

The trade mark with a reputation in EU Law. Some remarks on the negative condition: “without due cause”.

1. According to Article 5.2 of Directive 2008/95/EC – which is the revised version of the Trade mark Directive 1989/104/EEC, whose aim was “to approximate the laws of the member States relating to trade marks (Article 5.2 is identical in both versions) – the special protection of the “trade mark (which) has a reputation” depends on two – maybe three – positive conditions: an “unfair advantage” for the third party, a “detriment... to the distinctive character of the trade mark”, or a “detriment... to the repute of the trade mark”. These three positive conditions are clearly alternative.

The same article proposes also a negative condition: the use of the trade mark by a third party is unlawful only if it is done “without due cause”¹. In other words, the presence of an “unfair advantage”, a “detriment to the distinctive character”, or a “detriment to the reputation” of the trade mark does not imply per se the unlawfulness of the use of the trade mark, if the trade mark is used “with due cause”.

The European Court of Justice has devoted considerable attention to the study of the three positive conditions. An important line of cases, which has recently included the INTEL² case and the L’ORÉAL³ case, has attempted to clarify their exact meaning, even by interacting, very

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¹ It seems quite evident that the direct precedent of this rule has to be seen in Article 13 of the Uniform Benelux Law on Trade Marks of 14 October 1969, whose text reads: “A. Sans préjudice de l’application éventuelle du droit commun en matière de responsabilité civile, le droit exclusif à la marque permet au titulaire de s’opposer à: 2° tout autre emploi qui, dans la vie des affaires et *sans juste motif*, sera fait de la marque ou d’un signe ressemblant, en des conditions susceptibles de causer un préjudice au titulaire de la marque” (evidence added). This rule was generally interpreted as an anti-dilution rule, and also as a rule prohibiting many uses of the trade mark by third parties in the absence of confusion (A. BRAUN, *Précis des marques de produits*, Larcier, Bruxelles, 1971, 221); it is generally thought that it acted as a substantial obstacle against advertising.

² European Court of Justice, 27 November 2008, C-252/07, Intel Corporation Inc. v. CPM United Kingdom Ltd.

³ European Court of Justice, 18 June 2009, C-487/07, L’Oréal SA, Lancome Parfums et Beauté & Cie SNC et Laboratoire Garnier & Cie v. Bellure NV, Malaika Investment Ltd and Starion International Ltd. This decision has raised various comments, the majority of which were not too sympathetic. In particular, see A. KUR, L. BENTLY and A. OHLY, “Sweet Smells and a Sour Taste – The ECJ’s L’Oréal Decision”, Max Plank Institute for Intellectual Property, Competition & Tax Law, Research Paper Series No. 09-12h, available at <http://ssm.com/abstract=1492032>; J. BOX, 41 I.I.C., 485 (2010);

interestingly, with American jurisprudence. Although the lines sketched out by the European Court of Justice give rise to some doubts and need to be refined under many points of view, they certainly provide a significant and solid basis for further discussion.

On the contrary, and this is for me astonishing, the negative condition “without due cause” has been so far practically ignored, despite being expressly presented by the text of the law. Neither in Court decisions nor in theoretical studies do we find explicit comments on it – at least in my knowledge⁴.

2. This scenario has, or maybe can have, some reasonable justifications. Perhaps the factual circumstances of the cases decided by the European Court of Justice did not call for a discussion on the clause “without due cause”. However, I believe this is not true at all for the L’ORÉAL case, and I will explain why later in this paper.

More likely, this negative condition has received no attention because the intent to extend the exclusive right conferred to trade marks with a reputation has been rightly considered one of the most important novelties of Directive 1989/104. As a consequence, the attention of judges and commentators has been naturally drawn to the pieces of the new law aiming at extending this exclusive right – the “unfair advantage”, the “detriment to the distinctive character” and the “detriment to the reputation” of the trade mark – whereas the pieces, or rather the only piece of the law which, with all evidence, had the opposite goal – to keep an open space for a lawful use of the trade mark with a reputation by a third party– has been overlooked.

Similarly, it comes as no surprise that so little attention has been devoted to the legal justification for the use of a trade mark with a reputation by a third party. Even the more general

V. DI CATALDO, “Profumi e balocchi. Non nominare il marchio altrui invano”, 37 *Giurisprudenza commerciale*, II, 781 (2010).

⁴ As will be underlined in the course of this study, the formula “without due cause” calls for the application, to trade marks with a reputation, of the limitations of the effects of the trade mark, provided for by Article 6 of the Trade mark Directive, and of some other limitations laid down by laws not directly regulating trade marks, such as the Comparative Advertising Directive. Indeed, the European Court of Justice has made use both of Article 6 and of Comparative Advertising Law; consequently, it could be said that the European Court of Justice has already given full attention to these “limitations”, even without mentioning the formula “without due cause”. In this line of thought, an express recall to the “due cause” of Article 5.2 would add nothing or only few useful points. However, my opinion is that – and on this point see the text, *ultra* – both the European Court of Justice and the national Courts have interpreted too restrictively all the “limitations” to the effects of the trade mark, because they believed that a restrictive interpretation was correct. On the contrary, there is no reason at all for a restrictive interpretation of the limitations of the effects of the trade mark, and a more explicit acknowledgement of the formula “without due cause” could lead to a more extended interpretation of those rules, precisely as I suggest.

rules offering a legal justification for the use of a “normal” trade mark by a third party – provided for by Article 6 of the Directive, as “Limitations of the effects of a trade mark” – have been quite neglected, and so far their scope has not been exactly identified; more precisely, the scope of Article 6 has been – without reason – clearly underestimated.

Whichever the reason for today’s situation, the full content of the law can no longer be ignored on account of the obvious duty of loyalty of the interpreter of the law to the law itself. Indeed, we must acknowledge that ignoring the formula “without due cause” in the interpretation of Article 5.2 of the Directive, we run the risk of losing – actually, we do lose – the balance of the law. By ignoring the possibility of a legal justification for the use of a trade mark with a reputation by a third party, we may grant – actually, we do grant – excessive space to the exclusive right.

And this is not advisable, since a protection of the trade mark with a reputation which exceeds what is needed to protect the essential and primary function of the trade mark – that is, to indicate the origin of the goods or services – results in a protection of the trade mark owner’s interests – i.e. preventing the “unfair advantage”, the “detriment to the distinctive character”, or the “detriment to the reputation” of the trade mark – which there is no reason to consider worthy of prevailing over any and all possible interests of a third party to use the trade mark.

Generally speaking, the monopolistic power the law bestows upon the trade mark with a reputation needs to be controlled and constantly justified to prevent an abnormal development of a “monopoly” which may undermine a reasonable balance of interests without an acceptable justification. All the more so in that the owners of trade marks with a reputation are well established and successful firms, and giving them an excessive protection – although they cry out for an even stronger protection, and although this strong protection can be considered to a certain extent positive for the market and the general interest – may create an excessively high barrier for newcomers, and it may reduce the dynamism of the market and contribute heavily to a considerable decrease in competition. As we will better see in the course of this study, by ignoring the negative condition – “without due cause” – we reduce the accuracy of the communication between consumers and market operators, and we alter the economic behavior of consumers in the market.

The urge to propose a redesign, or, better, a reduction of the scope of the special protection of the trade mark with a reputation is confirmed by a simple observation. As is generally known, the search for a rationale of this special protection in all its – excessive – extension, has not reached a convincing and generally accepted solution, notwithstanding many

efforts and many clever proposals. Trade marks scholars have looked for this rationale for at least two decades with the same absolute confidence which once pressed the white man to look for the sources of the Nile River⁵. All the explorers thought, of course, that the sources of the Nile had to be somewhere. Indeed, the search for the rationale of the protection of the trade mark with a reputation can have a very different outcome: possibly, there is no rationale, at least for such an enlarged protection as sometimes is designed. As time goes by, this conclusion seems increasingly more probable. Therefore, instead of keeping a law without rationale, it is preferable to amend the law, or – in this case – its interpretation.

3. The search for the exact scope of a “due cause” for the use of a trade mark by an undertaking which is not its owner is the search for what can be considered a “fair use” of other people’s trade marks. It is worth noting that a problem of a “fair use” in trade mark law is much more important for trade marks with a reputation than for “normal” trade marks⁶.

The conflicts arising from the use of “normal” trade marks are indeed conflicts between competitors. But the law grants all market operators a general freedom of use of “normal” trade marks owned by undertakings which are not in competition with the user. On the contrary, the use of trade marks with a reputation is unlawful for all market operators, whether they are in competition with the trade mark owner or not, provided that this use meets the conditions proposed by Article 5.2.

In other words, the number of market operators affected by a prohibition of use of trade marks with a reputation is virtually unlimited, whereas the number of operators affected by the prohibition of use of “normal” trade marks is strictly limited – by the competition nexus. Consequently, the absence of a clear view of the “due cause” referred to by Article 5.2 affects a much more extended circle of market operators than the absence of a clear view of the limitations of the effects of a “normal” trade mark.

⁵ The metaphor is used to allude to the ever possible discovery that the search for the “justification” of a rule can have no positive result, by R. VIGO, *Libertà e segreti nella circolazione delle notizie bancarie*, Giuffrè, Milano, 1983, 6.

⁶ It is easy to note that some of the problems related to the “freedom of expression” in the use of third parties’ trade marks are, in fact, problems of free use of trade marks with a reputation, and not of “normal” trade marks. See C. GEIGER, “Trade Marks and Freedom of Expression – The Proportionality of Criticism”, 38 I.I.C., 317 (2007). Regarding the idea that there should be limits to the limitations of protection of trade marks proposed in respect of the freedom of expression see R. BURRELL and D. GANGJEE, “Trade Marks and Freedom of Expression – A Call for Caution”, 41 I.I.C. 544 (2010).

4. The formula “without due cause” can lead to two different directions of analysis. Firstly, a “due cause” capable of justifying the use of a trade mark with a reputation by a third party can be found in the trade mark law itself. Secondly, other possible “due causes” can be found in laws not directly regarding trade marks.

In the first direction of analysis, the text of Article 6 of Directive 2008/95/EC needs to be stressed. Pursuant to this article, the trade mark right “shall not entitle the proprietor to prohibit a third party from using: a) his own name or address; b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services; c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts; provided he uses them in accordance with honest practices in industrial or commercial matters”.

Since the full content of this set of rules cannot be explored in this paper, I will stress only some points which seem to me of special interest.

Firstly, and above all, I want to strongly object to an idea which seems to underlie the rare analysis conducted on this point so far. It is generally thought, if not currently said, that Article 6 must be interpreted in a restrictive way: the mere fact that it is designed as a “limitation” of the effects of a trade mark seems to justify this way of thinking. It is not clear what the source and justification for this opinion are; maybe, their roots lie in the old principle whereby the exceptional rules must be interpreted restrictively.

In this line of thought, the incorrect assumption is that a rule “limiting” a right is an “exceptional” rule. On the contrary, the “limitations” provided for by Article 6 of the Trade mark Directive and the formula “without due cause” in Article 5.2. are not really “exceptions”: they simply concur with all the other provisions of those articles in the delimitation of the scope of the exclusive right on a trade mark. They share the same rank as all “general” rules. Therefore, a restrictive interpretation of the limitations to the effects of a trade mark cannot be justified by considering these rules exceptional.

Moreover, there is no reason to read in restrictive terms Article 6 – as well as any other limitation to the effects of a trade mark – arguing from the function of this rule. Article 6 provides for a limit to the trade mark right, but in consideration of opposite rights of the third party and of the market, rights there is no reason at all to “restrict”. In other words, we can and must give their

full meaning to the third parties' rights and to the market's rights which the law deems worthy of consideration.

A second point I wish to underline is that the final condition of the rule – “provided he uses them in accordance with honest practices in industrial or commercial matters” – should not be assigned the task of reducing the possibility of a lawful use of the trade mark. The legal meaning of the formula “honest practices” is quite open and somehow obscure, but it should be interpreted in the same general and permissive way in which analogous clauses in different texts of law were interpreted in the last decades, e.g., in Article 10 bis of the Paris Convention. Full compliance with the “honest practices” always occurs when the trade mark is used only in its denominative part (i.e. there is no use of the graphics, colors, special types, shape and other parts of the trade mark which have a distinctive character), and in such a way as to avoid creating the impression, in the average consumer, of a commercial liaison between the user and the trade mark owner⁷.

5. In its full context, Article 6 gives a third party – in some cases and under certain circumstances – the right to use the trade mark ignoring the exclusive right of the trade mark owner. This right of a third party covers also a general interest: the interest of the market in a clear and satisfying communication between the third party and the market, the interest of the market in correct, simple and unequivocal information about the products and/or services offered by the third party, that is, by all the market operators.

From this point of view, Article 6 – particularly letters b) and c). Letter a) raises a more restricted list of questions – must be read in such a way as to grant the third party – that is, all the operators in a given market – the possibility to communicate with the market – competitors, distributors, consumers, etc. – in a language and in a context of words which can be considered “acceptable” from the perspective of the common language and of the current advertising practices.

In other words, any market operator must be free – and has the right – to communicate to the market anything regarding “the kind, quality, quantity, intended purpose, value, geographical origin,... time of production of goods or of rendering of the service, or other characteristics of goods or services”, and “the intended purpose of a product or service, in particular as accessories or spare parts”. Here the formula “other characteristics” has clearly the meaning of “all other

⁷ Tribunale di Catania, 29 June 2010, cited *infra*, nt. 8.

characteristics”, provided that the “characteristic” at stake can be considered “relevant” in the interplay of communications between the producer (and/or seller) of that particular product or service and the market.

The need to proclaim the existence of this right cannot be questioned in a competition system. If a market operator can reasonably communicate with the market without using other people’s trade marks, he has to respect the existing exclusive rights. On the contrary, if a market operator, to communicate with the market on the above mentioned points, has to choose between the use of a trade mark – owned by a competitor – and the use of circumlocutions or periphrases not compatible with the common language and with the current practices of advertising, – thus being imprecise, inaccurate, tortuous, ridiculous or even misleading – he is entitled to use the trade mark. What is decisive is the fact that the message without the trade mark is or is not acceptable according to the commercial practices of the time and place in which the message is produced.

From this point of view it is possible to stress that the right of the third party has a clear limit, in so that the freedom to use the trade mark concerns in principle only the denominative part of the trade mark itself; any competitor, any market operator is free to use only the “name” of the trade mark, but shall respect the non denominative parts of the trade marks: colors, shapes, types, and so on. Clearly, to communicate with the market – e.g., to indicate the product or the service – using the trade mark, there is no need to use the trade mark in all its distinctive character. As a rule, it is enough to use the “name” which is part – generally, but not always, the major part – of the trade mark. It would be unlawful to use the non denominative parts of the trade mark as well.

The law on point should apply whether the trade mark has a reputation or not. In my view, the general law applicable to all trade marks must apply to trade marks with a reputation too, simply because general laws must be applied to special cases too, as is the case of the trade mark with a reputation. Moreover, Article 6 must be applied even in the case of the trade mark with a reputation, because the interest it protects – the above sketched general interest – outclasses the particular interest of the trade mark owner.

Indeed, it is also possible to say that Article 6 must be applied in the case of the trade mark with a reputation not only because it represents the general law, as I have already stated, but also because there is room for an argument a fortiori. If it is true that, under the circumstances provided for in Article 6, the right of a third party to use the trade mark prevails over the “general”

exclusive right of the trade mark owner, a fortiori the right of the third party will prevail over the right of the trade mark owner when what is at stake is not the “general” exclusive right to use the trade mark, but only the “special” exclusive right of a trade mark with a reputation.

6. The above indicated circumstances – i.e., the impossibility to communicate adequately with the public without using a third party’s trade mark – occur frequently in the case of new products which do not have a common name and can only be identified by using imprecise, ridiculous or misleading circumlocutions.

This was probably the case of the new product sold under the trade mark “cellophane”, and today it is probably the case of the new product sold under the trade mark “segway”.

Indeed, “segway” is a curious new device consisting of two wheels, a small platform, a vertical bar, two small electrical engines and a battery, which can carry a person standing on the platform at a speed up to 20 km/h. It was invented in the US a few years ago by Dean Kamen. This device – obviously covered by a pool of patents – is advertised, sold and rented by its exclusive producer under the trade mark “segway”. An Italian court⁸ has denied a preliminary injunction against an association of enterprises making use of the word “segway” to indicate the device, affirming that it was impossible to indicate that product with another name comprehensible to people, or with an acceptable circumlocution. Indeed, this device could be otherwise indicated only by saying “that new electrical device used for individual transportation”, or using other complicated and obscure periphrases incapable of letting people understand exactly what is really at stake.

The same solution cannot be applied to all cases of new products. Indeed, in many cases it is possible to univocally identify a new product without using the trade mark under which it is sold and advertised. In the case of a new kind of cookies filled with pepper, or a new kind of spaghetti spiced with cinnamon or with pomegranates – truly new products, which nobody has ever seen or tasted – we could just say “pepper cookies”, or “cinnamon spaghetti”, or “pomegranates spaghetti”, and anybody would easily understand what we are talking about. In these cases, Article 6 would not be applicable, and the use of the trade mark by third parties would be deemed unlawful.

⁸ Tribunale di Catania, 23 February 2010, and Tribunale di Catania, 29 June 2010, both to be published in 39 *Giurisprudenza annotata di diritto industriale* (2010).

7. It can be briefly added that in the above mentioned cases the freedom to use the name of the product – even if it is registered as a trade mark – is confirmed by Article 3 of Directive 2008/95/EC, which considers “ground for refusal or invalidity” the fact that the trade mark consists “exclusively” in a sign “which may serve, in trade, to designate the kind ... of the goods”. The express provision of the character of the “exclusivity” means, without doubt, that if the trade mark is composed by some other characters – as is generally the case – the trade mark is valid, but the exclusive right of the owner covers only those other characters, and does not cover the denominative part of the trade mark.

Moreover, I wish to make a brief comment – leaving out more potential explanations – about the case at hand: the trade mark of a new product, which corresponds to the product’s name. This case is something different, though obviously connected, to the case of the trade mark which “become(s) the common name of the product”, set forth by Article 12.2(a) of Directive 2008/95/EC. It is different because in the case of the new product the trade mark is or can be the name of the product from the first moment of the product’s commercial life, whereas in the case of Article 12.2(a) the product has a common name, and as time goes by the trade mark replaces or is added to the original name in everyday language. And the law has different conditions, since in Article 12.2(a) the “acts or inactivity” of the trade mark owner play a role which have no relevance in the case of the name of the new product.

8. It is possible to apply the above mentioned ideas to the European Court of Justice judgment in the L’ORÉAL case. Obviously, I am not interested in saying whether the European Court of Justice judgment is correct, especially in its questions of fact. I only intend to check whether cases like L’Oréal can give way to a fruitful application of the ideas abstractly suggested above.

Hence, we have to consider whether comparative advertising in the form of a comparative list of perfumes entailing no risk of confusion or association – as the European Court of Justice assumes in the L’ORÉAL case – can lawfully indicate the competitors’ products using the trade marks – needless to say, with a reputation – under which they are sold.

The first problem is to decide whether the use of the competitors’ trade marks can be justified by Article 6 of Directive 2008/95/EC. I will proceed from the idea that in some cases – perhaps for some of the numerous perfumes at stake in this case – it is absolutely impossible to

identify a perfume simply by using words of the common language in a manner intelligible to the general public, that is to the average consumer.

Indeed, sometimes a perfume can be identified simply by mentioning its main essence, e.g., perfume of mint, or of mandarin. This is the case of perfumes produced with a single fragrance. Sometimes this is simply impossible: e.g., when the perfume is a mix of natural fragrances, and its fragrance does not coincide with any of them, or when the basis of a perfume is a synthetic compound whose technical name is not known by the general public. In these cases, the perfume does not have a common name, and the people cannot identify it or speak of it unless they use the trade mark under which it is advertised and sold.

In these cases, according to what I have already said *supra*, the trade mark of the perfume can be used by all market operators, because it is, in fact, not a trade mark, but the name of the perfume. And, as previously said, the freedom to use the trade mark is limited to the denominative part of the trade mark itself: anybody is free to use the “name” contained in the trade mark, but shall respect the non denominative parts of the trade marks: colors, shapes, types, and so on.

Indeed, what is a name? A name is a word generally used by people who speak and understand a given language to univocally identify a certain entity. To assess whether the trade mark is also the name of the product – more generally, to assess whether a word is or is not the name of a product – is a matter of fact, but in the above described situation, when it is impossible to identify the product without using the trade mark, we must acknowledge that the trade mark is the name of the product itself. Hence, a plain consequence is the freedom to use the name, granted by Article 6.

With regard to perfumes, this assumption can be easily confirmed by the generally accepted idea that it is impossible to register a fragrance as a trade mark if, as frequently happens, it is impossible for that fragrance to be “represented graphically”, as provided for by Article 2 of Directive 2008/95/EC⁹.

9. In the second direction of analysis, we have to look for some possible “due causes” which can be found in laws not directly regarding trade marks.

⁹ European Court of Justice, 12 December 2002, C-273/00, Ralf Sieckmann v. Deutsches Patent- und Markenamt.

I am not going to enumerate all the chapters of law which give way to this possibility, but I shall mention at least one of them: the law of comparative advertising. This is not a minor chapter of law: on the contrary, it has, or should have, a major role in the development of a common market¹⁰. And the European Court of Justice states that “the Community legislature was intending to promote comparative advertising, stating, inter alia, in recital 2, that comparative advertising can also stimulate competition between suppliers of goods and services to the consumer’s advantage, and, in recital 5, that it may be a legitimate means of informing consumers of their advantage”¹¹.

It is generally known that, under some circumstances, comparative advertising can be simply not possible if the author of the comparison is obliged to “respect” the exclusive right of trade marks owned by competitors. EU Law is well aware of this, and the European Court of Justice acknowledges that “the need to promote comparative advertising require(s) that the right conferred by the mark be limited to a certain extent”¹². Accordingly, the same decision says that “the proprietor of a registered trade mark is not entitled to prevent the use, by a third party in a comparative advertisement, of a sign similar to that mark in relation to goods or services identical with, or similar to, those for which that mark is registered where such use does not give rise to a likelihood of confusion on the part of the public, and that is so irrespective of whether or not the comparative advertising satisfies all the conditions laid down in Article 3.a of Directive 84/450 under which comparative advertising is permitted”¹³.

Article 3.a.(1).a of Directive 84/450/EC on misleading and comparative advertising provides: “Comparative advertising shall ... be permitted when”, inter alia, “d) it does not create confusion in the market place between the advertiser and a competitor or between the advertiser’s trade marks, trade names, other distinguishing marks, goods or services and those of a competitor; e) it does not discredit or denigrate the trade marks ... of a competitor; g) it does not take unfair advantage of the reputation of a trade mark”.

¹⁰ See the recitals 2 to 6 in the preamble to Directive 84/450/EC, and particularly the recitals 2 and 5.

¹¹ European Court of Justice, 12 June 2008, C-533/06, O2 Holdings limited and O2 (UK) Limited v. Hutchison 3G UK Limited, 38. In the sentence quoted, the European Court of Justice refers to the recitals 2 and 5 in the preamble to Directive 84/450/EC on Comparative Advertising.

¹² European Court of Justice, 12 June 2008, O2 Holdings limited, supra, nt. 11, 39.

¹³ European Court of Justice, 12 June 2008, O2 Holdings limited, supra, nt. 11, 69.

Consequently, comparative advertising is not permitted if there is a likelihood of confusion between the advertiser and a competitor. In other words, the right of the comparative advertiser to use a trade mark owned by a third party must always respect the distinctive function of the trade mark – i.e., the function of indicating the origin of the goods or services which, according to the European Court of Justice, is “the essential function of the trade mark”¹⁴ – and shall not prevail over the interest of the trade mark owner to prevent any risk of confusion or of association.

Quite different is the relation between the interest of the comparative advertiser and the interest of the trade mark owner in the other – said to be secondary – functions of the trade mark, that is “that of guaranteeing the quality of the goods or services ... and those of communication, investment and advertising”¹⁵. According to the European Court of Justice, these secondary interests of the trade mark owner are not protected vis à vis the interest of the comparative advertiser.

10. Undoubtedly, the rule prohibiting, in comparative advertising, the use of the trade mark in the presence of a risk of confusion or of association is effective even for the trade marks with a reputation. But for the trade mark with a reputation, the Comparative Advertising Directive adds a different set of rules¹⁶. The comparative advertiser cannot use a trade mark owned by a third party, if it is a trade mark with a reputation, when – even in the absence of a risk of confusion or of association – there is an “unfair advantage” for the comparative advertiser, a “detriment... to the distinctive character of the trade mark”, or a “detriment... to the repute of the trade mark” – these conditions being laid down by Article 3.a(1).g.

The first condition – “unfair advantage” – is, apparently, the same “unfair advantage” provided for by the general rule of protection of the trade mark with a reputation – Article 5.2. of the Trade mark Directive. It is clear that the simple use of the trade mark by the third party does not imply per se an “unfair advantage”; the “unfair advantage” is something which is added to the use of the trade mark. But it is not easy to say whether the same formula – “unfair advantage” – should be interpreted in identical or different ways in the two above mentioned texts of law, and,

¹⁴ European Court of Justice, 18 June 2009, L'ORÉAL, supra, nt. 3, 58.

¹⁵ European Court of Justice, 18 June 2009, L'ORÉAL, supra, nt. 3, 58.

¹⁶ Strictly speaking, the rules I am referring to in the text are not expressly laid down (only) for trade marks with a reputation. However, it is improbable – to say the least – that the conditions provided for by these rules could occur to “normal” trade marks.

more precisely, whether it should be interpreted in more restrictive terms in the context of comparative advertising law.

According to the European Court of Justice¹⁷, the use – in comparative advertising – of the trade mark owned by a third party enables the advertiser to take unfair advantage of the reputation of that trade mark only if by referring to it the advertisement creates, in the mind of the public, an association between the operator whose products bear that trade mark and the competitor – the advertiser – in that the public associates the reputation of the manufacturer’s products with the advertiser’s products. This view seems to give the “unfair advantage” in Comparative Advertising Law substantially the same meaning it has in Article 5.2.

Nevertheless, on this point it has been also said that, even when this association occurs, we must “take into account the benefit to consumers of the comparative advertising in question”¹⁸; and this idea clearly gives the unfair advantage, in the context of Comparative Advertising Law, a scope more restricted than that of Article 5.2.

I am inclined to think that the balance of interests should suggest a reduction in the protection level of the trade mark with a reputation when it appears in comparative advertising; and this opinion – probably already expressed by other commentators¹⁹ – can be based on the need to give space to the legitimate interests underlying the law of comparative advertising. This point needs to be explored carefully, but it is not possible to do so in this text.

11. Absolutely certain is, on the contrary, the answer to a second question, regarding whether the other alternative conditions of protection of the trade mark with a reputation in the Trade mark Directive – “detriment to the distinctive character or the repute of the trade mark” – coincide or not with the conditions provided for by the Comparative Advertising Directive – “discredit or denigration”.

It is easy to notice that the two formulas are not identical: there can be a “detriment to the distinctive character or the repute of the trade mark” when the average consumer simply changes its commercial behavior, in situations where there is absolutely no “discredit or denigration” of the trade mark. Discredit or denigration of the trade mark is something more than and different to

¹⁷ European Court of Justice, 25 October 2001, C-112/99, Toshiba Europe GmbH v. Katun Germany GmbH.

¹⁸ Opinion of Advocate General Mengozzi in case O2 Holdings Limited, No. 55.

¹⁹ “A narrow reading of ‘unfair’ is necessary to fulfill the Community legislature’s intention that comparative advertising should be encouraged” (J. BOX, *supra*, nt. 3, 492).

the simple use of the trade mark. E.g., it is the use of the trade mark in the presentation of a repackaged product²⁰; but it is also something more than the mere “detriment”.

To summarize: it is quite credible that comparative advertising making use of a trade mark with a reputation owned by a third party can be considered lawful²¹ even in cases when the conditions established by Article 5.2 of Directive 2008/95/EC are met, i.e. when there is “detriment to the distinctive character or the repute of the trade mark”, provided that this use can be considered lawful under the conditions established by Article 3.a.(1) of Directive 84/450/EC, that is: there is no “discredit or denigration” of the trade mark.

In this way, comparative advertising can be considered lawful even in cases where the use of a trade mark with a reputation owned by a third party would be deemed unlawful if we only considered the positive conditions laid down by Article 5.2 of Directive 2008/95/EC. This conclusion which, in comparative advertising, denies the trade mark with a reputation the full protection granted by Article 5.2 gives it another level of protection which is to be considered well balanced. Indeed, a full application of Article 5.2 would ignore, without valid reasons, the interests of the other players in the market, that is, the interest of the comparative advertiser, and, more importantly, the interest of the market in the positive effects of comparative advertising, which are highly praised by the EU, at least – and I hope not only – in words.

12. Looking at the L'ORÉAL case under this perspective²², we easily see that in that case – at least, according to the European Court of Justice and to the referring Court, the Court of Appeal

²⁰ Opinion of the Advocate General Mengozzi, in L'Oréal, No. 56.

²¹ Setting aside the point of the exact meaning of the formula “unfair advantage” in the two texts of law.

²² In the L'ORÉAL case, the European Court of Justice used two different concurring lines of reasoning, deciding that the use of the trade mark by the defendants a) broke the law of trade marks, and b) was also in violation of Article 3.a(1)h of Directive 84/450, whose text does not permit comparative advertising if “it present(s) goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name”.

It is not possible in this paper to comment on the second part of the reasons for the decision. For its analysis see V. DI CATALDO, *Profumi e balocchi*, supra, nt. 3. Here I will only say that the above mentioned rule should be interpreted in such a way as to forbid only the comparative advertising of a product or service that the producer cannot lawfully imitate, e.g., because it is covered by a patent, or because the imitation is a “slavish” imitation, and so it is an act of unfair competition. On the contrary, the law should be interpreted in such a way as to permit the comparative advertising of a product which is a legitimate imitation of another product, even if this product is put on the market with a trade mark – are there any products without trade marks in our supermarkets? This idea stems directly from the general principle of the freedom of competition: it is absurd to permit the imitation and forbid the advertising of the imitating product.

of England & Wales – there was no risk of confusion, no risk of association, no effect on the sales of the products bearing the trade marks, no jeopardy to the essential function of the trade mark, no harm to its reputation, whether by tarnishment of its image or dilution or in any other way²³.

Reformulating these considerations in the language of the Comparative Advertising Directive, we should say that there was absolutely neither discredit nor denigration. What has to be said about the “unfair advantage” remains unclear. Whoever thinks that the “unfair advantage” of the Comparative Advertising Law is the same “unfair advantage” of Article 5.2 will, perhaps, agree with the European Court of Justice; whoever thinks that the two “unfair advantage(s)” are not identical will, perhaps, dissent.

²³ European Court of Justice, 18 June 2009, L'ORÉAL, *supra*, nt. 3, no. 30(2).