JUDGMENT OF THE COURT (First Chamber)

9 March 2006 *

In Case C-421/04,

REFERENCE for a preliminary ruling under Article 234 EC from the Audiencia Provincial de Barcelona (Spain), made by decision of 28 June 2004, received at the Court on 1 October 2004, in the proceedings

Matratzen Concord AG

v

Hukla Germany SA,

THE COURT (First Chamber),

composed of P. Jann, President of the Chamber, N. Colneric, J.N. Cunha Rodrigues, M. Ilešič (Rapporteur) and E. Levits, Judges,

Advocate General: F.G. Jacobs,
Registrar: R. Grass,

* Language of the case: Spanish.

after considering the observations submitted on behalf of:

— Matratzen Concord AG, by L. Gibert Vidaurre, abogado,

— Hukla Germany SA, by I. Davi Armengol, abogado,

— the United Kingdom of Great Britain and Northern Ireland, by C. Jackson, acting as Agent, and by E. Himsworth, Barrister,

— the Commission of the European Communities, by R. Vidal and N.B. Rasmussen, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 24 November 2005,

gives the following

Judgment

1 The reference for a preliminary ruling concerns the interpretation of Articles 28 EC and 30 EC.

2 This reference was made in the context of proceedings between Matratzen Concord AG (hereinafter 'Matratzen Concord') and Hukla Germany SA (hereinafter 'Hukla') concerning the validity of a national trade mark.

Legal context

3 Pursuant to Article 28 EC '[q]uantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States'.

4 Article 30 EC provides:

'The provisions of Articles 28 and 29 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of ... the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.'

5 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; hereinafter the 'Directive') states, in the seventh recital in the preamble, that 'attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States' and that 'the grounds for refusal or invalidity concerning the trade mark itself ... are to be listed in an exhaustive manner'.

6 Article 3 of the Directive lays down the grounds for refusal to register a trade mark or of invalidity of a registered trade mark. In particular, Article 3(1)(b) and (c) provides:

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

...

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

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service'.

The main action and the question referred to the Court

7 Hukla is the owner of the national word mark MATRATZEN, registered in Spain on 1 May 1994 to designate, inter alia, 'rest furniture such as beds, sofa-beds, camp beds, cradles, divans, hammocks, bunk beds and carrycots, foldaway furniture, casters for beds and furniture, bedside tables, chairs, armchairs and stools, bed

frames, straw mattresses, mattresses and pillows', which come within Class 20 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

8 On 10 October 1996 Matratzen Concord filed with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) an application for registration of a composite word and figurative mark including the term 'Matratzen', for various products coming within Classes 10, 20 and 24 of the Nice Agreement.

9 Hukla having filed a notice of opposition based on the earlier Spanish mark MATRATZEN, the said application was rejected by a decision of the Second Board of Appeal of OHIM of 31 October 2000. The action brought by Matratzen Concord against this decision was rejected by the judgment of the Court of First Instance of 23 October 2002 in Case T-6/01 *Matratzen Concord* v *OHIM — Hukla Germany (Matratzen)* [2002] ECR II-4335), confirmed on appeal by the order of the Court of Justice of 28 April 2004 in Case C-3/03 P *Matratzen Concord* v *OHIM* [2004] ECR I-3657.

10 In parallel with the opposition procedure before the OHIM bodies and then the Community Courts, Matratzen Concord brought an action for cancellation of the national trade mark MATRATZEN before the Juzgado de Primera Instancia No 22 (Court of First Instance), Barcelona (Spain), on the basis of Article 11(1)(a), (e) and (f) of Ley 32/1988 de 10 de noviembre Marcas, BOE No 272 of 12 November 1988 (Law No 32/1988 of 10 November 1988 on trade marks). It submitted, in substance, that, given that the word 'Matratzen' means 'mattress' in German, the word of which the trade mark in question consists was generic and could mislead consumers regarding the nature, quality, characteristics or geographical origin of the products bearing the said mark.

11 Its action having been rejected by judgment of 5 February 2002, Matratzen Concord appealed to the Audiencia Provincial de Barcelona (Provincial Court of Barcelona).

12 That court states that the essential function of a trade mark is to enable the commercial origin of the goods and services bearing it to be identified and that, to that effect, Spanish case-law considers names borrowed from foreign languages to be arbitrary, capricious and fanciful, unless they resemble a Spanish word, making it reasonable to assume that the average consumer will be familiar with their meaning, or they have acquired a genuine meaning on the national market.

13 The Audiencia Provincial de Barcelona is nevertheless uncertain as to whether that interpretation is compatible with the concept of the 'single market'. It considers that generic words from the languages of the Member States must remain available to be used by any undertaking established in these States. Their registration as a trade mark in a Member State would facilitate monopolistic situations, which should be avoided in order to allow normal market forces to prevail, and could be considered an infringement of the prohibition on quantitative restrictions on imports as between the Member States, laid down in Article 28 EC.

14 The referring court considers that, in the pending case before it, the Spanish trade mark MATRATZEN puts its holder in a position to limit or restrict the import of mattresses from German-speaking Member States and, therefore, to prevent the free movement of goods.

15 That court is, uncertain however, as to whether such limitations or restrictions are capable of justification on the basis of Article 30 EC. In this respect, it points out that, in Case 192/73 *Van Zuylen* [1974] ECR 731, the Court affirmed the pre-eminence of the principle of the free movement of goods over the national

protection of industrial property rights and stated that the reverse would lead to an undesirable partitioning of the markets, prejudicial to the free movement of goods and giving rise to disguised restrictions on trade between Member States.

16 Taking the view that the outcome of the dispute pending before it required an interpretation of Article 30 EC, the Audiencia Provincial de Barcelona decided to stay the proceedings and to refer the following question to the Court of Justice for a preliminary ruling:

'Can the validity of the registration of a trade mark in a Member State, when that trade mark is devoid of any distinctive character or serves, in trade, to designate the product which it covers or its kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of goods, in the language of another Member State when that language is not spoken in the first Member State, as may be the case so far as concerns use of the Spanish trade mark "MATRATZEN", to designate mattresses and related products, constitute a disguised restriction on trade between Member States?'

The question referred

17 By its question, the referring court asks, in substance, whether Articles 28 EC and 30 EC must be interpreted as meaning that they preclude the registration in a Member State, as a national trade mark, of a term borrowed from the language of another Member State in which it is devoid of distinctive character or descriptive of the goods or services in respect of which registration is sought.

18 As a preliminary point, it should be noted that, in the context of the procedure established by Article 234 EC providing for cooperation between national courts and the Court of Justice, it is for the latter to provide the national court with an answer which will be of use to it and enable it to determine the case before it. To that end, the Court may find it necessary to consider provisions of Community law to which the national court has not referred in its question (see, in particular, Case C-230/98 *Schiavon* [2000] ECR I-3547, paragraph 37, and Case C-469/00 *Ravil* [2003] ECR I-5053, paragraph 27).

19 As is clear from the seventh recital in the preamble, the Directive lists in an exhaustive manner the grounds for refusal or invalidity of registration concerning the trade mark itself.

20 According to settled case-law, in a field which has been exhaustively harmonised at Community level, a national measure must be assessed in the light of the provisions of that harmonising measure and not of those of primary law (see, in particular, Case C-352/95 *Phytheron International* [1997] ECR I-1729, paragraph 17; Case C-324/99 *DaimlerChrysler* [2001] ECR I-9897, paragraph 32; and Case C-210/03 *Swedish Match* [2004] ECR I-11893, paragraph 81).

21 Consequently, it is the Directive, and in particular Article 3 thereof, on the absolute grounds for refusal or invalidity of registration, and not Articles 28 EC and 30 EC, which must be assessed to determine whether Community law precludes the registration of a national trade mark such as that at issue in the main proceedings.

22 Article 3 of the Directive does not include any ground for refusal to register specifically aimed at trade marks constituted by a term borrowed from the language of a Member State other than the State of registration in which it is devoid of distinctive character or descriptive of the goods or services in respect of which registration is sought.

23 Moreover, such a trade mark does not necessarily fall within the grounds for refusal to register relating to the lack of distinctive character or the descriptive character of the trade mark, referred to in points (b) and (c) respectively of Article 3(1) of the Directive.

24 In fact, to assess whether a national trade mark is devoid of distinctive character or is descriptive of the goods or services in respect of which its registration is sought, it is necessary to take into account the perception of the relevant parties, that is to say in trade and or amongst average consumers of the said goods or services, reasonably well-informed and reasonably observant and circumspect, in the territory in respect of which registration is applied for (see Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 29; Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 77; and Case C-218/01 *Henkel* [2004] ECR I-1725, paragraph 50).

25 It is possible that, because of linguistic, cultural, social and economic differences between the Member States, a trade mark which is devoid of distinctive character or descriptive of the goods or services concerned in one Member State is not so in another Member State (see, by way of analogy, concerning the misleading nature of a trade mark, Case C-313/94 *Graffione* [1996] ECR I-6039, paragraph 22).

26 Consequently, Article 3(1)(b) and (c) of the Directive does not preclude the registration in a Member State, as a national trade mark, of a term borrowed from the language of another Member State in which it is devoid of distinctive character or descriptive of the goods or services in respect of which registration is sought, unless the relevant parties in the Member State in which registration is sought are capable of identifying the meaning of the term.

27 This interpretation of the Directive is in accordance with the Treaty requirements, and in particular those of Articles 28 EC and 30 EC.

28 According to settled case-law, in the context of the application of the principle of the free movement of goods, the Treaty does not affect the existence of rights recognised by the legislation of a Member State in matters of intellectual property, but only restricts, depending on the circumstances, the exercise of those rights (Case 119/75 *Terrapin* [1976] ECR 1039, paragraph 5; Case 58/80 *Dansk Supermarked* [1981] ECR 181, paragraph 11; and order in *Matratzen Concord* v *OHIM*, paragraph 40).

29 Applying that case-law, the Court ruled, at paragraph 42 of the order in *Matratzen Concord* v *OHIM* — in which the Spanish trade mark MATRATZEN was already at issue, being the subject of the main proceedings — that the principle of the free movement of goods does not prohibit a Member State from registering as a national trade mark a sign which, in the language of another Member State, is descriptive of the goods or services concerned.

30 That also applies if the sign in question is, in the language of a Member State other than that of registration, devoid of distinctive character with regard to the goods or services covered by the application for registration.

31 It should be added that, as the Advocate General observed in points 59 to 64 of his Opinion, registration in a Member State of a trade mark such as that at issue in the main proceedings does not prohibit all use of the term constituting the trade mark by other traders in the said Member State.

32 In conclusion, the answer to the question referred is that Article 3(1)(b) and (c) of the Directive does not preclude the registration in a Member State, as a national trade mark, of a term borrowed from the language of another Member State in which it is devoid of distinctive character or descriptive of the goods or services in respect of which registration is sought, unless the relevant parties in the Member State in which registration is sought are capable of identifying the meaning of the term.

Costs

33 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:

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 does not preclude the registration in a Member State, as a national trade mark, of a term borrowed from the language of another Member State in which it is devoid of distinctive character or descriptive of the goods or services in respect of which registration is sought, unless the relevant parties in the Member State in which registration is sought are capable of identifying the meaning of the term.

[Signatures]