

Unlicensed use of a registered trade mark in comparative advertising may not be trade mark infringement if no one is confused

It is not unusual for two European Directives to provide, what appears to be, contradictory guidance. When this happens with intellectual property law, European companies often seek to refer the ambiguities to the European Court of Justice (ECJ).

Recently, the ECJ was asked to reconcile the Trade Marks Directive, forbidding certain unauthorised trade mark use, with the EU's Directive 84/450/EEC (MCA Directive), which permits comparative advertising in certain circumstances, as part of the long-running trade mark litigation between the mobile telephone giants, Telefonica O2 (O2) and Hutchinson 3G UK Limited (H3G).

Article 5 of the Trade Marks Directive provides that the trade mark 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."

Article 6(1)(b) of the Trade Marks Directive provides a defence to infringement proceedings where the defendant was merely using *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"*.

Article 3a(1)(d) of the MCA Directive states that comparative advertising shall be permitted under various circumstances, such as when: "

between the advertiser's trade marks, trade names, other distinguishing marks, goods or services and those of a competitor".

This trade mark litigation arose when HG3 ran a series of comparative advertisements which aimed to show that HG3's services were cheaper than those of O2. In the course of these advertisements, HG3 used not only the name "O2" but also moving black-and-white bubble imagery. O2 were proprietors of two figurative trade mark registrations each of which consisted of a static picture of bubbles in respect of telecommunications apparatus ("the bubbles trade marks") and sued HG3 for trade mark infringement.

O2's action for infringement was dismissed at the first instance by the High Court of England and Wales. Even though use of the bubbles trade marks could constitute an infringement under Article 5 of the Trade Marks Directive, given that the advertisement complied with the MCA Directive, H3G had a defence pursuant to Article 6(1)(b) of the Trade Marks Directive.

The ECJ was essentially asked (by the Court of Appeal of England and Wales) if this was the correct approach.

The ECJ held that a trade mark proprietor is not entitled to stop use of its trade mark in a comparative advertisement if all the conditions laid down in Article 3a(1) of the MCA Directive are satisfied.

If there was confusion in the market place as a result of the use of the trade mark in the comparative advertisement, then this would not satisfy all of the conditions in the MCA Directive and therefore could constitute trade mark infringement. However, without such confusion, the trade mark owner might not be able to stop third parties using its trade marks, even if the marks are not essential to support the comparative advertisement.

Comment

The ECJ's decision does provide some new guidance as it establishes that a "confusing" comparative advert can lead to a successful trade mark infringement action. However, one wonders why bubbles were needed in an advert about pricing, and how such use can be reconciled with the law that comparative advert should not take unfair advantage of or be detrimental to the registered trade mark. Unfortunately, we need to await the outcome of two other pending judgments in the ECJ involving L'Oreal (*L'Oréal SA & others v Bellure NV*) and Intel (*Intel Corporation Inc. v CPM United Kingdom Limited*) in order to resolve these questions.

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