JUDGMENT OF THE COURT (First Chamber)

23 February 2006 *

In Case C-59/05,

REFERENCE for a preliminary ruling under Article 234 EC, by the Bundesgerichtshof (Germany), made by decision of 2 December 2004, received at the Court on 10 February 2005, in the proceedings

Siemens AG

v

VIPA Gesellschaft für Visualisierung und Prozeßautomatisierung mbH,

THE COURT (First Chamber),

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

* Language of the case: German.

Advocate General: A. Tizzano,
Registrar: R. Grass,

having regard to the written procedure,

after considering the observations submitted on behalf of:

— Siemens AG, by S. Jackermeier, Rechtsanwalt and D. Laufhütte, Patentanwalt,

— VIPA Gesellschaft für Visualisierung und Prozeßautomatisierung mbH, by A. Osterloh and E. Osterloh, Rechtsanwälte,

— the Republic of Poland, by T. Nowakowski, acting as Agent,

— the Commission of the European Communities, by A. Aresu and F. Hoffmeister, acting as Agents,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 3a(1)(g) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising (OJ 1984 L 250, p. 17), as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997 (OJ 1997 L 290, p. 18) ('Directive 84/450').

2 The reference was made in the course of proceedings between Siemens AG ('Siemens') and VIPA Gesellschaft für Visualisierung und Prozeßautomatisierung mbH ('VIPA') concerning advertising engaged in by the latter to promote the sale of components compatible with controllers manufactured and distributed by Siemens.

Legal context

Community rules

3 According to Article 2(2a) of Directive 84/450, 'comparative advertising' means 'any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor'.

4 Article 3a(1) of Directive 84/450 provides:

'Comparative advertising shall, as far as the comparison is concerned, be permitted when the following conditions are met:

...

(c) it objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;

...

(g) it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products;

...'

5 Recitals 2, 14 and 15 in the preamble to Directive 97/55 state as follows:

'(2) ... the completion of the internal market will mean an ever wider range of choice; ... given that consumers can and must make the best possible use of the

internal market, and that advertising is a very important means of creating genuine outlets for all goods and services throughout the Community, the basic provisions governing the form and content of comparative advertising should be uniform and the conditions of the use of comparative advertising in the Member States should be harmonised; ... if these conditions are met, this will help demonstrate objectively the merits of the various comparable products; ... comparative advertising can also stimulate competition between suppliers of goods and services to the consumer's advantage;

...

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

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

National legislation

6 Paragraph 6 of the Law of 7 June 1909 against unfair competition (Gesetz gegen den unlauteren Wettbewerb) ('UWG') provides, in particular:

'(1) Comparative advertising means any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor.

(2) Whoever engages in comparative advertising acts unlawfully ... where the comparison:

...

4. takes unfair advantage of or is detrimental to the reputation of a mark used by a competitor ...'

The main proceedings and the questions referred for a preliminary ruling

7 Siemens manufactures and distributes, amongst other products, programmable controllers under the name 'Simatic'. Starting in 1983, it introduced a system of order numbers for those controllers and their add-on components, which consist of a combination of several capital letters and numbers.

8 VIPA also manufactures and sells components that are compatible with 'Simatic' controllers, for which, since 1988, it has used an identification system that is virtually identical to that used by Siemens. The first group of characters of Siemens order numbers — for example, '6ES5' or '6ES7' — are replaced by the company's acronym 'VIPA', and this is followed by the core elements of the order number of the

original Siemens product. The core elements of the order number refer to the nature of the product concerned and its utilisation in the control system, and the order number must be programmed into the system in order that the controller can be operated.

9 VIPA thus distributes the component which corresponds to the original Siemens product carrying the order number '6ES5 928-3UB21' under order number 'VIPA 928-3UB21'. This number is indicated on its products and in its catalogue, where it also adds: 'Please check the order number of the memory modules you require in the handbook for your module or call us. The order numbers correspond to those of Siemens programme modules'.

10 Siemens brought proceedings against VIPA, alleging that it was taking unfair advantage of the reputation of its products. At first instance the court granted Siemens' application by decision which was set aside on appeal. Siemens then brought an appeal for 'Revision' before the Bundesgerichtshof (Federal Court of Justice) (Germany).

11 Taking the view that interpretation of Directive 84/450 was necessary in order to resolve the dispute before it, the Bundesgerichtshof decided to stay the proceedings and refer the following questions to the Court of Justice for a preliminary ruling:

'(1) Is the reputation of an "other distinguishing mark" within the meaning of Article 3a(1)(g) of Directive 84/450/EEC taken advantage of unfairly where an advertiser adopts in identical form the core elements of a distinguishing mark of a competitor (in this case, a system of order numbers) which is known in trade circles, and refers to those identical elements in advertising?

(2) In determining whether unfair advantage is taken of a reputation for the purposes of Article 3a(1)(g) of Directive 84/450/EEC, is the benefit to the advertiser and the consumer procured by the adoption of the identical system a relevant factor?'

The questions

12 By its questions, which should be considered together, the national court asks, in essence, whether, by using in its catalogues the core elements of a manufacturer's distinguishing mark, namely a system of order numbers for its products, which is known in trade circles, a competing supplier is taking unfair advantage of the reputation of that distinguishing mark within the meaning of Article 3a(1)(g) of Directive 84/450, and whether, in order to answer that question, the benefit such use may represent for the consumer and the advertiser should be taken into consideration.

13 Under Article 3a(1)(g) of Directive 84/450, comparative advertising is permitted provided, inter alia, that it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products.

14 It is settled case-law that it is necessary, when assessing whether the condition laid down in Article 3a(1)(g) of Directive 84/450 has been observed, to have regard to recital 15 in the preamble to Directive 97/55, which states that the use of a trade mark or distinguishing mark does not breach the right to the mark where it complies with the conditions laid down by Directive 84/450, the aim being solely to distinguish between the products and services of the advertiser and those of his competitor and thus to highlight differences objectively (see Case C-112/99 *Toshiba Europe* [2001] ECR I-7945, paragraph 53).

15 An advertiser cannot be regarded as taking unfair advantage of the reputation of the distinguishing marks of his competitor if effective competition on the relevant market is conditional upon a reference to those marks (see *Toshiba Europe*, cited above, paragraph 54).

16 Further, the Court has already held that a third party's use of a mark may take unfair advantage of the distinctive character or the reputation of the mark or be detrimental to them, for example by giving the public a false impression of the relationship between the advertiser and the trade mark owner (see *Toshiba Europe*, cited above, paragraph 55).

17 It is apparent from the order for reference that, by adopting the core element of the Siemens order number system, VIPA is informing the public that the two products in question have equivalent technical features. There is, therefore, a comparison of the material, relevant, verifiable and representative features of the goods within the meaning of Article 3a(1)(c) of Directive 84/450 (see *Toshiba Europe,* cited above, paragraph 56).

18 It is necessary, however, to determine whether its adoption could cause the public at whom the VIPA's advertising is directed to associate the manufacturer of the controllers at issue in the main proceedings, and their add-on components, with the competing supplier, since the public might associate the reputation of that manufacturer's products with the products distributed by that supplier.

19 Firstly, it should be noted that the products at issue in the main proceedings are intended for a specialist public, which is much less likely than final consumers to

associate the reputation of Siemens products with that of products distributed by VIPA (see, to that effect, *Toshiba Europe,* cited above, paragraph 52).

20 Next, the fact that VIPA uses its own acronym in the first part of its order numbers, and states in its catalogue that those numbers correspond to those of the Siemens programme modules, makes it possible for a distinction to be made between VIPA's and Siemens' respective identities and does not give a false impression either as to the origin of VIPA products or of there being any association between those two companies (see, to that effect, *Toshiba Europe,* cited above, paragraph 59).

21 Lastly, it is clear from the file lodged at the Court that the figures and numbers forming the core element of the order number refer not only to the nature of the product concerned but also to its utilisation in the control system. Those numbers and figures must be programmed into the assembly system to operate the controller.

22 With regard to the benefit to the advertiser and the consumer procured by the adoption of a distinguishing mark in identical form to be taken into consideration, the Court has already held that comparative advertising is designed to enable consumers to make the best possible use of the internal market, given that advertising is a very important means of creating genuine outlets for all goods and services throughout the Community (see Case C-44/01 *Pippig Augenoptik* [2003] ECR I-3095, paragraph 64).

23 Further, it is clear from the second recital in the preamble to Directive 97/55 that the purpose of comparative advertising is also to stimulate competition between suppliers of goods and services to the consumer's advantage.

24 It follows that the benefit of comparative advertising to consumers must necessarily be taken into account in determining whether an advertiser is taking unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor.

25 On the other hand, the benefit an advertiser derives from comparative advertising, which, by reason of its very nature, is self-evident in all cases, cannot alone be determinative of whether the conduct of such an advertiser is lawful.

26 In the present case, if a different core element were to be used for the order numbers of goods distributed by VIPA and intended for use with Siemens controllers as add-on components, the users concerned would be required to look in comparative listings for the order numbers corresponding with the goods sold by Siemens. That would be disadvantageous, as the national court pointed out, to consumers and to VIPA. The possibility that there would be restrictive effects on competition in the market for add-on components to the controllers manufactured by Siemens cannot therefore be excluded.

27 In the light of the foregoing, the answer to the questions referred must be that Article 3a(1)(g) of Directive 84/450 must be interpreted as meaning that, in circumstances such as those in the main proceedings, by using in its catalogues the core element of a manufacturer's distinguishing mark which is known in specialist circles, a competing supplier does not take unfair advantage of the reputation of that distinguishing mark.

Costs

28 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 3a(1)(g) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising, as amended by Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997, must be interpreted as meaning that, in circumstances such as those in the main proceedings, by using in its catalogues the core element of a manufacturer's distinguishing mark which is known in specialist circles, a competing supplier does not take unfair advantage of the reputation of that distinguishing mark.

[Signatures]