effect, Case C-100/02 *Gerolsteiner Brunnen* [2004] ECR I-691, paragraph 26, and *Anheuser-Busch*, paragraph 84 and the case-law cited).

72 In the light of all of the foregoing considerations, the answer to the second question is that Article 6 of Directive 89/104 must be interpreted as meaning that, where use by advertisers of signs identical with, or similar to, trade marks as keywords for an internet referencing service is liable to be prohibited pursuant to Article 5 of that directive, those advertisers cannot, in general, rely on the exception provided for in Article 6(1) in order to avoid such a prohibition. It is, however, for the national court to determine, in the light of the particular circumstances of the case, whether or not there was, in fact, a use, within the terms of Article 6(1), which could be regarded as having been made in accordance with honest practices in industrial or commercial matters.

The third question, relating to Article 7 of Directive 89/104

73 By its third question, the referring court asks, in essence, whether an advertiser can, in circumstances such as those in the case in the main proceedings, rely on the exception provided for in Article 7 of Directive 89/104 in order to use a sign identical with, or similar to, a trade mark as a keyword for an internet referencing service, even though this may amount to use coming under Article 5 of that directive.

74 Article 7 of Directive 89/104 contains an exception to the proprietor's exclusive right laid down in Article 5 of that directive, in that it provides that the proprietor's right to prohibit all third parties from using the mark is exhausted where goods have been placed on the market in the EEA under that trade mark by the proprietor or with his consent, unless there are legitimate reasons for him to oppose further commercialisation of the goods (see, inter alia, *BMW*, paragraph 29; Joined Cases C-414/99

to C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691, paragraph 40; and Case C-59/08 *Copad* [2009] ECR I-3421, paragraph 41).

75 At the outset, as is apparent from the order for reference, Primakabin's advertising, carried out with the assistance of keywords identical with, or similar to, Portakabin's trade mark, concerns to a large degree the resale of used mobile buildings originally manufactured by Portakabin. It is also common ground that those goods have been placed on the market in the EEA by Portakabin, under the trade mark PORTAKABIN.

76 Next, it cannot be disputed that the resale by a third party of second-hand goods, which had originally been placed on the market under the trade mark by the proprietor of that mark or by a person authorised by him, constitutes a 'further commercialisation of the goods' within the meaning of Article 7 of Directive 89/104, and that use of that mark for the purposes of that resale can therefore be prohibited by that proprietor only where there are 'legitimate reasons', within the meaning of Article 7(2), such as to justify his opposition to that commercialisation (see, by analogy, *BMW*, paragraph 50).

77 Lastly, it is settled case-law that, when trade-marked goods have been placed on the market in the EEA by the proprietor of the trade mark or with his consent, a reseller, besides being free to resell those goods, 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 (Case C-337/95 *Parfums Christian Dior* [1997] ECR I-6013, paragraph 38, and *BMW*, paragraph 48).

78 It follows from the foregoing that a trade mark proprietor is not entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with, or similar to, that trade mark, which the advertiser has chosen for an internet referencing service

without the consent of the proprietor, the resale of second-hand goods originally placed on the market in the EEA under that trade mark by the proprietor or with his consent, unless there are legitimate reasons, within the meaning of Article 7(2) of Directive 89/104, which would justify that proprietor's opposition to such advertising.

79 Such a legitimate reason exists, inter alia, when the advertiser's use of a sign identical with, or similar to, a trade mark seriously damages the reputation of that mark (*Parfums Christian Dior*, paragraph 46, and *BMW*, paragraph 49).

80 The fact that the reseller, through its advertising based on a sign identical with, or similar to, the trade mark, gives the impression that there is a commercial connection between the reseller and the trade mark proprietor, and in particular that the reseller's business is affiliated to the proprietor's distribution network or that there is a special relationship between the two undertakings, also constitutes a legitimate reason within the meaning of Article 7(2) of Directive 89/104. Advertising which is liable to give such an impression is not essential to the further commercialisation of goods placed on the market under the trade mark by its proprietor or with his consent or, therefore, to the purpose of the exhaustion rule laid down in Article 7 of Directive 89/104 (see, to that effect, *BMW*, paragraphs 51 and 52, and Case C-348/04 *Boehringer Ingelheim and Others* [2007] ECR I-3391, paragraph 46).

81 It follows that the circumstances, referred to in paragraph 54 above, in which a trade mark proprietor is, pursuant to Article 5(1) of Directive 89/104, entitled to prohibit use by an advertiser of a sign identical with, or similar to, that trade mark as a keyword – that is to say, circumstances in which use of that sign by the advertiser does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of that mark or from an undertaking economically linked to it or, on the contrary, originate from a third party – correspond to a situation in which

Article 7(2) of that directive applies and in which, accordingly, the advertiser cannot rely on the exhaustion rule laid down in Article 7(1) of Directive 89/104.

82 As has been pointed out in paragraphs 34 to 36 and paragraphs 52 and 53 above, it is for the national court to assess whether or not Primakabin's ads, as they were displayed in the event of a search performed by internet users on the basis of the terms 'portakabin', 'portacabin', 'portokabin' and 'portocabin', would enable a normally informed and reasonably attentive internet user to ascertain whether Primakabin is a third-party vis-à-vis Portakabin, or, on the contrary, is economically linked to it.

83 Nevertheless, it is necessary to provide guidance – admittedly, not exhaustive – to the referring court to enable it to rule appropriately on this issue, in the light of the peculiarities of the sale of second-hand goods. That guidance relates to three aspects which the parties to the main proceedings emphasised in their observations to the Court: first, the interest of economic operators and consumers that the sales of second-hand goods via the internet should not be unduly restricted; second, the need for clear information as to the origin of such goods; and, third, the fact that Primakabin's ad, referring to 'used portakabins', led internet users not only to offers for the resale of goods manufactured by Portakabin, but also to offers for the resale of goods from other manufacturers.

84 As regards the first of those aspects, account must be taken of the fact that the sale of second-hand goods under a trade mark is a well-established form of business, with which the average consumer will be familiar. Therefore, it cannot be held, merely on the basis of the fact that an advertiser uses another person's trade mark with additional wording indicating that the relevant goods are being resold, such as 'used' or 'second-hand', that the ad creates the impression that the reseller and the trade mark

proprietor are economically linked or that the ad is seriously detrimental to the reputation of that mark.

85 As regards the second of those aspects, Portakabin claimed that Primakabin had removed any reference to the trade mark PORTAKABIN from the used mobile buildings which it was selling and replaced it with the wording 'Primakabin'. In support of that claim, Portakabin attached to its written observations a document from which it is apparent that internet users who clicked on the 'used portakabins' ad were shown mobile buildings bearing the wording 'Primakabin'. At the hearing, in reply to a question put by the Court, Primakabin confirmed that practice of replacing labels, while emphasising that it had been carried out only in a limited number of instances.

86 In that regard, where the reseller, without the consent of a trade mark proprietor, removes that trade mark from the goods ('de-branding') and replaces it with a label bearing the reseller's name, with the result that the trade mark of the manufacturer of the goods in question is entirely concealed, the trade mark proprietor is entitled to prevent the reseller from using that mark to advertise that resale. In such a case, damage is caused to the essential function of the trade mark, which is to indicate and guarantee the origin of the goods, and the consumer is prevented from distinguishing the goods originating from the proprietor and those originating from the reseller or other third parties (see, to that effect, Case C-349/95 *Loendersloot* [1997] ECR I-6227, paragraph 24, and *Boehringer Ingelheim and Others*, paragraphs 14, 32 and 45 to 47).

87 As regards the third aspect referred to in paragraph 83 above, the parties to the main proceedings agree that the ad 'used portakabins' which Primakabin caused to be displayed when internet users entered the word 'portakabin', 'portacabin', 'portokabin' or 'portocabin' in the search engine, led, when those internet users clicked on that

advertising link, to web pages in which Primakabin sold, in addition to goods originally manufactured and placed on the market by Portakabin, goods under other trade marks.

88 Portakabin takes the view that, in those circumstances, the advertising link established by Primakabin on the basis of signs identical with, or similar to, the trade mark PORTAKABIN was misleading. Furthermore, it continues, Primakabin has derived greater advantage than necessary from the reputation of the trade mark PORTAKABIN, and has seriously damaged that reputation.

89 However, as the Court has already held, the mere fact that a reseller derives an advantage from using another person's trade mark in so far as advertisements for the sale of goods covered by the mark, which are in other respects honest and fair, lend an aura of quality to his own business does not constitute a legitimate reason within the meaning of Article 7(2) of Directive 89/104 (*BMW*, paragraph 53).

90 It must be held, in that regard, that a reseller who markets second-hand goods under another person's trade mark, and who is specialised in the sale of those goods, will have difficulty communicating such information to his potential customers without using that mark (see, by analogy, *BMW*, paragraph 54).

91 In those circumstances, in which a reseller specialises in the resale of goods under another person's trade mark, the reseller cannot be prohibited from using that mark in order to advertise its resale activities which include – apart from the sale of second-hand goods under that mark – the sale of other second-hand goods, unless the resale of those other goods risks, in the light of their volume, their presentation or their poor quality, seriously damaging the image which the proprietor has succeeded in creating for its mark.

92 In the light of all of the foregoing, the reply to the third question is that Article 7 of Directive 89/104 must be interpreted as meaning that a trade mark proprietor is not entitled to prohibit an advertiser from advertising – on the basis of a sign identical with, or similar to, that trade mark, which that advertiser chose as a keyword for an internet referencing service without the consent of that proprietor – the resale of goods manufactured and placed on the market in the EEA by that proprietor or with his consent, unless there is a legitimate reason, within the meaning of Article 7(2), which justifies him opposing that advertising, such as use of that sign which gives the impression that the reseller and the trade mark proprietor are economically linked or use which is seriously detrimental to the reputation of the mark.

93 The national court, which must assess whether or not there is such a legitimate reason in the case before it:

— cannot find that the ad gives the impression that the reseller and the trade mark proprietor are economically linked, or that the ad is seriously detrimental to the reputation of that mark, merely on the basis that an advertiser uses another person's trade mark with additional wording indicating that the goods in question are being resold, such as 'used' or 'second-hand';

— is obliged to find that there is such a legitimate reason where the reseller, without the consent of the proprietor of the trade mark which it uses in the context of advertising for its resale activities, has removed reference to that trade mark from the goods, manufactured and placed on the market by that proprietor, and replaced it with a label bearing the reseller's name, thereby concealing the trade mark; and

— is obliged to find that a specialist reseller of second-hand goods under another person's trade mark cannot be prohibited from using that mark to advertise to the

public its resale activities which include, in addition to the sale of second-hand goods under that mark, the sale of other second-hand goods, unless the resale of those other goods, in the light of their volume, their presentation or their poor quality, risks seriously damaging the image which the proprietor has succeeded in creating for its mark.

Costs

94 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 (First Chamber) hereby rules:

1. **Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, must be interpreted as meaning that a trade mark proprietor is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with, or similar to, that mark, which that advertiser has selected for an internet referencing service without the consent of the proprietor, in relation to goods or services identical to those in respect of which the mark is registered, where that advertising does not enable average internet users, or**

enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or from an undertaking economically linked to it or, on the contrary, originate from a third party.

2. **Article 6 of Directive 89/104, as amended by the Agreement on the European Economic Area of 2 May 1992, must be interpreted as meaning that, where use by advertisers of signs identical with, or similar to, trade marks as keywords for an internet referencing service is liable to be prohibited pursuant to Article 5 of that directive, those advertisers cannot, in general, rely on the exception provided for in Article 6(1) in order to avoid such a prohibition. It is, however, for the national court to determine, in the light of the particular circumstances of the case, whether or not there was, in fact, a use, within the terms of Article 6(1), which could be regarded as having been made in accordance with honest practices in industrial or commercial matters.**

3. **Article 7 of Directive 89/104, as amended by the Agreement on the European Economic Area of 2 May 1992, must be interpreted as meaning that a trade mark proprietor is not entitled to prohibit an advertiser from advertising – on the basis of a sign identical with, or similar to, that trade mark, which that advertiser chose as a keyword for an internet referencing service without the consent of that proprietor – the resale of goods manufactured and placed on the market in the European Economic Area by that proprietor or with his consent, unless there is a legitimate reason, within the meaning of Article 7(2), which justifies him opposing that advertising, such as use of that sign which gives the impression that the reseller and the trade mark proprietor are economically linked or use which is seriously detrimental to the reputation of the mark.**

The national court, which must assess whether or not there is such a legitimate reason in the case before it:

— **cannot find that the ad gives the impression that the reseller and the trade mark proprietor are economically linked, or that the ad is seriously detrimental to the reputation of that mark, merely on the basis that an advertiser uses another person's trade mark with additional wording indicating that the goods in question are being resold, such as 'used' or 'second-hand';**

— **is obliged to find that there is such a legitimate reason where the reseller, without the consent of the proprietor of the trade mark which it uses in the context of advertising for its resale activities, has removed reference to that trade mark from the goods, manufactured and placed on the market by that proprietor, and replaced it with a label bearing the reseller's name, thereby concealing the trade mark; and**

— **is obliged to find that a specialist reseller of second-hand goods under another person's trade mark cannot be prohibited from using that mark to advertise to the public its resale activities which include, in addition to the sale of second-hand goods under that mark, the sale of other second-hand goods, unless the sale of those other goods, in the light of their volume, their presentation or their poor quality, risks seriously damaging the image which the proprietor has succeeded in creating for its mark.**

[Signatures]