JUDGMENT OF THE COURT (Third Chamber)

30 March 2006 *

In Case C-259/04,

REFERENCE for a preliminary ruling under Article 234 EC, brought by the Person Appointed by the Lord Chancellor under section 76 of the Trade Marks Act 1994, on Appeal from the Registrar of Trade Marks (United Kingdom), by decision of 26 May 2004, submitted by the High Court of Justice of England and Wales, received at the Court on 16 June 2004, in the proceedings

Elizabeth Florence Emanuel

v

Continental Shelf 128 Ltd,

THE COURT (Third Chamber),

composed of A. Rosas, President of the Chamber, J. Malenovský, J.-P. Puissochet (Rapporteur), A. Borg Barthet and U. Lõhmus, Judges,

* Language of the case: English.

Advocate General: D. Ruiz-Jarabo Colomer,
Registrar: L. Hewlett, Principal Administrator,

having regard to the written procedure and further to the hearing on 1 December 2005,

after considering the observations submitted on behalf of:

— Elizabeth Florence Emanuel, by J. Hill, Barrister, H. Evans and C. Daniel, Solicitors,

— Continental Shelf 128 Ltd, by R. Hacon, Barrister,

— the United Kingdom Government, by E. O'Neill, acting as Agent, and M. Tappin, Barrister,

— the Commission of the European Communities, by N.B. Rasmussen, acting as Agent,

after hearing the Opinion of the Advocate General at the sitting on 19 January 2006,

gives the following

Judgment

1 This reference for a preliminary ruling by the Person Appointed by the Lord Chancellor under section 76 of the Trade Marks Act 1994 ('the Appointed Person'), on appeal from the Registrar of Trade Marks, concerns the interpretation of Articles

3(1)(g) and 12(2)(b) of 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).

2 The reference was made in the course of proceedings between the fashion designer Ms Emanuel and Continental Shelf 128 Ltd ('CSL'). Those proceedings concern two applications made by Ms Emanuel against CSL, the first in opposition to the registration of the trade mark 'ELIZABETH EMANUEL', in upper case ('the trade mark "ELIZABETH EMANUEL"'), in respect of clothing produced by CSL, and the second to revoke the trade mark 'Elizabeth Emanuel', in lower case apart from the initial letters, registered in 1997 by another company which subsequently assigned it to CSL ('the trade mark "Elizabeth Emanuel"' or 'the registered trade mark').

Law

3 Article 3(1) of Directive 89/104 provides:

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

...

(g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

...'

4 Article 12(2) of Directive 89/104 provides:

'A trade mark shall ... be liable to revocation if, after the date on which it was registered,

...

(b) in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.'

The main proceedings and the questions referred for a preliminary ruling

5 In 1990 Ms Emanuel, a well-known designer of wedding wear, began trading under the name 'Elizabeth Emanuel'.

6 In 1996, together with a company called Hamlet International Plc, Ms Emanuel formed a company called Elizabeth Emanuel Plc ('EE Plc'). Ms Emanuel assigned to EE Plc her business of designing and selling clothing, all assets of the business including its goodwill and an application to register the trade mark 'Elizabeth Emanuel' which was registered in 1997.

7 In September 1997, EE Plc assigned its business, goodwill and the registered trade mark to Frostprint Ltd, which immediately changed its name to Elizabeth Emanuel International Ltd ('EE International'). EE International employed Ms Emanuel, who left that employment a month later.

8 In November 1997, EE International assigned the registered trade mark to another company, Oakridge Trading Ltd ('Oakridge'). On 18 March 1998, Oakridge lodged an application to register the trade mark 'ELIZABETH EMANUEL'.

9 On 7 January 1999, a notice of opposition to that application was filed. On 9 September 1999, an application was lodged to revoke the registered trade mark 'Elizabeth Emanuel'.

10 The opposition and the application for revocation were heard at first instance by the Hearing Officer who dismissed them in a decision of 17 October 2002 on the ground that, whilst the public had indeed been deceived and confused, such deception and confusion was lawful and the inevitable consequence of the sale of a business and goodwill previously conducted under the name of the original owner.

11 An appeal against that decision was brought before the Appointed Person, who did not refer the appeal to the High Court of Justice in spite of a request to that effect by CSL, which in the course of the proceedings became the assignee of the registered trade mark and the application to register the trade mark 'ELIZABETH EMANUEL'. That request had been made pursuant to section 76 of the Trade Marks Act 1994 which makes provision for a reference to the High Court if it appears to the Appointed Person that the case involves a point of general legal importance.

12 As before the Hearing Officer, the argument focused on whether Articles 3(1)(g) and 12(2)(b) of Directive 89/104 provide a basis for the applications made against CSL.

13 Against that background, the Appointed Person decided to stay the proceedings and refer the following questions to the Court for a preliminary ruling:

'1. Is a trade mark of such a nature as to deceive the public and prohibited from registration under Article 3(1)(g) [of Directive 89/104] in the following circumstances:

(a) the goodwill associated with the trade mark has been assigned together with the business of making the goods to which the mark relates;

(b) prior to the assignment the trade mark indicated to a significant proportion of the relevant public that a particular person was involved in the design or creation of the goods in relation to which it was used;

(c) after the assignment an application was made by the assignee to register the trade mark; and

(d) at the time of the application a significant portion of the relevant public wrongly believed that use of the trade mark indicated that the particular person was still involved in the design or creation of the goods in relation to which the mark was used, and this belief was likely to affect the purchasing behaviour of that part of the public?

2. If the answer to question 1 is not unreservedly yes, what other matters must be taken into consideration in assessing whether a trade mark is of such a nature as to deceive the public and prohibited from registration under Article 3(1)(g) [of Directive 89/104] and, in particular, is it relevant that the risk of deception is likely to diminish over time?

3. Is a registered trade mark liable to mislead the public in consequence of the use made of it by the proprietor or with his consent and so liable to revocation under Article 12(2)(b) [of Directive 89/104] in the following circumstances:

(a) the registered trade mark and the goodwill associated with it have been assigned together with the business of making the goods to which the mark relates;

(b) prior to the assignment the trade mark indicated to a significant proportion of the relevant public that a particular person was involved in the design or creation of the goods in relation to which it was used;

(c) after the assignment an application was made to revoke the registered trade mark; and

(d) at the time of the application a significant portion of the relevant public wrongly believed that use of the trade mark indicated that the particular person was still involved with the design or creation of the goods in relation to which the mark was used, and this belief was likely to affect the purchasing behaviour of that part of the public?

4. If the answer to question 3 is not unreservedly yes, what other matters must be taken into consideration in assessing whether a registered trade mark is liable to mislead the public in consequence of the use made of it by the proprietor or with his consent and so liable to revocation under Article 12(2)(b) [of Directive 89/104] and, in particular, is it relevant that the risk of deception is likely to diminish over time?'

Observations on the Opinion of Advocate General Ruiz-Jarabo Colomer

14 By letter of 22 February 2006, Ms Emanuel submitted observations on the Opinion of Advocate General Ruiz-Jarabo Colomer. She alleged that the Advocate General had erred in his interpretation of Articles 3 and 12 of Directive 89/104 and the Court's earlier case-law.

15 Since neither the Statute of the Court of Justice nor the Rules of Procedure make provision for the parties to submit observations in reply to the Opinion of the Advocate General (see the order of 4 February 2000 in Case C-17/98 *Emesa Sugar* [2000] ECR I-665, paragraph 2), Ms Emanuel's observations cannot be accepted.

16 However, the Court may, of its own motion, on a proposal from the Advocate General or at the request of the parties, reopen the oral procedure, in accordance with Article 61 of its Rules of Procedure, if it considers that it lacks sufficient information, or that the case must be dealt with on the basis of an argument which has not been debated between the parties (see Case C-309/99 *Wouters and Others* [2002] ECR I-1577, paragraph 42; Case C-434/02 *Arnold André* [2004] ECR I-11825, paragraph 27; and Case C-210/03 *Swedish Match* [2004] ECR I-11893, paragraph 25).

17 In the present case, the Court finds that it has all the information necessary to reply to the questions referred. Consequently, there is no need to order the reopening of the oral procedure.

Admissibility of the questions referred for a preliminary ruling

18 Before turning to the questions referred it is appropriate to examine whether the Appointed Person must be regarded as a court or tribunal within the meaning of Article 234 EC.

19 In order to determine whether a body is a court or tribunal within the meaning of that provision, which is a question governed by Community law alone, the Court takes into account a number of factors, such as whether the body concerned is

established by law, whether it is permanent, whether its jurisdiction is compulsory, whether its procedure is inter partes, whether it applies rules of law and whether it is independent (see, in particular, Case 61/65 *Vaassen-Göbbels* [1966] ECR 261; Case C-54/96 *Dorsch Consult* [1997] ECR I-4961, paragraph 23; and Case C-416/96 *Nour Eddline El-Yassini* [1999] ECR I-1209, paragraph 17).

20 The Appointed Person was established by the Trade Marks Act 1994.

21 Pursuant to sections 76 and 77 of that Act, the Appointed Person, appointed by the Lord Chancellor after consulting the Lord Advocate, may hear appeals from decisions of the Comptroller-General of Patents, Designs and Trade Marks (otherwise called the Registrar of Trade Marks). In England and Wales the Appointed Person shares that jurisdiction with the High Court of Justice and, in Scotland, with the Court of Session.

22 It is for the appellant to choose the jurisdiction before which he brings his appeal. However, the Appointed Person may in certain cases decide to refer the appeal to the High Court of Justice, inter alia if it appears to him that a point of general legal importance is involved.

23 The Appointed Person is a permanent body which makes findings of law in application of the Trade Marks Act 1994 and according to the procedural rules laid down by rules 63 to 65 of the Trade Marks Rules 2000. The procedure is inter partes. The decisions of the Appointed Person are binding and, in principle, final, subject exceptionally to an application for judicial review.

24 During the Appointed Person's period of office, he enjoys the same guarantees of independence as judges.

25 It follows from all the foregoing factors that the Appointed Person must be regarded as a court or tribunal within the meaning of Article 234 EC, so that the questions referred for a preliminary ruling are admissible.

The first two questions

26 By its first two questions, the Appointed Person essentially seeks to ascertain the circumstances in which a trade mark may be refused registration on the ground that it is of such a nature as to deceive the public, within the meaning of Article 3(1)(g) of Directive 89/104, where the goodwill associated with that trade mark has been assigned together with the business making the goods to which the mark relates and that trade mark, which corresponds to the name of the designer and first manufacturer of those goods, was previously registered in a different graphic form.

Observations submitted to the Court

27 The Appointed Person is alive to the opposing arguments of the parties. He considers, first, that the public interest requires that trade marks must not be liable to mislead the average consumer, who is deemed to be reasonably observant and circumspect, and, second, that it is nevertheless in the public interest to permit the sale and assignment of businesses and goodwill together with the trade marks with which they are associated.

28 Ms Emanuel, the appellant in the main proceedings, points to the public interest in the protection of consumers guaranteed by Article 3(1)(g) of Directive 89/104. She submits that for that article to apply, it suffices that there be at least a genuine risk that the use of the trade mark in issue misleads the average consumer of the goods or services, in respect of which registration of the trade mark has been applied for, as to their origin and influences that consumer's purchasing decisions. Whether or not such a risk exists is a question of fact, so that all the circumstances which make that deception probable should be taken into consideration.

29 The appellant in the main proceedings submits next that once the risk of confusion is demonstrated, it does not matter that the goodwill and the trade mark have been assigned to the undertaking which believes it can use that trade mark.

30 CSL, the respondent in the main proceedings, submits that Article 3(1)(g) of Directive 89/104 does not draw any distinction between trade marks which correspond to the name of a person and those which do not. The only relevant criterion is whether objectively the trade marks are of such a nature as to deceive or are liable to mislead the public, inter alia by giving rise to confusion with other goods.

31 CSL contends that Ms Emanuel's argument on the risk of confusion for the average consumer is based on the Court's case-law in relation to specific regulations, which cannot be transposed to interpret Directive 89/104.

32 As regards the average consumer's perception of a trade mark corresponding to a name, CSL submits that such a consumer is aware, especially in the field of fashion, that a trade name remains associated with the goods produced by an undertaking and that that undertaking may be assigned with that name. That applies equally to

bakers, wine makers and manufacturers of luxury goods. Thus, the assignment of a trade name cannot in itself automatically give rise to confusion, whether or not that assignment was the subject of publicity.

33 CSL stresses in particular that if Ms Emanuel's argument were upheld, it would be impossible to assign a business together with the goodwill and the trade mark for the goods which the business produces. Very often the value of the assignment of a business lies essentially in the trade mark assigned.

34 The United Kingdom Government submits that the purpose of Article 3(1)(g) of Directive 89/104 is to deny registration to trade marks which deceive the public, not as to the origin of the goods or services covered by the registration or as to characteristics of that origin, but as to characteristics of the goods or services themselves.

35 That provision was not intended to prohibit a trade mark merely because the standard of the goods in question does not match the purchaser's expectations, whether because a particular person is no longer involved in the design and manufacture of those goods or for any other reason. Whilst a trade mark is required to act as a guarantee that goods emanate from a single undertaking which takes responsibility for their standard, it generally does not in itself act as a representation of that standard.

36 The United Kingdom Government submits that the public is aware that the standard of goods bearing a particular trade mark may vary, whether because of a decision of the proprietor of the trade mark, a change of ownership or management, or changes within the design team or manufacturing plant. The average consumer cannot therefore be deceived by a change in the proprietor of a trade mark.

37 The Commission of the European Communities notes, first of all, that the Court has not yet had the opportunity to give an interpretation of Article 3(1)(g) of Directive 89/104 as regards the situations in which a trade mark is likely to deceive the public and so has not yet identified the public interest which that provision protects. That public interest may differ from that analysed in respect of other absolute grounds for refusing to register such as those discussed in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, Case C-299/99 *Philips* [2002] ECR I-5475, or Case C-104/01 *Libertel* [2003] ECR I-3793.

38 The Commission recalls, however, that the Court has identified the essential function of a trade mark as being to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality (see, in particular, Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraph 48).

39 The Commission infers from this that that function does not mean that the consumer should be able to identify the manufacturer from the trade mark, but that the trade mark serves as a guarantee that the goods were placed on the market with the consent of its proprietor.

40 The Commission further submits that the mere fact that a trade mark corresponds to the name of a person does not mean that that person is affiliated with the proprietor of the trade mark or that such involvement is to be presumed and

consequently does not support the finding that that person is involved in the manufacture of the goods bearing that trade mark. The Commission contends that that argument is supported by the Court's reasoning in Case C-404/02 *Nichols* [2004] ECR I-8499, according to which there is no special rule of trade mark law applicable to a personal name.

41 The Commission further submits that the average consumer can be deceived, for the purposes of Article 3(1)(g) of Directive 89/104, by a trade mark corresponding to the name of a person only if the sales strategy is to suggest that that person is involved in the manufacture of the product bearing the trade mark concerned although he is no longer affiliated with the proprietor of that trade mark.

42 Lastly, all those who have submitted observations to the Court submit that the time elapsed since the person to whose name the trade mark corresponds ceased to be the proprietor of the mark has no bearing on whether or not that mark is liable to deceive the average consumer.

Findings of the Court

43 Article 2 of Directive 89/104 contains a list, described as a list of examples in the seventh recital in the preamble to that directive, of signs which may constitute a trade mark, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings, that is to say to fulfil the trade mark's function as an indicator of origin. That list expressly includes personal names (*Nichols*, paragraph 22).

44 As the Commission pointed out, for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality (see, in particular, *Arsenal Football Club*, paragraph 48).

45 A trade mark such as 'ELIZABETH EMANUEL' may have that function of distinguishing the goods manufactured by an undertaking, particularly where that trade mark has been assigned to that undertaking and the undertaking manufactures the same type of goods as those which initially bore the trade mark in question.

46 However, in the case of a trade mark corresponding to the name of a person, the public interest ground which justifies the prohibition laid down by Article 3(1)(g) of Directive 89/104 to register a trade mark which is liable to deceive the public, namely consumer protection, must raise the question of the risk of confusion which such a trade mark may engender in the mind of the average consumer, especially where the person to whose name the mark corresponds originally personified the goods bearing that mark.

47 Nevertheless, the circumstances for refusing registration referred to in Article 3(1)(g) of Directive 89/104 presuppose the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived (Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola* [1999] ECR I-1301, paragraph 41).

48 In the present case, even if the average consumer might be influenced in his act of purchasing a garment bearing the trade mark 'ELIZABETH EMANUEL' by imagining that the appellant in the main proceedings was involved in the design of that garment, the characteristics and the qualities of that garment remain guaranteed by the undertaking which owns the trade mark.

49 Consequently, the name Elizabeth Emanuel cannot be regarded in itself as being of such a nature as to deceive the public as to the nature, quality or geographical origin of the product it designates.

50 On the other hand, it would be for the national court to determine whether or not, in the presentation of the trade mark 'ELIZABETH EMANUEL' there is an intention on the part of the undertaking which lodged the application to register that mark to make the consumer believe that Ms Emanuel is still the designer of the goods bearing the mark or that she is involved in their design. In that case there would be conduct which might be held to be fraudulent but which could not be analysed as deception for the purposes of Article 3 of Directive 89/104 and which, for that reason, would not affect the trade mark itself and, consequently, its prospects of being registered.

51 Consequently the answer to the first two questions must be that a trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark may not, by reason of that particular feature alone, be refused registration on the ground that it would deceive the public, within the meaning of Article 3(1)(g) of Directive 89/104, in particular where the goodwill associated with that trade mark, previously registered in a different graphic form, has been assigned together with the business making the goods to which the mark relates.

The last two questions

52 By its last two questions, the Appointed Person essentially seeks to ascertain the circumstances in which a trade mark is liable to revocation on the ground that that mark would mislead the public, within the meaning of Article 12(2)(b) of Directive 89/104, where the goodwill associated with that mark has been assigned together with the business making the goods to which the mark relates and that trade mark corresponds to the name of the designer and first manufacturer of those goods.

53 Since the conditions for revocation laid down by Article 12(2)(b) of Directive 89/104 are the same as those for the refusal of registration under Article 3(1)(g) of that directive, analysis of which has formed the subject of the reply to the first two questions, the reply to the last two questions must be that a trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark is not, by reason of that particular feature alone, liable to revocation on the ground that that mark would mislead the public, within the meaning of Article 12(2)(b) of Directive 89/104, in particular where the goodwill associated with that mark has been assigned together with the business making the goods to which the mark relates.

Costs

54 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:

1. **A trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark may not, by reason of that particular feature alone, be refused registration on the ground that it would deceive the public, within the meaning of Article 3(1)(g) of Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, in particular where the goodwill associated with that trade mark, previously registered in a different graphic form, has been assigned together with the business making the goods to which the mark relates.**

2. **A trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark is not, by reason of that particular feature alone, liable to revocation on the ground that that mark would mislead the public, within the meaning of Article 12(2)(b) of Directive 89/104, in particular where the goodwill associated with that mark has been assigned together with the business making the goods to which the mark relates.**

[Signatures]