OPINION OF ADVOCATE GENERAL JACOBS
delivered on 10 July 2003 [1]

1. In this case the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) has referred a series of questions on the interpretation of Article 5(1) and (2) of the Trade Marks Directive. [2]

2. At issue in particular is Article 5(2), under which Member States may provide protection for the proprietor of a trade mark with a reputation against use by another party of a similar sign which 'takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark'.

The Trade Marks Directive

3. Article 5 of the Directive provides in so far as relevant:

'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

1 — Original language: English.

2 — 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.

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.

...

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. It may be noted that Article 4(1) of the Directive provides that a trade mark is not to be registered or, if registered, is liable to be declared invalid if, essentially, it satisfies the same conditions as those set out in Article 5(1) in relation to a sign, and that under Article 4(4)(a) Member States may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid if, essentially, it satisfies the conditions set out in Article 5(2) in relation to a sign. Moreover Article 9(1)(a), (b) and (c) (all of which are mandatory) of Regulation No 40/94 [3] confer equivalent protection on a Community trade mark.

5. According to the written observations of the Commission, all the Member States have made use of the option conferred by Article 5(2) of the Directive. Article 13A(1)(c) of the Uniform Benelux Law on trade marks [4] transposes Article 5(2) in substantially similar terms.

The facts and the questions referred

6. The order for reference describes the facts and the main proceedings as follows.

7. Adidas-Salomon AG is the owner of a figurative trade mark formed by a motif consisting of three stripes which is registered as a Benelux mark for a number of types of clothing. Adidas Benelux BV is Adidas AG's exclusive licensee for the

3 — Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, OJ 1994 L 11, p. 1.

4 — Annexed to the Benelux Trade Mark Convention of 19 March 1962; as amended by a protocol of 2 December 1991 which entered into force on 1 January 1996.

Benelux countries. I shall refer to those companies jointly as 'Adidas'.

8. The trade mark is characterised by the fact that three very striking vertical stripes of equal width, running parallel, appear on the side and down the whole length of the article of clothing, a motif which may be executed in different colour combinations and different sizes, provided that it always contrasts with the basic colour of the article of clothing.

9. The triple-stripe logo of Adidas is a strong mark and enjoys general recognition.

10. Fitnessworld Trading Ltd ('Fitnessworld') markets fitness clothing under the name Perfetto and acts as importer for Perfetto Sportswear Inc. A number of the articles of clothing offered for sale by Fitnessworld bear a double-stripe motif. Those stripes run parallel, are of equal width, contrast with the main colour and are applied to the side seams of the clothing.

11. In September 1997 Adidas sought an interlocutory order from the President of the Rechtbank te Zwolle (District Court, Zwolle) enjoining Fitnessworld *inter alia* (i) to cease using in the Benelux countries any sign similar to the triple-stripe motif of Adidas, such as the double-stripe motif used by Fitnessworld, as applied to specified articles of clothing and (ii) to account for profits on sales of the allegedly infringing articles.

12. Adidas based its claim on the argument that the offering for sale by Fitnessworld of clothing with the double-stripe motif creates a likelihood of confusion on the part of the relevant section of the public in that it might associate those articles of clothing with Adidas' sports and leisure clothing which bear the triple-stripe logo, that Fitnessworld is relying on the recognition and popularity enjoyed by the triple-stripe mark and that the exclusivity of that Adidas logo could be impaired.

13. In October 1997 the President of the Rechtbank granted the orders sought. Fitnessworld appealed to the Gerechtshof te Arnhem (Regional Court of Appeal, Arnhem).

14. In August 1998 the Gerechtshof set aside the judgment of the Rechtbank and, in a fresh judgment, dismissed Adidas' claims.

15. The judgment of the Gerechtshof included the following statements:

'5.10 On the principle that where a trade mark enjoys a high degree of recognition the use of a sign similar to it is more likely to create a likelihood of confusion, the Gerechtshof nevertheless finds that for the time being there is no likelihood of confusion in the present case. The relevant section of the public at which Adidas aims its products consists above all of people who wish to be seen in exclusive and more expensive branded clothing. That section of the public is well aware that Adidas is distinguished by the triple-stripe motif and will therefore not become confused if it sees articles of clothing with two stripes, such as the sports and leisure clothing sold by Fitnessworld, even if the two stripes are applied to the clothing in the same manner as the three stripes of Adidas. Only the three stripes are associated with Adidas. The difference between two and three stripes is easy to detect, certainly when buying clothing, because this will usually not be done hastily or thoughtlessly. In this respect, on a global appreciation of the overall impression, the Gerechtshof considers the presence of three stripes to be a distinctive and dominant component.

5.11 Moreover, the Gerechtshof considers that, as Fitnessworld has for the time being demonstrated sufficiently on the basis of... exhibits, the stripe motif of two vertical parallel stripes on the side seams, contrasting with the background colour, has over the years been regularly used in the Netherlands to embellish (sports) clothing. It will therefore not do for Adidas, which has chosen a triple-stripe motif as its trade mark, to attempt to monopolise the stripe motif. As is apparent from the exhibits produced by it, Adidas has been actively trying to do that since 1996 and, as it asserts, even earlier. Monopolisation is certainly not possible in the present case, in which the two-stripe motif is used only as an embellishment and not as a trade mark, and the sports clothing sold by Fitnessworld (almost) always bears the Perfetto trade mark. The Gerechtshof rejects the assertion by Adidas that such use leads to dilution of its trade mark and that it suffers damage from such use without due cause by Fitnessworld. Since the stripe motif is a motif regularly used for the embellishment of sports clothing, Fitnessworld does have due cause for using that motif unless it bears similarity to the Adidas mark, something which the Gerechtshof does not, however,... for the time being accept.'

16. In essence, therefore, the Gerechtshof considered that on the facts there was (i) no likelihood of confusion given the relevant category of consumers and the difference between the sign and the mark and (ii) no dilution of Adidas' mark since the double-stripe motif was used for embellishment or decoration.

17. Adidas appealed to the Hoge Raad der Nederlanden, arguing in particular that the Trade Marks Directive provides protection, at least as regards marks with a reputation and/or great distinctive character, even where there is no likelihood of confusion,

in cases where unfair advantage is taken of, or detriment caused to, the distinctive character or the repute of the trade mark.

18. In that context, the Hoge Raad has the following doubts about the correct interpretation of the Directive.

19. First, it questions whether Article 5(2), which is expressed to apply only where a sign is used in relation to goods or services which are not similar to those for which the trade mark is registered, can also apply in relation to similar goods or services. If Article 5(2) cannot apply in relation to similar goods, the Hoge Raad wonders whether, if a third party uses a sign with the characteristics and in the circumstances described in that provision to the detriment of a trade mark with a reputation, but for similar goods, a likelihood of confusion within the meaning of Article 5(1)(b) may arise.

20. Second, it raises the question whether the Gerechtshof applied a correct criterion for determining whether the signs at issue were similar within the meaning of Article 5(2) of the Directive.

21. Finally, the Hoge Raad refers to the Gerechtshof's statements concerning the use by Fitnessworld of the double-stripe motif only as an embellishment. Taking into account that court's earlier observation that such a motif had been used in the Netherlands regularly over the years as an embellishment for sports clothing, it considers that the Gerechtshof clearly meant that the relevant section of the public would view that motif purely as an embellishment or decoration and thus not as a trade mark. The Hoge Raad is not sure however whether and to what extent that view taken by the public affects the answer to the question whether there is trade mark infringement in a case where the alleged infringement lies in dilution.

22. The Hoge Raad has accordingly stayed the proceedings and referred the following questions to the Court for a preliminary ruling:

'1 (a) Must Article 5(2) of the Directive be interpreted as meaning that, under a national law implementing that provision, the proprietor of a trade mark which has a reputation in the Member State concerned may also oppose the use of the trade mark or a sign similar to it, in the manner and circumstances referred to therein, in relation to goods or services which are ident-

ical with or similar to those for which the trade mark is registered?

(b) If the sign alleged to be an infringement in such a case is viewed purely as an embellishment by the relevant section of the public, what importance must be attached to that circumstance in connection with the question concerning the similarity between the trade mark and the sign?'

(b) If the answer to Question 1(a) is in the negative: where Article 5(2) of the Directive is implemented in a national law, must the concept of "likelihood of confusion" referred to in Article 5(1)(b) of the Directive be interpreted as meaning that there exists such a likelihood if a person other than the proprietor of the trade mark uses a trade mark with a reputation or a sign similar to it, in the manner and circumstances referred to in Article 5(2) of the Directive, in relation to goods or services which are identical or similar to those for which the trade mark is registered?

23. Written observations have been submitted by Adidas, Fitnessworld, the Netherlands and United Kingdom Governments and the Commission, all of whom except the Netherlands Government were also represented at the hearing.

Question 1 and the *Davidoff II* judgment

2. If the answer to Question 1(a) is in the affirmative:

24. By question 1(a) the referring court asks essentially whether Article 5(2) of the Directive requires Member States which choose to implement it to entitle the proprietor of a trade mark with a reputation in the Member State concerned to oppose the use of an identical or similar sign, in the manner and circumstances described in the provision, in relation to goods or services which are identical or similar to those for which the trade mark is registered.

(a) Must the question concerning the similarity between the trade mark and the sign in such a case be assessed on the basis of a criterion other than that of (direct or indirect) confusion as to origin, and if so, according to what criterion?

25. Since the reference was made and the written observations lodged in the present case, that question has in my view been answered in the affirmative by the judgment of the Court in *Davidoff II*.[5]

26. In that case the Court was asked in effect whether Article 5(2) applies, as its wording suggests, only in relation to goods or services which are *not* similar. The Court ruled that Article 5(2) entitles the Member States to provide specific protection for registered trade marks with a reputation in cases where a later mark or sign, which is identical or similar to the registered mark, is used for goods or services identical or similar to those covered by the registered mark.

27. The United Kingdom however contends that the judgment in *Davidoff II* does not provide the answer to the first question referred in the present case. In essence, the United Kingdom submits that that judgment was merely permissive: the Court ruled that Member States in implementing Article 5(2) may lawfully extend protection to identical and similar goods or services. The judgment does not however mean that they are obliged to do so and implementation (such as that at issue in the present case) which, in line with the wording of Article 5(2), expressly limits protection to non-similar goods or services remains both adequate and lawful in accordance with its terms.

28. The United Kingdom submits that that interpretation follows from the fact that Article 5(2) is optional. The Directive does not require Member States to provide any extra protection for marks with a reputation but rather expressly confers a specific option for the provision of such protection where the mark and the sign are used in relation to non-similar goods or services. If a Member State may properly decide to reject Article 5(2) altogether, it must be lawful for it to decide to implement only the express aspect of it.

29. I accept of course that the question referred and the ruling given in *Davidoff II* are couched in terms of the Directive's *entitling* Member States to provide protection in relation to identical and similar goods rather than *requiring* such protection. That terminology however may be explained by the fact that Article 5(2) is an optional provision, so that Member States are in any event not required to implement it. Moreover I am not persuaded by the United Kingdom's submission for a number of reasons.

5 — Case C-292/00 *Davidoff and Zino Davidoff (Davidoff II)*, ECR I-389, judgment delivered on 9 January 2003. The reference in the present case was made in October 2001 and the observations lodged in February 2002.

30. First, the Court in *Davidoff II* explicitly stated that, in the light of the overall scheme and objectives of the legislation, 'Article 5(2) cannot be given an interpretation which would lead to well-known marks having less protection where a sign is used for identical or similar goods or services than where a sign is used for non-similar goods or services'. [6] It is clear from the following paragraphs in the judgment that the Court considered that an interpretation of Article 5(2) which did not protect against use of a sign in relation to similar goods or services would have that result. Accordingly it follows from the judgment that Article 5(2) cannot be so interpreted. That factor alone to my mind militates against the approach advocated by the United Kingdom.

31. Furthermore, the United Kingdom's interpretation runs directly counter to the statement in the preamble to the Directive that 'the grounds for refusal or invalidity concerning the trade mark itself... or concerning conflicts between the trade mark and earlier rights, are to be listed in an exhaustive manner, even if some of these grounds are listed as an option for the Member States which will therefore be able to maintain or introduce those grounds in their legislation'. [7]

32. The Court has also consistently held that Articles 5 to 7 of the Directive embody a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the Community. [8]

33. Finally, it seems improbable that the Court in *Davidoff II* was intending to permit Member States to retain national implementing legislation which did not extend to similar goods or services given that the national legislation at issue (like that at issue in the present case) was, in line with the wording of Article 5(2), expressly limited to non-similar goods or services; [9] the referring court needed to know whether that national legislation none the less conferred protection where the allegedly infringing use was in relation to similar goods or services.

34. In my view therefore question 1(a) referred by the Hoge Raad should be answered in the affirmative, to the effect that Article 5(2) of the Directive is not correctly implemented unless the proprietor of a trade mark with a reputation in the Member State concerned is entitled to oppose the use of the mark or a similar

6 — Paragraph 25 of the judgment.

7 — Seventh recital.

8 — See for example Joined Cases C-414/99 to C-416/99 *Davidoff and Levi Strauss* [2001] ECR I-8691, paragraph 39 of the judgment, and, with specific reference to Article 5(2), paragraphs 27 to 30 of the judgment in Case C-23/01 *Robelco* [2002] ECR I-10913.

9 — Paragraph 14(2)(3) of the Markengesetz; see paragraph 10 of my Opinion in *Davidoff II*.

sign, in the manner and circumstances described in the provision, not only in relation to goods or services which are not similar but also in relation to goods or services which are identical or similar to those for which the trade mark is registered.

35. Since question 1(b) arises only if the answer to question 1(a) is in the negative, it does not require an answer.

The scope of Article 5(2): dilution, degradation and free riding

36. Article 5(2) protects the proprietor of a mark with a reputation against use of an identical or similar sign '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'. There are thus in principle four types of use which may be caught: use which takes unfair advantage of the mark's distinctive character, use which takes unfair advantage of its repute, use which is detrimental to the mark's distinctive character and use which is detrimental to its repute.

37. The concept of detriment to the distinctive character of a trade mark reflects what is generally referred to as dilution. That notion was first articulated by Schechter, [10] who advocated protection against injury to a trade mark owner going beyond the injury caused by use of an identical or similar mark in relation to identical or similar goods or services causing confusion as to origin. Schechter described the type of injury with which he was concerned as the 'gradual whittling away or dispersion of the identity and hold upon the public mind' of certain marks. [11] The courts in the United States, where owners of certain marks have been protected against dilution for some time, [12] have added richly to the lexicon of dilution, describing it in terms of lessening, watering down, debilitating, weakening, undermining, blurring, eroding and insidious gnawing away at a trade mark. [13] The essence of dilution in this classic sense is that the blurring of the distinctiveness of the mark means that it is no longer capable of arousing immediate association with the

10 — Frank I. Schechter, 'The rational basis of trademark protection', *Harvard Law Review* 1927, p. 813.

11 — He considered however that only 'arbitrary, coined or fanciful marks' should benefit from such protection.

12 — The first state legislation was passed in Massachusetts in 1947, followed by Illinois in 1953 and New York in 1955. Many others followed. Few state statutes, however, defined dilution as such, simply protecting against 'dilution of the distinctive quality' (or words to similar effect) of certain marks. At federal level, the Federal Trademark Dilution Act of 1995 created a federal cause of action for the dilution of famous trademarks. That Act defines dilution as 'the lessening of the capacity of a famous mark to identify and distinguish goods or services'.

13 — See for the source cases T. Martino, *Trademark Dilution* (1996), pp. 43 and 46.

goods for which it is registered and used. [14] Thus, to quote Schechter again, [15] 'for instance, if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more'.

38. In contrast, the concept of detriment to the repute of a trade mark, often referred to as degradation or tarnishment of the mark, describes the situation where — as it was put in the well-known *Claeryn / Klarein* decision of the Benelux Court of Justice [16] — the goods for which the infringing sign is used appeal to the public's senses in such a way that the trade mark's power of attraction is affected. That case concerned the identically pronounced marks 'Claeryn' for a Dutch gin and 'Klarein' for a liquid detergent. Since it was found that the similarity between the two marks might cause consumers to think of detergent when drinking 'Claeryn' gin, the 'Klarein' mark was held to infringe the 'Claeryn' mark. [17]

39. The concepts of taking unfair advantage of the distinctive character or repute of the mark in contrast must be intended to encompass 'instances where there is clear exploitation and free-riding on the coattails of a famous mark or an attempt to trade upon its reputation'. [18] Thus by way of example Rolls Royce would be entitled to prevent a manufacturer of whisky from exploiting the reputation of the Rolls Royce mark in order to promote his brand. [19] It is not obvious that there is any real difference between taking advantage of a mark's distinctive character and taking advantage of its repute; since however nothing turns on any such difference in the present case, I shall refer to both as free-riding.

40. In the present case it appears from the order for reference that Adidas is claiming that the use by Fitnessworld of the two-stripe motif takes unfair advantage of the repute of Adidas' trade mark (free-riding) and is detrimental to the distinctive character of that mark (dilution). [20] Against that background, the Hoge Raad has referred two questions on the interpretation of Article 5(2).

14 — See paragraph 39 of my Opinion in Case C-251/95 *SABEL* [1997] ECR I-6191, paraphrasing the judgment of the Benelux Court in *Claeryn / Klarein*, Case A 74/1, judgment of 1 March 1975, Jurisprudence of the Benelux Court of Justice 1975, p. 472.

15 — Hearings before the Congressional Committee on Patents, 72nd Congress, 1st Session 15 (1932).

16 — See footnote 14 for source.

17 — Detriment to the repute of a trade mark was in addition one of the grounds on which Christian Dior objected before the national courts to the allegedly downmarket advertising of its luxury products by Evora in Case C-337/95 *Parfums Christian Dior* [1997] ECR I-6013, although before the Court of Justice the case turned on the wording of Article 7(2) of the Directive (which establishes an exception to the general principle of exhaustion of trade mark rights).

18 — F.W. Mostert, *Famous and Well-Known Marks* (1997), p. 62. See also the *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks* adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organisation (WIPO) (1999): the Note on Article 4(iii), which refers to use of a mark which 'would take unfair advantage of the distinctive character of the well-known mark', comments that 'the use in question would, for example, amount to a free ride on the goodwill of the well-known mark'.

19 — See the judgment of the Bundesgerichtshof (German Federal Supreme Court) of 9 December 1982 [1983] GRUR 247.

20 — See paragraph 12 above.

Question 2(a)

41. In question 2(a) the Hoge Raad asks whether the notion of similarity between a mark and a sign for the purpose of Article 5(2) is to be assessed on the basis of a criterion other than that of (direct or indirect) confusion as to origin; if so, it asks the Court to indicate the correct criterion.

42. Article 5(2) applies, like Article 5(1)(b), where the mark and the sign are identical or similar. Both those provisions impose further conditions for their application: in particular Article 5(2) applies where use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark, while Article 5(1)(b) applies where, because of the identity or similarity, there exists a likelihood of confusion on the part of the public.

43. It is clear from the judgments of the Court in *SABEL*[21] and *Lloyd*[22]that in order to assess the degree of similarity between a mark and a sign for the purpose of Article 5(1)(b), and hence in order to assess whether they are sufficiently similar to give rise to a likelihood of confusion for the purpose of that provision, the national court must determine the degree of visual, aural or conceptual similarity between them. Since that ruling, the Court has recognised in *Sieckmann*[23]that a smell or olfactory sign may in principle constitute a trade mark (although the requirement that the sign be capable of graphic representation was not satisfied by any of the means proposed in that case); the national court may therefore in future be called on to determine in addition the degree of olfactory similarity between a mark and a sign. I agree with Fitnessworld, Adidas and the Netherlands and United Kingdom Governments that the national court must carry out the same exercise — namely determine the degree of sensory or conceptual similarity — in order to assess the degree of similarity for the purpose of Article 5(2); indeed it is difficult to see on what other basis similarity could be assessed.

44. It is clearly not necessary however to show that that similarity gives rise to a likelihood of confusion for the purpose of Article 5(2), as Fitnessworld submits.

45. In *SABEL*[24] the Court explained the concepts of direct and indirect confusion as to origin, indicating that there would be direct confusion where the public confused the sign and the mark in question and

21 — Cited in note 14, paragraph 23 of the judgment.

22 — Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 27 of the judgment.

23 — Case C-273/00, ECR I-11737, judgment delivered on 12 December 2002.

24 — Cited in note 14, paragraph 16 of the judgment.

indirect confusion where the public made a connection between the proprietors of the sign and those of the mark and confused them. Both direct and indirect confusion in that sense constitute confusion within the meaning of Article 5(1)(b). In contrast, likelihood of association would arise where the public considered the sign to be similar to the mark and perception of the sign called to mind the memory of the mark, although the two were not confused. The Court ruled that likelihood of association did not constitute confusion within the meaning of Article 5(1)(b).

46. That provision, it will be recalled, entitles trade mark owners to prevent third parties from using '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..., there exists a likelihood of confusion on the part of the public'. It thus requires a direct causal relationship between the similarity (or identity) and the likelihood of confusion. The interdependence of the two concepts is further stressed in the preamble to the Directive, which states that 'it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion'. [25]

47. Article 5(2) in contrast makes no mention of a likelihood of confusion. The Court has moreover explicitly stated that that provision 'establishes, for the benefit of well-known trade marks, a form of protection whose implementation *does not require the existence of a likelihood of confusion*'. [26]

48. Although Article 5(2) applies only where the mark and the sign are identical or similar, it does not explicitly require that that similarity cause a given state of mind on the part of the public. Instead, the provision focuses on the effect of the use against which it seeks to protect, referring to use which 'without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark'.

49. It seems obvious that use of a sign cannot have such an effect unless the sign brings the mark in some way to the mind of the relevant public. Thus, considering in the light of the general scheme and purpose of the Directive the requirement in Article 5(2) that the trade mark have a reputation, the Court has stated that it is only where there is a sufficient degree of knowledge of the mark that the public, when confronted by the sign, may possibly

25 — Tenth recital.

26 — Case C-425/98 *Marca Mode* [2000] ECR I-4861, paragraph 36 of the judgment (emphasis added); see also paragraphs 33 and 34 of the Opinion of Advocate General Ruiz-Jarabo in Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, and in relation to Article 4(4)(a) of the Directive, the material terms of which are identical to those used in Article 5(2), paragraph 48 of my Opinion and paragraph 20 of the judgment in *SABEL*, cited in note 14.

make a connection between the two and that the mark may consequently be damaged. [27]

50. However, it does not seem either necessary or helpful to seek to specify further the criteria by which the question concerning the similarity between the mark and the sign should be assessed. National courts will be able to decide, without further analysis of the concept of similarity, whether the similarity is such as to make possible the use complained of, be it in the form of dilution, degradation or free-riding. It is therefore sufficient in my view to note that Article 5(2) requires (i) that the mark and the sign be similar and (ii) that the use complained of take unfair advantage of, or be detrimental to, the distinctive character or the repute of the mark.

51. I accordingly conclude in answer to question 2(a) that (i) the notion of similarity between a mark and a sign for the purpose of Article 5(2) is to be assessed on the basis of the degree of sensory or conceptual similarity between them and (ii) the protection conferred by Article 5(2) does not require the existence of a likelihood of confusion between the mark and the sign.

27 — Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 23 of the judgment. Although the English translation of the judgment uses the term 'association', the French refers to 'rapprochement'. It is helpful to my mind to follow the French in using a term which is different from that used in Articles 4(1)(b) and 5(1)(b) of the Directive; I have accordingly used the word 'connection'.

Question 2(b)

52. In question 2(b) the Hoge Raad asks whether it is relevant in assessing the similarity between the mark and the sign for the purpose of Article 5(2) that the sign is viewed purely as an embellishment or decoration by the relevant section of the public.

53. In order to determine whether Article 5(2) is applicable it must of course be assessed *inter alia* whether the mark and the allegedly infringing sign are similar. As I have indicated in the context of question 2(a), I consider that the similarity between a mark and a sign for the purpose of Article 5(2) is to be assessed on the basis of the degree of sensory or conceptual similarity between them. Whether the sign is viewed purely as a decoration does not however seem to me to assist in that assessment. I will accordingly approach question 2(b) on the basis that what is at issue is rather whether it is relevant in assessing the applicability of Article 5(2) as a whole that the sign is viewed purely as a decoration by the relevant section of the public.

54. It has been suggested by some of those submitting observations [28] that Article 5(2)

28 — In particular Fitnessworld; Adidas however also makes the point, although subject to the qualification that if the public makes any connection with the mark, the sign cannot be regarded as perceived purely as an embellishment. The Commission also submits that a mere embellishment cannot be similar within the meaning of Article 5(2).

cannot apply where a sign is viewed purely as a decoration simply because in such circumstances no connection with a similar mark will be made. However I do not consider that those statements are necessarily correct, particularly where the trade mark allegedly infringed is based on a shape or pattern in widespread use. It is not inconceivable for example that a person seeing a pattern involving diamond shapes will be reminded of Renault's trade mark consisting of a stylised diamond, or that a pattern of red triangles could call to mind the red triangle which has been an essential component of the trade mark of Bass, the UK brewing company, since the mid-nineteenth century. [29] The Court moreover has recently ruled that in principle a colour *per se* may be sufficiently distinctive to be registered as a trade mark; [30] to the extent that colours are so registered, the scope for the public to be reminded of a particular mark by merely decorative use of the same or a similar colour in other contexts is clearly increased.

55. I do not therefore consider that the referring court's question 2(b) can be answered on the sole basis that Article 5(2) cannot apply where a sign is viewed purely as a decoration simply because in such circumstances no connection with a similar mark may be made. The correct starting point must be the terms, scheme and objective of Article 5(2) as a whole.

56. That provision does not explicitly refer to the way in which the offending sign is viewed. It applies where the sign is used in the course of trade in relation to goods or services. The Commission contends that that phrase must mean 'in order to distinguish goods or services' or 'as a mark'. In support of that argument the Commission refers to Article 5(5). That provision states that Article 5(1) to 5(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 and 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'. The Commission submits that it follows that Article 5(2) does not permit a trade mark owner to prevent any use of a sign but only uses the purpose of which is to distinguish the goods or services to which it relates from those of other undertakings.

29 — The word and device mark incorporating the triangle was registered as a trade mark in the United Kingdom on 1 January 1876, being the first mark to be registered under the Trade Marks Act 1875 (and hence, since the UK Act was the earliest legislation permitting trade mark registration, the first registered trade mark in the world). The mark had however been in use for some time before that. It may be seen on two bottles of beer on the counter of the bar at the Folies-Bergère painted by Manet in 1882.

30 — Case C-104/01, ECR I-3793, *Libertel Groep*, judgment delivered on 6 May 2003.

57. Article 5(5) is clearly directed at provisions of national law in areas other than trade mark regulation — for example, unfair competition and comparative advertising. [31] It follows from that provision that the regulation of non-trade mark use of a sign which without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of a trade mark is not governed by the Directive. Such use cannot therefore fall within Article 5(2).

58. That proposition is moreover firmly supported by the case-law of the Court. In particular in *Robelco* [32] the Court stated that 'reinforced protection of a trade mark's distinctive character or reputation against certain uses of a sign other than for the purpose of distinguishing goods or services is not covered by Community harmonisation' and that 'where... the sign is not used for the purpose of distinguishing goods or services, it is necessary to refer to the legal orders of the Member States to determine the extent and nature, if any, of the protection afforded to owners of trade marks who claim to be suffering damage as a result of use of that sign'.

59. The question therefore is whether a sign may be correctly regarded as 'used for the purpose of distinguishing goods or services' where it is viewed purely as a decoration by the relevant section of the public.

60. It seems to me that that question must be answered in the negative. If the relevant section of the public perceives a given sign as doing no more than embellishing goods, and in no way as identifying their origin, that sign cannot be regarded as used for the purpose of distinguishing those goods.

61. The case-law of the Court confirms that the perception of the relevant section of the public is relevant in assessing whether a sign is used as a trade mark. From the earliest trade mark cases before it (which, before the Directive, were brought under the Treaty provisions on the free movement of goods), the Court has ruled that the essential function of the trade mark 'is to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user, by enabling him without any possibility of confusion to distinguish that product from products which have another origin'. [33] Clearly that function

31 — See also the sixth recital in the preamble to the Directive, which states that the Directive 'does not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection'.

32 — Cited in note 8, paragraphs 31 and 34 of the judgment. See also Case C-63/97 *BMW and BMW Nederland* [1999] ECR I-905, paragraph 38; paragraph 37 of my Opinion in Case C-2/00 *Hölterhoff* [2002] ECR I-4187; and paragraph 38 of the Opinion of Advocate General Ruiz-Jarabo in Case C-206/01 *Arsenal Football Club*, cited in note 26.

33 — Case 102/77 *Hoffmann-La Roche* [1978] ECR 1139, paragraph 7 of the judgment. The dictum has resounded through the case-law to the present day; see most recently *Libertel Groep*, cited in note 30, paragraph 62 of the judgment, and cases there cited.

cannot be fulfilled if the relevant public perceives the sign purely as an embellishment or decoration. As the Court stated in *Libertel Groep*: [34]

'A trade mark must distinguish the goods or services concerned as originating from a particular undertaking. In that connection, regard must be had both to the ordinary use of trade marks as a badge of origin in the sectors concerned and to the perception of the relevant public.'

62. The effect of the way in which the decorative element is perceived in the present case is very different from the situation in *Arsenal*, [35] in which the Court held that it was not relevant that the allegedly infringing sign was perceived as a badge of support for or loyalty or affiliation to the proprietor of the mark. That case concerned a claim for infringement under Article 5(1)(a), which provides for absolute protection in the case of identity between the mark and the sign and between the goods or services concerned and those for which the mark is registered. [36] In that context the unauthorised use by a third party of the identical mark on identical goods was plainly trade mark use, notwithstanding that perception.

63. Finally I would add that in my view it would in any event be undesirable as a matter of principle to extend the protection of trade marks in such a way as to preclude the use of common decorations and motifs such as stripes. The Court has ruled that Article 3(1)(c) and Article 3(1)(e) of the Directive pursue aims that are in the public interest, which requires that signs and indications descriptive of the categories of goods or services for which registration is sought, and a shape whose essential characteristics perform a technical function and were chosen to fulfil that function, may be freely used by all. [37] It has also recognised that there is a public interest in not unduly restricting the availability of colours for the other operators who offer for sale goods or services of the same type as those in respect of which registration is sought. [38] Advocate General Ruiz-Jarabo sounded a similar note of caution in what may appropriately be described as the coda to his recent Opinion in *Shield Mark*, [39] a case which concerns the question whether sounds or noises [40] may be regarded as trade marks.

34 — Cited in note 30, paragraph 62 of the judgment. See also Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraphs 49 to 52.

35 — Cited in note 32, paragraph 61 of the judgment.

36 — See paragraph 50 of the judgment, citing the 10th recital in the preamble to the Directive.

37 — *Libertel Groep*,cited in note 30, paragraphs 52 and 53 of the judgment and the cases there cited.

38 — *Libertel Groep*,cited in note 30, paragraph 55 of the judgment

39 — Case C-283/01, paragraphs 48 to 52 of the Opinion delivered on 3 April 2003.

40 — At issue in the main proceedings were the first nine notes of Beethoven's Für Elise (Bagatelle in A minor, WoO 59) and the crow of a cock.

Although the present case raises the slightly different question of the extent of protection conferred by Article 5(2), I consider that analogous public interest considerations militate against extending that protection so as to prevent traders from using simple and long-accepted decorations and motifs.

64. I accordingly conclude that it is a condition of the application of Article 5(2) that the allegedly infringing sign is used as a trade mark, that is to say for the purpose of distinguishing goods or services. That will not be case where that sign is viewed purely as a decoration by the relevant section of the public.

Conclusion

65. I am therefore of the opinion that the questions referred by the Hoge Raad should be answered as follows:

(1) Article 5(2) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks is not correctly implemented unless the proprietor of a trade mark with a reputation in the Member State concerned is entitled to oppose the use of the mark or a similar sign, in the manner and circumstances described in the provision, not only in relation to goods or services which are not similar but also in relation to goods or services which are identical or similar to those for which the trade mark is registered.

(2) The notion of similarity between a mark and a sign for the purpose of Article 5(2) of Directive 89/104 is to be assessed on the basis of the degree of sensory or conceptual similarity between them.

(3) The protection conferred by Article 5(2) of Directive 89/104 does not require the existence of a likelihood of confusion between the mark and the sign.

(4) It is a condition of the application of Article 5(2) of Directive 89/104 that the allegedly infringing sign is used as a trade mark, that is to say for the purpose of distinguishing goods or services. That will not be case where that sign is viewed purely as a decoration by the relevant section of the public.