JUDGMENT OF THE COURT

11 May 1999 *

In Case C-255/97,

REFERENCE to the Court under Article 177 of the EC Treaty (now Article 234 EC) by the Handelsgericht Wien (Austria) for a preliminary ruling in the proceedings pending before that court between

Pfeiffer Großhandel GmbH

and

Löwa Warenhandel GmbH

on the interpretation of Articles 30 and 52 of the EC Treaty (now, after amendment, Articles 28 EC and 43 EC),

* Language of the case: German.

THE COURT,

composed of: G. C. Rodríguez Iglesias, President, P. J. G. Kapteyn and P. Jann, Presidents of Chambers, J. C. Moitinho de Almeida, C. Gulmann (Rapporteur), J. L. Murray, H. Ragnemalm, L. Sevón and M. Wathelet, Judges,

Advocate General: J. Mischo,
Registrar: H. von Holstein, Assistant Registrar,

after considering the written observations submitted on behalf of:

— Pfeiffer Großhandel GmbH, by Johannes Hintermayr, Rechtsanwalt, Linz,

— Löwa Warenhandel GmbH, by Andreas Foglar-Deinhardstein, Rechtsanwalt, Vienna,

— the Austrian Government, by Christine Stix-Hackl, Gesandte in the Federal Ministry of Foreign Affairs, acting as Agent,

— the Commission of the European Communities, by Berend Jan Drijber, of its Legal Service, acting as Agent, assisted by Bertrand Wägenbaur, Rechtsanwalt, Hamburg,

having regard to the Report for the Hearing,

after hearing the oral observations of Pfeiffer Großhandel GmbH, represented by Johannes Hintermayr and Georg Minichmayr, Rechtsanwälte, Linz; Löwa Warenhandel GmbH, represented by Jürgen Brandstätter, Rechtsanwalt, Vienna; and the Commission, represented by Bertrand Wägenbaur, at the hearing on 26 May 1998,

after hearing the Opinion of the Advocate General at the sitting on 7 July 1998,

gives the following

Judgment

1 By order of 24 March 1997, received at the Court on 14 July 1997, the Handelsgericht (Commercial Court), Vienna, referred to the Court for a preliminary ruling under Article 177 of the EC Treaty (now Article 234 EC) a question on the interpretation of Articles 30 and 52 of the EC Treaty (now, after amendment, Articles 28 EC and 43 EC).

2 That question arose in proceedings brought by Pfeiffer Großhandel GmbH (hereinafter 'Pfeiffer') against Löwa Warenhandel GmbH (hereinafter 'Löwa') seeking an order restraining Löwa from using a particular trade name.

3 Since 1969 Pfeiffer has operated a large supermarket at Pasching, in Austria, under the trade name 'Plus KAUF PARK'. The name was registered at the Austrian Patentamt (Federal Patent Office) as a text and picture mark with priority from 5 August 1969. Pfeiffer sells a range of goods, primarily in the food and drink sector,

under the trademark 'Plus wir bieten mehr', which was registered in Austria with priority from 22 September 1989.

4 Löwa operates 139 discount stores in Austria, in which it offers for sale goods of the same type as those displayed in Pfeiffer's supermarket. Löwa's German parent company, Tengelmann Warenhandelsgesellschaft (hereinafter 'Tengelmann'), owns the international trademark 'Plus' with priority from 15 November 1989. Another Tengelmann subsidiary, the German company Plus Warenhandelsgesellschaft mbH&Co., owns the text and picture mark 'Plus prima leben und sparen', registered in Austria with priority from 18 December 1979. Löwa itself is the owner of the text and picture mark 'Pluspunkt', registered in Austria with priority from 15 April 1994.

5 Tengelmann and Plus Warenhandelsgesellschaft are active in the discount store sector in Germany, Italy, Spain, the Czech Republic and Hungary under the trade name 'Plus'. Tengelmann's aim is for all its stores throughout Europe to adopt the same style of presentation, making it possible to use the same advertising material across Europe and to go on to develop a 'corporate identity'.

6 Accordingly, in 1994 Löwa started to market goods under the designation 'Plus'. It also changed the name of 17 of its 139 Austrian supermarkets, replacing 'Zielpunkt' with 'Plus prima leben und sparen', the design of which echoes the text and picture mark of its sister company but differs from the trade name used by Pfeiffer in appearance and textual additions.

7 In the dispute in the main proceedings, Pfeiffer — basing itself on Paragraph 9 of the Gesetz gegen den unlauteren Wettbewerb (Law against unfair competition; hereinafter 'the UWG') — seeks an order restraining Löwa from operating

retail outlets catering for final consumers in the *Länder* of Lower Austria, Upper Austria or Salzburg under the trade name 'Plus', with or without additional text.

8 Under Paragraph 9(1) of the UWG, the use of company names, trade names or specific designations of undertakings may be prohibited where they are likely to be confused with company names, trade names or specific designations lawfully used by another person. Paragraph 9(3) of the UWG provides that the reference to specific designations of undertakings encompasses any registered trade mark or business symbol which is recognised in the business sector concerned as a distinctive feature of a particular undertaking, as well as any other device designed to distinguish that undertaking from others.

9 In its order for reference, the Handelsgericht Wien points out that:

— Austrian case-law interprets Paragraph 9 of the UWG as protecting trade marks and specific designations of undertakings only if they are distinctive — that is to say, if they are special and individual in some respect which by its very nature distinguishes the bearer from other persons — or if they have become so well known in the business world that they have acquired a distinctive force which does not depend on originality;

— according to Austrian case-law, 'Plus' — when used as the name of an undertaking which markets a wide range of goods (not only foodstuffs, but also other household goods) in supermarkets — is original, not merely descriptive, and as such qualifies for protection; and

— consequently, Löwa's use of the trade name 'Plus', with or without additional text, infringes Paragraph 9 of the UWG because Pfeiffer has priority.

10 The Handelsgericht Wien, however, maintains that the restraining order which it would be obliged to make against Löwa under Paragraph 9 of the UWG would affect intra-Community trade. It therefore decided to stay proceedings and to refer the following question to the Court of Justice:

'Is Article 30 or Article 52 et seq. of the EC Treaty to be interpreted as precluding the application of national provisions which require that, in the case of trade marks or designations of undertakings which are liable to be confused, the one with earlier priority is to be protected, and hence prohibit an undertaking from using, in three provinces of Austria, a trade mark or designation under which companies in the same group lawfully operate in other Member States?'

11 It should be noted, as a preliminary point, that the national court finds that the risk of confusion on which the plaintiff in the main proceedings bases its application for an order, under a provision of national law concerning unfair competition, restraining the defendant from using a particular trade name, has been established. Accordingly, by its question the national court is essentially asking whether Articles 30 and 52 of the Treaty preclude a provision of national law which does not allow a trade name to be used as the specific designation of an undertaking where there is a risk of confusion.

12 Pfeiffer, basing its argument primarily on the Court's case-law on the protection of trade marks under Articles 30 and 36 of the EC Treaty (the latter provision being now, after amendment, Article 30 EC) submits that this question should be answered in the negative. In its submission, Paragraph 9(1) of the UWG, as a provision of national law applying solely to selling arrangements, and not to products, and

applicable without distinction to all commercial operators concerned, whether or not they are Austrian nationals, is compatible with Article 30 of the Treaty and does not impair the freedom of establishment provided for in Article 52.

13 Löwa contends essentially that an order restraining a company from using, in part of the territory of Austria, the same name as that used in other Member States by companies belonging to the same group constitutes an impairment of the free movement of goods in that it impedes the realisation by the corporate group concerned of a uniform advertising concept at Community level and compels importers to adjust the presentation of its products according to the place where they are to be marketed. Löwa also maintains that a prohibition of the use of a trade name could also place an impermissible restriction on the freedom of establishment provided for in Article 52 of the Treaty.

14 The Austrian Government argues that the question whether the Austrian legislation is compatible with Community law falls to be assessed in the light 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) and that Paragraph 9(1) of the UWG, in so far as it ensures the protection of earlier trade marks, complies with the provisions of that directive.

15 The Commission maintains that Article 52 of the Treaty does not preclude a provision such as Paragraph 9(1) of the UWG in so far as a provision of that nature does not directly concern the possibility of establishment or the rules governing it and is thus unrelated or at least not sufficiently related to freedom of establishment. The Commission adds that, in any event, there is nothing whatever in the order for reference to justify the conclusion that either Paragraph 9(1) of the UWG, or its application in practice, or the relevant Austrian case-law gives rise to discrimination, whether direct or indirect, between Austrian undertakings and undertakings which set up business in Austria.

16 Nor, according to the Commission, does Article 30 of the Treaty preclude a provision such as Paragraph 9(1) of the UWG because, since Article 30 does not cover selling arrangements (Joined Cases C-267/91 and C-268/91 *Keck and Mithouard* [1993] ECR I-6097), it cannot *a fortiori* cover provisions which do not lay down any selling arrangements, of whatever kind.

17 It must first be determined whether a restraining order such as that contemplated in the main proceedings is contrary to Article 52 of the Treaty, which provides that restrictions on the freedom of establishment in the territory of the Community are to be abolished. According to the defendant in the main proceedings, the order sought against it would restrict the freedom of establishment in Austria of the group to which the defendant company belongs, because it would not be allowed to use the same name in Austria as that used in other Member States, including the State where the parent company is established.

18 It is important to bear in mind that the freedom of establishment provided for in Article 52 of the Treaty, read together with Article 58 thereof (now Article 48 EC), is conferred both on natural persons who are nationals of a Member State of the Community and on legal persons within the meaning of Article 58 of the Treaty. Subject to the exceptions and conditions specified, it includes the right to take up and pursue all types of self-employed activity in the territory of any other Member State, to set up and manage undertakings, and to set up agencies, branches or subsidiaries.

19 National measures adopted in the Member State where companies from other Member States are established constitute a restriction on the right of establishment if they are liable to place those companies in a less favourable factual or legal situation than companies from the State of establishment (see Case C-70/95 *Sodemare and Others* [1997] ECR I-3395, paragraph 33). Such a restriction, even if applied in a non-discriminatory manner, is contrary to Article 52 of the Treaty, read together with Article 58 thereof, unless it is justified by overriding requirements in the

general interest, and is suitable for securing the attainment of the objective pursued and does not go beyond what is necessary for that purpose (see Case C-55/94 *Gebhard* [1995] ECR I-4165, paragraph 37).

20 A restraining order of the type sought by the plaintiff in the main proceedings operates to the detriment of undertakings whose seat is in another Member State where they lawfully use a trade name which they would like to use beyond the boundaries of that State. Such an order is liable to constitute an impediment to the realisation by those undertakings of a uniform advertising concept at Community level since it may force them to adjust the presentation of the businesses they operate according to the place of establishment.

21 However, where such a restriction on the right of establishment is brought about by a provision of national law whose primary aim is to safeguard trade names against the risk of confusion, it is justified by overriding requirements in the general interest pertaining to the protection of industrial and commercial property (see, to that effect, Case 62/79 *Coditel and Others* [1980] ECR 881, paragraph 15).

22 No exception can be taken under Community law to the protection granted by a national law against the risk of confusion, since it corresponds to the specific subject-matter of a trade name, that is to say, protection of the proprietor of the trade name against that risk (see, to the same effect, on the subject of trade marks, Case C-317/91 *Deutsche Renault* [1993] ECR I-6227, paragraph 37).

23 Furthermore, as the Advocate General pointed out in points 63 to 68 of his Opinion, the restraining order sought by Pfeiffer in the main proceedings is suitable for securing the attainment of the objective pursued and does not go beyond what is necessary for that purpose, since the national court has concluded on the basis of its national law that a risk of confusion does in fact exist.

24 Thus, Article 52 of the Treaty does not preclude a restraining order such as that which may be made against Löwa in the main proceedings.

25 Secondly, it must be determined whether such an order is contrary to Article 30 of the Treaty, under which quantitative restrictions on imports and all measures having equivalent effect are prohibited between Member States.

26 As has been pointed out in paragraphs 17 to 24 above, although the restraining order which the national court is minded to grant restricts the possibilities open to undertakings established in other Member States of using identical trade names in the Member State concerned, it is not contrary to Article 52 of the Treaty because it is justified by overriding requirements. Consequently, it could conflict with Article 30 of the Treaty concerning the free movement of goods only if, and to the extent that, it restricted the free movement of goods between Member States other than indirectly through the restriction of freedom of establishment.

27 Even supposing that the measure contested in the main proceedings restricted the free movement of goods, there is nothing to suggest that such a restriction does not flow indirectly from the restriction on the freedom of establishment.

28 Accordingly, Article 30 of the Treaty likewise does not preclude a restraining order such as that which may be issued against Löwa in the main proceedings.

29 In the light of the above, the answer to the question referred to the Court for a preliminary ruling must be that Articles 30 and 52 of the Treaty do not preclude a provision of national law which prohibits, where there is a risk of confusion, the use of a trade name as the specific designation of an undertaking.

Costs

30 The costs incurred by the Austrian Government and the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the proceedings pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT,

in answer to the question referred to it by the Handelsgericht Wien by order of 24 March 1997, hereby rules:

Articles 30 and 52 of the EC Treaty (now, after amendment, Articles 28 EC and 43 EC) do not preclude a provision of national law which prohibits, where there is a risk of confusion, the use of a trade name as the specific designation of an undertaking.

Rodríguez Iglesias Kapteyn Jann

Moitinho de Almeida Gulmann Murray

Ragnemalm Sevón Wathelet

Delivered in open court in Luxembourg on 11 May 1999.

R. Grass G. C. Rodríguez Iglesias

Registrar President