Reports of Cases

JUDGMENT OF THE COURT (Third Chamber)

11 July 2013 *

(Directives 84/450/EEC and 2006/114/EC — Misleading and comparative advertising — Definition of 'advertising' — Registration and use of a domain name — Use of metatags in a website's metadata)

In Case C-657/11,

REQUEST for a preliminary ruling under Article 267 TFEU from the Hof van Cassatie (Belgium), made by decision of 8 December 2011, received at the Court on 21 December 2011, in the proceedings

Belgian Electronic Sorting Technology NV

v

Bert Peelaers,

Visys NV,

THE COURT (Third Chamber),

composed of M. Ilešič (Rapporteur), President of the Chamber, K. Lenaerts, Vice-President of the Court, acting as Judge of the Third Chamber, E. Jarašiūnas, A. Ó Caoimh and C.G. Fernlund, Judges,

Advocate General: P. Mengozzi,

Registrar: C. Strömholm, Administrator,

having regard to the written procedure and further to the hearing on 24 January 2013,after considering the observations submitted on behalf of:

— Belgian Electronic Sorting Technology NV, by P. Maeyaert, P. de Jong and J. Muyldermans, advocaten,

— Mr Peelaers and Visys NV, by V. Pede and S. Demuenynck, advocaten,

— the Belgian Government, by J.-C. Halleux and T. Materne, acting as Agents,

— the Estonian Government, by M. Linntam, acting as Agent,

— the Italian Government, by G. Palmieri, acting as Agent, and S. Fiorentino, avvocato dello Stato,

— the Polish Government, by B. Majczyna and M. Szpunar, acting as Agents,

* Language of the case: Dutch.

— the European Commission, by M. Owsiany-Hornung and M. van Beek, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 21 March 2013

gives the following

Judgment

1 This request for a preliminary ruling concerns the interpretation of the term 'advertising' within the meaning of Article 2 of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising (OJ 1984 L 250, p. 17), as amended by Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 (OJ 2005 L 149, p. 22) ('Directive 84/450') and Article 2 of Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising (OJ 2006 L 376, p. 21).

2 The reference has been made in proceedings between Belgian Electronic Sorting Technology NV, also known as 'BEST NV' ('BEST'), and Mr Peelaers and Visys NV ('Visys'), of which company Mr Peelaers is one of the founding members, concerning the registration and use by Visys of the domain name 'www.bestlasersorter.com' and the use by that company of metatags referring to BEST and to its products.

Legal context

European Union law

3 According to Article 1 of Directive 84/450, the purpose of that directive was to protect traders against misleading advertising and the unfair consequences thereof and to lay down the conditions under which comparative advertising is permitted.

4 Paragraphs 1 to 2a of Article 2 of Directive 84/450 contained the following definitions:

'…

1. "advertising" means the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services, including immovable property, rights and obligations;

2. "misleading advertising" means any advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behaviour or which, for those reasons, injures or is likely to injure a competitor;

2a. "comparative advertising" means any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor'.

5 Directive 84/450 was repealed by Directive 2006/114, which entered into force on 12 December 2007. Having regard to the date of the facts, the dispute in the main proceedings is governed in part by Directive 84/450 and in part by Directive 2006/114.

6 Recitals 3, 4, 8, 9, 14 and 15 in the preamble to Directive 2006/114 state:

'(3) Misleading and unlawful comparative advertising can lead to distortion of competition within the internal market.

(4) Advertising, whether or not it induces a contract, affects the economic welfare of consumers and traders.

…

(8) Comparative advertising, when it compares material, relevant, verifiable and representative features and is not misleading, may be a legitimate means of informing consumers of their advantage. It is desirable to provide a broad concept of comparative advertising to cover all modes of comparative advertising.

(9) Conditions of permitted comparative advertising, as far as the comparison is concerned, should be established in order to determine which practices relating to comparative advertising may distort competition, be detrimental to competitors and have an adverse effect on consumer choice.

…

(14) It may … be indispensable, in order to make comparative advertising effective, to identify the goods or services of a competitor, making reference to a trade mark or trade name of which the latter is the proprietor.

(15) Such use of another's trade mark, trade name or other distinguishing marks does not breach this exclusive right in cases where it complies with the conditions laid down by this Directive, the intended target being solely to distinguish between them and thus to highlight differences objectively.'

7 Article 1 of Directive 2006/114 describes the purpose of that directive in the same terms as Article 1 of Directive 84/450.

8 Article 2(a) to (c) of Directive 2006/114 reproduce literally the definitions of advertising, misleading advertising and comparative advertising that appeared in Directive 84/450.

9 Recital 11 in the preamble to Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market (Directive on electronic commerce) (OJ 2000 L 178, p. 1), states:

'This Directive is without prejudice to the level of protection for, in particular, public health and consumer interests, as established by Community acts. … [T]hat same Community acquis, which is fully applicable to information society services, also embraces in particular [Directive 84/450] …'

10 According to Article 1(1) and (2) of Directive 2000/31, that directive seeks to contribute to the proper functioning of the internal market by ensuring the free movement of information society services between the Member States. To that end, it approximates certain national provisions on information society services relating to the internal market, the establishment of service providers, commercial communications, electronic contracts, the liability of intermediaries, codes of conduct, out-of-court dispute settlements, court actions and cooperation between Member States.

11 Article 1(3) of that directive provides:

'This Directive complements [European Union] law applicable to information society services without prejudice to the level of protection for, in particular, public health and consumer interests, as established by [European Union] acts and national legislation implementing them in so far as this does not restrict the freedom to provide information society services.'

12 Article 2(f) of that directive defines the term 'commercial communication' as follows:

'[A]ny form of communication designed to promote, directly or indirectly, the goods, services or image of a company, organisation or person pursuing a commercial, industrial or craft activity or exercising a regulated profession. The following do not in themselves constitute commercial communications:

— information allowing direct access to the activity of the company, organisation or person, in particular a domain name or an electronic-mail address,

— communications relating to the goods, services or image of the company, organisation or person compiled in an independent manner, particularly when this is without financial consideration'.

Belgian law

13 Article 93(3) of the Law of 14 July 1991 on commercial practices and consumer information and protection (*Belgisch Staatsblad,* 29 August 1991, p. 18712), which transposed Directive 84/450, defines advertising as 'any representation intended directly or indirectly to promote the sale of goods or services, irrespective of where or how such representations are made'. That law was repealed and replaced by the Law of 6 April 2010 concerning market practices and consumer protection (*Belgisch Staatsblad*, 12 April 2010, p. 20803), which reproduces the same definition in Article 2(19) thereof.

14 Article 2(7) of the Belgian Law of 11 March 2003 on certain legal aspects of information society services (*Belgisch Staatsblad*, 17 March 2003, p. 12962), which transposes Directive 2000/31, defines advertising in the following terms:

'[A]ny form of communication designed to promote, directly or indirectly, the goods, services or image of an undertaking, organisation or person engaged in commercial, industrial or craft activity or practising a regulated profession.

For the purposes of this law, the following do not in themselves constitute advertising:

(a) information allowing direct access to the activity of the undertaking, organisation or person, including in particular a domain name or an electronic-mail address;

(b) communications compiled in an independent manner, particularly when this is without financial consideration'.

15 Under Article 2(1) of the Law of 26 June 2003 on the unlawful registration of domain names (*Belgisch Staatsblad,* 9 September 2003, p. 45225), a domain name is 'an alphanumeric representation of a numerical IP (Internet Protocol) address that enables a computer that is connected to the Internet to be identified …'.

The main proceedings and the question referred for a preliminary ruling

16 BEST and Visys are producers, manufacturers and distributors of sorting machines and sorting systems incorporating laser-technology.

17 BEST was established on 11 April 1996. Its sorting machines have the names 'Helius', 'Genius', 'LS9000' and 'Argus'.

18 Visys was established on 7 October 2004 by, inter alia, Mr Peelaers, a former employee of BEST.

19 On 3 January 2007 Mr Peelaers registered, on behalf of Visys, the domain name 'www.bestlasersorter.com'. The content of the website hosted under that domain name is identical to that of Visys' usual websites, accessible under the domain names 'www.visys.be' and 'www.visysglobal.be'.

20 On 4 April 2008 BEST applied for the Benelux figurative trade mark BEST for goods and services in Classes 7, 9, 40 and 42 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.

21 On 23 April 2008 a court official established that, when the words 'Best Laser Sorter' were entered in the search engine 'www.google.be', the second search result to appear, directly after BEST's website, was a link to Visys' website and that Visys used for its websites the following metatags: 'Helius sorter, LS9000, Genius sorter, Best+Helius, Best+Genius, … Best nv'.

22 As it considered that the registration and use of the domain name 'www.bestlasersorter.com' and the use of those metadata infringed its trade mark and trade name and constituted infringements of the law concerning misleading and comparative advertising and the law concerning the unlawful registration of domain names, BEST brought, on 30 April 2008, proceedings against Mr Peelaers and Visys, seeking an order prohibiting those alleged infringements and offences. In response to those proceedings, Mr Peelaers and Visys lodged a counterclaim seeking annulment of the Benelux figurative mark BEST.

23 By judgment of 16 September 2008, the President of the Rechtbank van Koophandel te Antwerpen (Antwerp Commercial Court) (Belgium) declared unfounded the claims brought by BEST other than the claim alleging a breach, by the use of the metatags in question, of the law on comparative and misleading advertising. He also dismissed the counterclaim brought by Mr Peelaers and by Visys.

24 In an appeal brought by BEST and a cross-appeal by Mr Peelaers and by Visys, the Hof van Beroep te Antwerpen (Antwerp Court of Appeal), by judgment of 21 December 2009, dismissed in their entirety the claims brought by BEST, including the claim alleging a breach of the rules concerning misleading and comparative advertising, and cancelled the Benelux figurative mark BEST on the ground that it lacked distinctive character.

25 BEST lodged an appeal on a point of law against that judgment before the referring court. By judgment of 8 December 2011, that court rejected the grounds of appeal raised by BEST, with the exception of that alleging infringement of the provisions on comparative and misleading advertising.

26 In those circumstances, the Hof van Cassatie (Court of Cassation) decided to stay proceedings and to refer the following question to the Court:

'Is the term 'advertising' in Article 2 of [Directive 84/450] and in Article 2 of [Directive 2006/114] to be interpreted as encompassing, on the one hand, the registration and use of a domain name and, on the other, the use of metatags in a website's metadata?'

Consideration of the question referred

27 At the outset, it should be noted that BEST requests the Court to rule of its own motion, first, on the question of whether Article 3(1)(b) and (c) 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), precludes the registration of a trade mark that is perceived as promotional or suggestive. Secondly, BEST asks the Court to reply to the question whether the protection granted to a trade name by Article 8 of the Paris Convention for the Protection of Industrial Property, signed in Paris on 20 March 1883, most recently revised in Stockholm on 14 July 1967 and amended on 28 September 1979 (*United Nations Treaty Series*, Vol. 828, No 11851, p. 305), read in conjunction with Articles 1 and 2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, in Annex 1C to the Agreement establishing the World Trade Organisation signed at Marrakesh on 15 April 1994 and approved by Council Decision 94/800/EC of 22 December 1994 concerning the conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay Round multilateral negotiations (1986-1994) (OJ 1994 L 336, p. 1), is subject to the condition that it can be established that that trade name has a distinctive character.

28 In that regard, it should be noted that it is for the referring court alone to determine the subject-matter of the questions it intends to refer to the Court. It is solely for the national courts before which actions are brought, and which must bear the responsibility for the subsequent judicial decision, to determine, in the light of the special features of each case, both the need for a preliminary ruling in order to enable them to deliver judgment and the relevance of the questions which they submit to the Court (see Case C-159/97 *Castelletti* [1999] ECR I-1597, paragraph 14; Case C-154/05 *Kersbergen-Lap and Dams-Schipper* [2006] ECR I-6249, paragraph 21; and Case C-321/03 *Dyson* [2007] ECR I-687, paragraph 23).

29 Admittedly, the Court has repeatedly held that, even if, formally, a national court limits its reference to the interpretation of certain provisions of European Union law, the Court is not thereby precluded from providing the national court with all those elements of interpretation of that law which may be of use deciding the case before it, whether or not that court has specifically referred to them in the wording of its question (see, inter alia, *Dyson*, paragraph 24; Case C-392/05 *Alevizos* [2007] ECR I-3505, paragraph 64; and Case C-275/06 *Promusicae* [2008] ECR I-271, paragraph 42).

30 However, in so far as the referring court has already definitively rejected the pleas put forward by BEST, to which the questions referred to in paragraph 27 of the present judgment refers, an answer to those questions can no longer be regarded as of use for resolving the dispute before the national court.

31 In those circumstances, there is no need to examine those questions, which go beyond the scope of the question asked by the referring court.

32 By its question, that court seeks to ascertain whether Article 2(1) of Directive 84/450 and Article 2(a) of Directive 2006/114 must be interpreted as meaning that the term ‘advertising’, as defined by those provisions, covers, in a situation such as that at issue in the main proceedings, first, the registration of a domain name, second, the use of such a name and, third, the use of metatags in a website’s metadata.

33 With the exception of BEST and the Italian Government, all the other parties to the proceedings before the Court, namely Mr Peelaers and Visys, the Belgian, Estonian and Polish Governments and the European Commission, take the view that the registration of a domain name cannot be regarded as advertising. On the other hand, as regards the use of such a name, only Mr Peelaers, Visys and the Commission consider that it cannot, in principle, constitute advertising. With regard to the use of metatags in a website’s metadata, BEST and the Belgian and Italian Governments submit that the

term advertising encompasses such a use, particularly in circumstances such as those in question in the main proceedings, whereas Mr Peelaers, Visys, the Polish Government and the Commission take the opposite view. The Estonian Government did not take a position on the latter question.

34 Article 2(1) of Directive 84/450 and Article 2(a) of Directive 2006/114 define advertising as a representation in any form made in connection with a trade, business, craft or profession in order to promote the supply of goods or services.

35 The Court has previously observed that that particularly broad definition means that the forms which advertising may take are very varied (see, to that effect, Case C-112/99 *Toshiba Europe* [2001] ECR I-7945, paragraph 28) and is not therefore limited to traditional forms of advertising.

36 In order to determine whether a particular practice constitutes a form of advertising within the meaning of those provisions, account must be taken of the purpose of Directives 84/450 and 2006/114, which is, as is apparent from Article 1 in each of those directives, to protect traders against misleading advertising and its unfair consequences and to lay down the conditions under which comparative advertising is permitted.

37 The purpose of those conditions, as the Court held with regard to Directive 84/450 and as is apparent from recitals 8, 9 and 15 in the preamble to Directive 2006/114, is to achieve a balance between the different interests which may be affected by allowing comparative advertising, by allowing competitors to highlight objectively the merits of the various comparable products in order to stimulate competition to the consumer's advantage while, at the same time, prohibiting practices which may distort competition, be detrimental to competitors and have an adverse effect on consumer choice (see, to that effect, Case C-487/07 *L'Oréal and Others* [2009] ECR I-5185, paragraph 68, and Case C-159/09 *Lidl* [2010] ECR I-11761, paragraph 20).

38 It follows, moreover, from recitals 3, 4 and 8, second sentence, in the preamble to Directive 2006/114 and from the equally broad definitions of 'misleading advertising' and 'comparative advertising' in Article 2(2) and (2a) of Directive 84/450, and in Article 2(b) and (c) of Directive 2006/114, that the European Union legislature had the intention of establishing, by means of those directives, a complete framework for every form of advertising event, whether or not it induces a contract, to avoid such advertising harming both consumers and traders and leading to distortion of competition within the internal market.

39 Consequently, the term 'advertising', within the meaning of Directives 84/450 and 2006/114, cannot be interpreted and applied in such a way that steps taken by a trader to promote the sale of his products or services that are capable of influencing the economic behaviour of consumers and, therefore, of affecting the competitors of that trader, are not subject to the rules of fair competition imposed by those directives.

40 In the main proceedings, it is not disputed that the registration of the domain name 'www.bestlasersorter.com' by Mr Peelaers on behalf of Visys and the use by Visys of that domain name and of the metatags 'Helius sorter, LS9000, Genius sorter, Best+Helius, Best+Genius, … Best nv' were in the context of the commercial activity of that company.

41 The parties to the proceedings before the Court disagree, therefore, only on whether those acts of Mr Peelaers and Visys can be regarded as a 'form of representation' which is made 'in order to promote the supply of goods or services', within the meaning of Article 2(1) of Directive 84/450 and Article 2(a) of Directive 2006/114.

42 With regard, first, to the registration of a domain name, it should be noted that, as the Advocate General states in points 48 and 49 of his Opinion, that is nothing other than a formal act by which the body designated to manage domain names is asked to enter, in exchange for payment, that

domain name into its database and link internet users who type in that domain name only to the IP address specified by the domain name holder. The mere registration of a domain name does not automatically mean, however, that it will then actually be used to create a website and that, consequently, it will be possible for internet users to become aware of that domain name.

43 In the light of the purpose of Directives 84/450 and 2006/114, referred to in paragraphs 36 to 38 above, such a purely formal act which, in itself, does not necessarily imply that potential consumers can become aware of the domain name and which is therefore not capable of influencing the choice of those potential consumers, cannot be considered to constitute a representation made in order to promote the supply of goods or services of the domain name holder, within the meaning of Article 2(1) of Directive 84/450 and Article 2(a) of Directive 2006/114.

44 Admittedly, as BEST submits, the registration of a domain name has the consequence of depriving competitors of the opportunity to register and use that domain name for their own sites. However, the mere registration of such a domain name does not in itself contain any advertising representation, but constitutes, at most, a restriction on the communication opportunities of that competitor, which may, where appropriate, be penalised under other legal provisions.

45 Next, as regards the use of a domain name, it is common ground that one issue in the main proceedings is that Visys uses the domain name 'www.bestlasersorter.com' to host a website the content of which is identical to the usual websites of Visys, accessible under the domain names 'www.visys.be' and 'www.visysglobal.be'.

46 Such use is clearly intended to promote the supply of the goods or services of the domain name holder.

47 Contrary to the assertions made by Mr Peelaers and Visys, it is not only by means of a website hosted under the domain name that that holder seeks to promote its products or its services, but also by using a carefully chosen domain name, intended to encourage the greatest possible number of internet users to visit that site and to take an interest in its offer.

48 Furthermore, such use of a domain name, which makes reference to certain goods or services or to the trade name of a company, constitutes a form of representation that is made to potential consumers and suggests to them that they will find, under that name, a website relating to those goods or services, or relating to that company. A domain name may, moreover, be composed, partially or entirely, of laudatory terms or be perceived, as such, as promoting the goods and service which that name refers to.

49 That conclusion is not invalidated by the fact, relied on by Mr Peelaers and by Visys, and by the Commission, that Article 2(f) of Directive 2000/31 defines the concept of commercial communication by stating inter alia that '[t]he following do not in themselves constitute commercial communications: … information allowing direct access to the activity of the company, organisation or person, in particular a domain name or an electronic-mail address'.

50 In that regard, it should be noted that the exclusion, provided for in Article 2(f) of Directive 2000/31, of certain information and communications from the definition of commercial communication does not mean that that information and those communications are also excluded from the concept of 'advertising' within the meaning of Article 2(1) of Directive 84/450 and Article 2(a) of Directive 2006/114, that concept being defined by expressly including any form of representation.

51 That finding is corroborated, moreover, not only by the fact that Directives 84/450 and 2006/114, on the one hand, and Directive 2000/31, on the other, pursue different objectives, as is apparent from Article 1 of each of those directives, but primarily by the fact that it clearly follows from recital 11 in the preamble to Directive 2000/31, and from Article 1(3) thereof, that that directive applies without

prejudice to the existing level of protection for consumer interests and that Directive 84/450 and, therefore, Directive 2006/114 also remain fully applicable to services provided in the context of the information society.

52 Finally, with regard to the use of metatags in a website's metadata, it is common ground that one issue in the main proceedings is that Visys inserted into the metadata, and therefore into the programming code of its websites, the metatags 'Helius sorter, LS9000, Genius sorter, Best+Helius, Best+Genius, … Best nv', which correspond to the names of some of BEST's goods and to the acronym of its trade name.

53 Such metatags, consisting of keywords (keyword metatags), which are read by the search engines when they scan the internet to carry out referencing of the many sites there, constitute one of the factors enabling those engines to rank the sites according to their relevance to the search term entered by the internet user.

54 Accordingly, the use of such tags corresponding to the names of a competitor's goods and its trade name will, in general, have the effect that, when an internet user looking for the goods of that competitor enters one of these names or that trade name in a search engine, the natural result displayed by it will be changed to the advantage of the user of those metatags and the link to its website will be included in the list of those results, in some cases directly next to the link to that competitor's website.

55 With regard in particular to the use of the metatags at issue in the main proceedings, it was established that, when an internet user entered the words 'Best Laser Sorter' in the search engine 'www.google.be', it referred, as the second search result after the BEST website, to the Visys website.

56 In the majority of cases, an internet user entering the name of a company's product or that company's name as a search term is looking for information or offers on that specific product or that company and its range of products. Accordingly, when links to sites offering the goods of a competitor of that company are displayed, in the list of natural results, the internet user may perceive those links as offering an alternative to the goods of that company or think that they lead to sites offering its goods (see, by analogy, Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, paragraph 68). This is particularly the case when the links to the website of that company's competitor are among the first search results, close to those of that company, or when the competitor uses a domain name that refers to the trade name of that company or the name of one of its products.

57 In so far as the use of metatags corresponding to the names of a competitor's goods and its trade name in the programming code of a website has, therefore, the consequence that it is suggested to the internet user who enters one of those names or that trade name as a search term that that site is related to his search, such use must be considered as a form of representation within the meaning of Article 2(1) of Directive 84/450 and Article 2(a) of Directive 2006/114.

58 Contrary to what is argued by Mr Peelaers and Visys, it is irrelevant in that regard that the metatags are invisible to the internet user and that they are directly addressed not to that user, but to the search engine. It suffices to note in that regard that, according to those provisions, the concept of advertising expressly encompasses any form of representation, and therefore including indirect forms of representation, particularly where they are capable of influencing the economic behaviour of consumers and, therefore, of affecting the competitor whose name or goods are referred to by the metatags.

59 There is, moreover, no doubt that such use of metatags is a promotion strategy in that it aims to encourage the internet user to visit the site of the metatag user and to take an interest in its goods or services.

60 In light of the foregoing, the answer to the question referred is that Article 2(1) of Directive 84/450 and Article 2(a) of Directive 2006/114 must be interpreted as meaning that the term 'advertising', as defined by those provisions, covers, in a situation such as that at issue in the main proceedings, the use of a domain name and that of metatags in a website's metadata. By contrast, the registration of a domain name, as such, is not encompassed by that term.

Costs

61 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 (Third Chamber) hereby rules:

Article 2(1) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising, as amended by Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 and Article 2(a) of Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising, must be interpreted as meaning that the term 'advertising', as defined by those provisions, covers, in a situation such as that at issue in the main proceedings, the use of a domain name and that of metatags in a website's metadata. By contrast, the registration of a domain name, as such, is not encompassed by that term.

[Signatures]