OPINION OF ADVOCATE GENERAL JACOBS

delivered on 26 November 1998 *

1. In the present case the Court is asked once again to venture into the largely uncharted territory of Community trade-mark law. The question posed by the Tribunal de Commerce (Commercial Court), Tournai (Belgium) concerns the interpretation of the concept of a trade mark with 'a reputation' in a Member State, referred to in Article 4(4)(a) and Article 5(2) of the First Council Directive to approximate the laws of the Member States relating to trade marks ('the Trade Marks Directive' or simply 'the Directive'). [1]

2. The Directive itself makes no attempt at a definition. Moreover, whilst there has been discussion at international level with a view to a common definition of the concept of a 'well-known' mark within the meaning of the Paris Convention, the Directive appears to make a distinction between 'well-known' marks (which are referred to in Article 4(2)(d) of the Directive) and marks with 'a reputation'.

* Original language: English.

1 — Directive 89/104/EEC of 21 December 1988, OJ 1989 L 40, p. 1.

Facts and procedure before the national court

3. General Motors Corporation ('General Motors'), the plaintiff in the main national proceedings, is incorporated in the United States of America. It is the proprietor of the trade mark 'Chevy', in respect of which it applied for registration on 18 October 1971 to the Benelux Trade Mark Office. The mark is registered under Benelux registration number 702 63 in respect of, *inter alia*, motor vehicles. That registration asserts the rights acquired under an earlier Belgian application for registration dated 1 September 1961 and earlier use in the Netherlands and Luxembourg in 1961 and 1962 respectively. Nowadays the mark is used more specifically in Belgium to designate vans and similar vehicles.

4. The defendant in the main proceedings, Yplon SA ('Yplon'), has its registered office in Bailleul, Belgium. It too uses the mark 'Chevy', albeit not in relation to cars. Yplon employs the mark in relation to detergents, deodorants and various cleaning products. It is stated in the order for reference that, since 1988, Yplon has registered and made normal, even exten-

sive, use of its mark in respect of such products in the Benelux countries and various other countries, including several other Member States and several third countries.

5. Following a series of assignments, Yplon became the registered proprietor of two Benelux registrations of the mark 'Chevy' in relation to (a) Class 3 products, namely 'washing preparations and other laundering substances; preparations for cleaning, polishing, dry-cleaning and scouring; soaps, perfumes, essential oils, cosmetics, hair lotions, toothpastes' (registration No 443 389 of 30 March 1988); and (b) detergents and cleaning products for Classes 1, 3, and 5 (registration No 506 286 of 10 July 1991).

6. In its originating application before the Belgian court, General Motors sought an order, on the basis of the former Article 13(A)(2) of the Uniform Benelux Law on Trade Marks, restraining Yplon from any use of the trade mark 'Chevy'.

7. However, as of 1 January 1996, Article 13(A)(2) of the Uniform Benelux Law was replaced by Article 13(A)(1)(c) in accordance with the protocol, amending that law, dated 2 December 1992. Consequently, General Motors now seeks a declaration by the national court that Yplon's use of the sign 'Chevy' was contrary to the former Article 13(A)(2) of the Uniform Benelux Law in so far as that use continued until 31 December 1995 and that, since 1 January 1996, that use has been contrary to Article 13(A)(1)(c) of the amended law. It seeks to prohibit Yplon's use of the mark 'Chevy' on pain of payment of a periodic pecuniary penalty.

8. The previous Uniform Benelux Law (Article 13(A)) stated that the exclusive right to a trade mark entitled the proprietor to oppose:

(1) any use of the mark or a similar sign for products for which the mark was registered or for similar products;

(2) any other use of the mark or a similar sign in the course of trade and without due cause which was liable to be detrimental to the trade mark owner.

9. That law was amended in order to implement the Trade Marks Directive in

Benelux law, albeit belatedly: although the Directive was to be implemented in Member States' laws by 31 December 1992, the amended Benelux law did not enter into force until 1 January 1996.[2] Article 13(A)(1)(c) of the amended Benelux law states that a proprietor of a trade mark is entitled to oppose any use, in the course of trade and without due cause, of a trade mark which has a reputation in the Benelux countries or of a similar sign for goods which are not similar to those for which the trade mark is registered, where the use of that sign would take unfair advantage of, or would be detrimental to, the distinctive character or the repute of the trade mark. That provision is intended to implement Article 5(2) of the Directive, the terms of which are set out at paragraph 20 below.

10. Although Yplon had used its trade mark since 1988, it was not until 12 October 1995 that Yplon received for the first time formal notice from General Motors' legal adviser demanding the voluntary cancellation of its Benelux and international registrations and a formal undertaking to abandon all use of the sign 'Chevy'. General Motors considers that Yplon's use of the sign 'Chevy' entails dilution of its trade mark and thus damages its advertising function.

11. Yplon, however, argues that General Motors' trade mark 'Chevy' does not have a reputation within the Benelux countries and thus cannot benefit from the protection afforded by the provisions in question. Moreover, since the products covered by the registrations of the respective trade marks are quite different, Yplon considers that the use of its trade mark 'Chevy' cannot be detrimental to the distinctive character of General Motors' trade mark.

12. Yplon states that on various occasions since 1994 General Motors has challenged Yplon's registration of the trade mark 'Chevy' in several European countries, in particular, in Germany, Spain and Denmark, but that on each occasion it has had its claim dismissed. Furthermore, Yplon maintains that various registrations of the trade mark 'Chevy' have been made by third parties, including many homonyms and near-homonyms, such as 'Chevi', 'Chewy', 'Chevys', 'Chevu Chase', 'Chevi-Perform', 'Chavy', and 'Cherry'.

13. Yplon has counter-claimed in the national proceedings that General Motors' mark should in fact be revoked on the grounds of non-use and that General Motors should be ordered to pay damages on account of the vexatious and frivolous

2 — Under Article 16(1) of the Directive, Member States were required to implement its provisions by 28 December 1991. However, by Decision 92/10/EEC, OJ 1992 L 70, p. 27, the Council made use of the power conferred on it by Article 16(2) and postponed the deadline for implementing the Directive until 31 December 1992.

nature of its action. According to Yplon, General Motors has not used its mark in the Benelux countries either in the three years following the application for registration or subsequently for an uninterrupted period of five years. General Motors, however, has produced documents to prove that it has used the mark.

14. The Commercial Court, Tournai, observes that the application of the provision of Benelux law relevant to the present case involves an understanding of the concept of a trade mark with a 'reputation'. Noting that there has been no jurisprudence concerning the meaning to be given to the concept, and considering it necessary to establish such meaning for application by the courts, it has posed the following question to this Court:

'On reading Article 13(A)(1)(c) of the Uniform Benelux Law introduced pursuant to the amending protocol in force since 1 January 1996, what is the proper construction of the term "repute of the trade mark" and may it also be said that such "repute" applies throughout the Benelux countries or to part thereof?'

15. In the proceedings before this Court written observations have been submitted by General Motors and Yplon, by the Belgian, French and Netherlands Governments and by the Commission. At the hearing General Motors, Yplon, the Netherlands and United Kingdom Governments and the Commission were represented.

Admissibility

16. Although the question posed is in terms of an interpretation of national law, over which this Court has no jurisdiction in Article 177 proceedings, I consider the reference to be admissible since Article 13(A)(1)(c) is intended to implement Article 5(2) of the Directive. As the Commission observes, the Court can therefore assist the national court by framing its answer in terms of an interpretation of the Directive.

17. The question can accordingly be rephrased as follows:

'(1) How is the concept of a trade mark with a "reputation" within the meaning of Article 5(2) of the Directive to be interpreted?

(2) Must the reputation of the trade mark extend throughout the three Benelux countries or is it sufficient that its reputation is established in one of those countries or part thereof?'

The Directive

18. The Trade Marks Directive was adopted under Article 100a of the EC Treaty. Its aim was not 'to undertake full-scale approximation of the trade mark laws of the Member States' but to approximate 'those national provisions of law which most directly affect the functioning of the internal market' (third recital of the preamble to the Directive).

19. According to the ninth recital of the preamble, despite the harmonising aim of the Directive, Member States are not prevented from 'granting at their option extensive protection to those trade marks which have a reputation'.[3] Moreover, the sixth recital of the preamble 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'.

20. Article 5 of the Directive specifies the rights conferred by a trade mark:

'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 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.'

21. Provisions corresponding to Article 5(1)(a), 5(1)(b) and 5(2) appear in

3 — The recital should probably read, not 'extensive protection', but 'more extensive protection' (in the French text 'une protection plus large').

Article 4, governing refusal to register a mark, or invalidity: see Article 4(1)(a), 4(1)(b) and 4(4)(a) — Article 4(4)(a) corresponds to Article 5(2). [4]

22. Provisions similar to those in the Directive appear in Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark. [5] The Regulation refers both to national trade marks with 'a reputation in the Member State concerned' and to Community trade marks with 'a reputation in the Community' (Article 8(5) and Article 9(1)(c)).

The structure of the Directive

23. The Directive thus provides for three different levels of protection. In the first place, trade-mark owners have an automatic right to prohibit the use of identical marks in relation to goods or services which are identical to those for which the mark is registered (Article 5(1)(a)).

24. Secondly, if the sign to which the trade-mark owner is objecting is identical or similar to his registered mark and the respective goods or services are identical or similar, the trade-mark owner can prohibit the use of the sign if, but only if, there exists a likelihood of confusion on the part of the public (Article 5(1)(b)).

25. Thirdly, Member States are given the option of providing a further type of protection for marks with a reputation, in respect of the use of an identical or similar sign in relation to goods or services which are not similar to those for which the trade mark is registered, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark: pursuant to Article 5(2) Member States may provide that, in such circumstances, the proprietor of the mark shall be entitled to prevent third parties from using the mark in the course of trade without the proprietor's consent. It is the meaning of

4 — Article 4(3) contains provisions corresponding to Article 4(4)(a) in relation to a Community trade mark, and refers to a Community trade mark which has a reputation in the Community. Protection for such Community marks however is mandatory, not optional.

5 — OJ 1994 L 11, p. 1.

the term 'mark with a reputation' which is at issue in the present case.

Article 5(2)

26. It may be noted at the outset that, in contrast to Article 5(1)(b), there is no requirement under Article 5(2) of a likelihood of confusion on the part of the public. It had been thought in some quarters that a requirement of confusion was implicit in Article 5(2) since it seemed paradoxical that confusion should be required under Article 5(1)(b) where the respective goods or services were identical or similar, but not required under Article 5(2) in relation to dissimilar goods or services. However the issue was resolved by the Court in its judgment in *SABEL*,[6] which made it clear, when ruling on Article 5(1)(b), that Article 5(2) did not require confusion.

27. Nor does Article 5(2) require similarity of the goods or services concerned. Traditionally in many Member States trade marks have been protected in accordance with the principle of 'speciality', i.e. the principle that marks should be protected only in relation to the goods or services in respect of which they are registered or in relation to similar goods or services. Protection in relation to dissimilar goods or services has often been afforded under national law concerning unfair competition and the like rather than under trade mark law.

28. The Commission points out that Article 5(2) did not appear in the initial proposal for the Directive put forward by the Commission which considered that such extensive protection was not justified for national trade marks, but should be restricted to a limited number of Community marks, namely marks of wide repute.[7] However in the course of negotiations in the Council, a provision protecting marks 'with a reputation' was included at the request of the Benelux countries, and became Article 5(2) of the Directive.

29. While Article 5(2) is clearly based on Article 13A(2) of the former Uniform Benelux Law, there are none the less several important differences. First, protection is provided only for marks 'with a reputation'. Secondly, protection is provided only in relation to goods or services which are not similar. Thirdly, the Directive spells out

6 — Case C-251/95 *SABEL* v *Puma* [1997] ECR I-6191.

7 — See the Commission proposal, OJ 1980 C 351, p. 1 and *EC Bulletin*, Supplement 5/80.

the type of harm against which protection is provided. These are key features of Article 5(2).

Marks with a reputation and well-known marks [8]

30. Both in the proceedings before the Court, and in general debate on the issue, attention has focused on the relationship between 'marks with a reputation' in Article 4(4)(a) and Article 5(2) of the Directive and well-known marks in the sense used in Article 6 *bis* of the Paris Convention for the Protection of Industrial Property. Well-known marks in that sense are referred to in Article 4(2)(d) of the Directive.

31. General Motors, the Belgian and Netherlands Governments and the Commission submit that the condition in the Directive that a mark should have a 'reputation' is a less stringent requirement than the requirement of being well known. That also appears to be the view taken in the 1995 WIPO Memorandum on well-known marks. [9]

32. In order to understand the relationship between the two terms, it is useful to consider the terms and purpose of the protection afforded to well-known marks under the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). Article 6 *bis* of the Paris Convention provides that well-known marks are to be protected against the registration or use of a 'reproduction, an imitation, or a translation, liable to create confusion' in respect of identical or similar goods. That protection is extended by Article 16(3) of TRIPs to goods or services which are not similar to those in respect of which the mark is registered, provided that use of the mark would 'indicate a connection between those goods or services and the owner of the registered trade mark and provided that the interests of the owner of the registered trade mark are likely to be damaged by such use'. The purpose of the protection afforded to well-known marks under those provisions appears to have been to provide special protection for well-known marks against exploitation in countries where they are not yet registered.

33. The protection of well-known marks under the Paris Convention and TRIPs is accordingly an exceptional type of protection afforded even to unregistered marks. It would not be surprising therefore if the

8 — There is a wealth of literature on the topic: see in particular Frederick W. Mostert, *Famous and Well-Known Marks, An International Analysis*, Butterworths, 1997.

9 — Memorandum prepared by the International Bureau in relation to discussions held in November 1995 concerning the definition of a well-known mark, WKM/CE/1/2, at paragraph 35.

requirement of being well-known imposed a relatively high standard for a mark to benefit from such exceptional protection. There is no such consideration in the case of marks with a reputation. Indeed as I shall suggest later, there is no need to impose such a high standard to satisfy the requirement of marks with a reputation in Article 5(2) of the Directive.

34. That view is supported by at least some language versions of the Directive. In the German text, for example, the marks referred to in Article 6 *bis* of the Paris Convention are described as 'notorisch bekannt', whereas the marks referred to in Article 4(4)(a) and Article 5(2) are described simply as 'bekannt'. The two terms in Dutch are similarly 'algemeen bekend' and 'bekend' respectively.

35. The French, Spanish, and Italian texts, however, are slightly less clear since they employ respectively the terms 'notoirement connues', 'notoriamente conocidas', and 'notoriamente conosciuti' in relation to marks referred to in Article 6 *bis* of the Paris Convention, and the terms 'jouit d'une renommée', 'goce de renombre', and 'gode di notorietà' in Article 4(4)(a) and Article 5(2) of the Directive.

36. There is also ambiguity in the English version. The term 'well known' in Article 6 *bis* of the Paris Convention has a quantitative connotation (*The Concise Oxford Dictionary* defines 'well known' as 'known to many' [10]), whereas the term 'reputation' in Article 4(4)(a) and Article 5(2) might arguably involve qualitative criteria. *The Concise Oxford Dictionary* defines reputation as '(1) what is generally said or believed about a person's or thing's character or standing...; (2) the state of being well thought of; distinction; respectability;... (3) credit, fame, or notoriety'. Indeed it has been suggested that there is a discrepancy between the German text compared with the English and French texts on the grounds that the 'reputation' of a trademark is not a quantitative concept but simply the independent attractiveness of a mark which gives it an advertising value. [11]

37. Whether a mark with a reputation is a quantitative or qualitative concept, or both,

10 — Or 'known thoroughly' but that latter meaning is clearly inapplicable in the context of trade marks.

11 — Annette Kur, 'Well-known marks, highly renowned marks and marks having a (high) reputation — what's it all about?', 23 *IIC* 218 (1992).

it is possible to conclude in my view that, although the concept of a well-known mark is itself not clearly defined, a mark with a 'reputation' need not be as well known as a well-known mark.

38. The question then arises whether any criteria can be laid down for establishing what is meant by a mark with a reputation. The French Government submits that, because Article 5(2) derogates from a fundamental principle of trade mark law, namely the principle of speciality, by providing protection in relation to unrelated goods and services, the provisions must be interpreted strictly. It maintains that, although Article 5(2) is not limited, as Yplon suggests, to famous marks, nevertheless if a mark is to benefit from Article 5(2) it must satisfy two conditions: first, it must be known to a large part of the public concerned by the two products in question — in the present case, cleaning materials and cars; secondly, the earlier mark must have a reputation such that the consumer, on seeing the contested mark, associates the latter with the earlier mark and makes a connection between the two.

39. Certainly it seems to me that, if the notion of mark with a reputation is to have any meaning, it must be established that the mark is known to a significant part of the relevant sectors of the public. It seems doubtful, however, whether it is necessary to specify in detail the requirements to be satisfied by a mark with a reputation.

40. First, as the French Government itself has emphasised — as have others in these proceedings — it is difficult to give a general definition and it is essential that national courts should proceed on a case-by-case basis without using fixed criteria which may prove arbitrary in their application to specific cases. For example, the practice of using fixed percentages of the relevant public is now widely criticised, and may be inadequate if taken alone.

41. Secondly, the courts should for a realistic assessment of reputation use a variety of criteria which might include, for example, the degree of knowledge or recognition of the mark in the relevant sectors of the public; the duration, extent and geographical area of use of the mark; and the scale and scope of investment in promoting the mark. [12]

12 — Compare the discussions of a 'well-known' mark held by the World Intellectual Property Organisation in Geneva. See in particular the following documents produced for the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications in connection with its meeting in July 1998: SCT/1/3, SCT/1/5, SCT/1/6.

42. Above all, it is necessary to give full weight to the provisions of Article 5(2) as a whole. Thus the national court must be satisfied in every case that the use of the contested sign is without due cause; and that it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark. These requirements, properly applied, will ensure that marks with a reputation, whether or not the reputation is substantial, will not be given unduly extensive protection.

43. It is to be noted in particular that Article 5(2), in contrast to Article 5(1)(b), does not refer to a mere risk or likelihood of its conditions being fulfilled. The wording is more positive: '*takes* unfair advantage of, or *is* detrimental to' (emphasis added). Moreover, the taking of unfair advantage or the suffering of detriment must be properly substantiated, that is to say, properly established to the satisfaction of the national court: the national court must be satisfied by evidence of actual detriment, or of unfair advantage. The precise method of adducing such proof should in my view be a matter for national rules of evidence and procedure, as in the case of establishing likelihood of confusion: see the tenth recital of the preamble.

44. I accordingly conclude in answer to the first question that a trade mark with a reputation within the meaning of Article 5(2) of the Directive is to be interpreted as meaning a mark which is known to a significant part of the relevant sectors of the public, but which need not attain the same degree of renown as a mark which is well known within the meaning of the Paris Convention.

The second question

45. I turn now to the question whether, in view of the unified nature of the Benelux trade-mark system, the reputation of a trade mark must extend throughout the three Benelux countries or whether it is sufficient that its reputation is established in one of those countries or part thereof. The existence of the Benelux system of trade-mark registration is expressly recognised in Article 1 and Article 4(2)(a) of the Directive. However, Article 4(4)(a) and Article 5(2) refer to marks which have a reputation in the 'Member State' concerned.

46. It appears that, under the Benelux system, if an action is brought claiming simply that the use of a registered trade mark is prohibited, an order prohibiting such use can be limited to one particular country, but that the registration of a trade mark stands or falls in relation to the whole of the Benelux. [13] I agree with the Commission's view that, since the Benelux countries have unified their trade-mark legislation, the Benelux territory must be

13 — Thierry van Innis, *Les signes distinctifs*, Brussels, 1997, at pp. 467 to 469.

assimilated to the territory of a Member State for the purposes of the application of Article 5(2) of the Directive.

47. As to the meaning of reputation in a Member State it is sufficient in my view that a mark has a reputation in a substantial part of a Member State. It follows therefore that it is sufficient that a mark has a reputation in a substantial part of the Benelux territory which may be part only of one of the Benelux countries. That is the sole method of recognising the cultural and linguistic differences which may exist within a Member State; thus a mark may have a regional reputation, for example in the Dutch-speaking part of Belgium.

Conclusion

48. Accordingly I am of the opinion that the questions referred by the Tribunal de Commerce, Tournai, should be answered as follows:

(1) For a trade mark to have a 'reputation' within the meaning of Article 5(2) of Directive 89/104/EEC of 21 December 1988, it must be established that the mark is known to a significant part of the relevant sectors of the public;

(2) It is sufficient that such reputation extends to a substantial part of the Benelux territory, which may be part only of one of the Benelux countries.