



International Trademark Association
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Amicus Curiae brief in **SARL Céline v. SA Céline**,
European Court of Justice, Case **C-17/06**
April 25, 2006

The International Trademark Association (INTA) has prepared this letter to assist the European Court of Justice (ECJ) in giving a preliminary ruling under article 234 of the EC Treaty in the *SARL Céline v. SA Céline* case referred to the ECJ by the Cour d'appel de Nancy (For more information on INTA and the *amicus curiae* briefs the Association has filed in trademark cases with courts around the world, please refer to the annex attached to this letter).

INTA comments below only on the following question referred by the Cour d'appel de Nancy, i.e.:

Must Article 5(1) of Directive 89/104/EEC be interpreted as meaning that the adoption, by a third party without authorisation, of a registered word mark, as a company name, business name or style in connection with the marketing of identical goods, amounts to use of that mark in the course of trade, which the proprietor is entitled to stop by reason of his exclusive rights?

Although INTA realizes that the European system does not recognize a true *amicus curiae* intervention, INTA presents itself as a “friend of the court” in this matter.

INTA is not a party in the instant case, but believes this case is significant to the development of trademark law and recommends that the above question be answered by the Court in the positive because use as a company name or trading name may constitute use in the course of trade in relation to the goods and services and is capable of being an infringing use within the meaning of Article 5(1).

1. The Facts and the Decisions of the French Courts

- 1.1. The respondent company SA Céline (plaintiff in the original proceedings) was established under that name in 1928 and carries on the business of making and selling items of clothing and fashion accessories. The company is the owner of a registration for the mark CÉLINE, obtained in 1948, in respect of a wide range of goods and services, including, in particular, clothes and shoes.

- 1.2. The appellant company SARL Céline (defendant in the original proceedings) claims entitlement to use the style CÉLINE from Mr. Adrien Grynfogel, who in 1950 registered that name in the Nancy Commercial and Companies Register, his business being described as a “menswear and womenswear” business. The appellant was registered under the name SARL Céline in the Commercial and Companies Register on January 31, 1992 and carries on a business trading (in the words of the French court as translated) in “ready-to-wear garments, lingerie, clothing, furs, a range of dress and accessories.”
- 1.3. The appellant has raised issues of estoppel, which are not relevant to the Question referred by the French court to the ECJ. As is clear from the Question itself, the issue before the ECJ concerns the scope of the exclusive right conferred by a national registration of a trademark and, in particular, whether use by one trader, as a business name, of a word that is a registered trademark of another trader, constitutes an infringement of such right. Having considered the decision of the Tribunal de Grande Instance in favour of the plaintiff, against which the defendant appealed, the Cour d’Appel cited two decisions of the ECJ, *Arsenal Football Club v. Reed* [2002] ECR I-10273 (Case C-206/01) and *Robelco v. Robeco groep* [2002] ECR I-10913 (Case C-23/01). The Court observed:

Having regard to the formulation of the question referred to the Court of Justice in the second case cited, some doubt remains as to the applicability of trade mark law in the situation at issue where, in fact, the dominant tendency in decisions of the French courts is to hold that infringement follows from reproduction of the distinctive elements of a sign protected under the trade mark, whatever use is made of it.

- 1.4. For this reason the Court concluded that it was necessary to refer the matter to the ECJ for a preliminary ruling on the question set out above.

2. ECJ Jurisprudence Supports a Finding that Trademark Law Should Apply to Use of a Trademark as a Corporate Name, Trade Name or Style

- 2.1. The Court of Nancy was more specifically prompted to refer the matter to the ECJ because of the following passage appearing in the *Robelco* case:

Accordingly, where, as in the main proceedings, the sign is not used for the purposes of distinguishing goods or services, it is necessary to refer to the legal orders of the Member States to determine the extent and nature, if any, of the protection afforded to owners of trade marks who claim to be suffering damage as a result of use of that sign as a trade name or company name. (See paragraph 34)

- 2.2. The Court of Nancy wondered whether this paragraph should be interpreted as meaning that the ECJ considers that use of a registered trademark as a corporate name, trade name or style does not fall within the scope of Article 5(1) of the Directive, but rather within the scope of Article 5(5).

2.3. INTA believes that such an interpretation would be incorrect. In support of its position, INTA will show that (1) such an interpretation is in no way required by the *Robelco* case and (2) would be inconsistent with well-established principles of trademark law.

2.4. It Cannot Be Inferred From the *Robelco* Case That Use of a Trademark as a Corporate, Business Name or Style Cannot Fall Under the Scope of Article 5(1).

2.4.1. The *Robelco* case was referred to the ECJ by a Belgian court, addressing the Benelux Uniform Law on Trade Marks, Article 13A(1) which provides:

Without prejudice to any application of the ordinary law governing civil liability, the exclusive rights in a trade mark shall entitle the proprietor to oppose:

(...)

(d) any use, in the course of trade and without due cause, of a trade mark or of a similar sign other than for the purposes of distinguishing goods, 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.

2.4.2. Article 13A(1)(d) is intended to be the result of the adoption under Benelux law of Article 5(5) of the Directive, in accordance with the obligations of harmonization.

2.4.3. The *Robelco* case concerned an infringement action launched by the Robeco Groep asserting its trademark ROBECO, against a third party using the sign ROBELCO as a corporate and business name for an activity similar to the services covered by the trademark. Robeco had based its action on Article 13A(1)(d) of the Benelux Trade Mark Law, and an argument ensued as to whether that provision may be invoked against use of a sign similar to a registered trademark despite the fact that Article 5(5) only refers to "use of a sign."

2.4.4. The question referred to the ECJ by the Benelux court had a very clear and precise scope: does Article 5(5) apply both to reproduction and imitation of a mark? The issue of whether Article 5(5) was or was not the relevant ground for the ruling on the facts of the case was never raised nor challenged before the ECJ, and the ECJ did not choose to raise the issue on its own accord.

2.4.5. In this context, paragraph 34 should be construed as a mere summary by the ECJ of the legal question at stake, such as delimited by the referring court. It should not be construed as a ruling on the question of whether Article 5(1) may cover use of a trademark as a corporate, business name or style.

- 2.4.6. This analysis is reflected in and supported by the opinion of the Advocate-General in *Robelco*, who made a point of strictly circumscribing the scope of the question referred to the ECJ:

The referring court has decided that it is faced with the second case [i.e., that the case falls under Article 5(5)], a conclusion not challenged by any of the parties. I will therefore restrict myself to that hypothesis. I have no evidence at my disposal which would lead me to an alternative view, nor does an analysis of the questions referred force me to conclude otherwise. (See paragraph 33)

- 2.4.7. The Advocate-General also mentioned that, in its observations, the Commission had started "*from the premise that the referring court has described correctly the facts of the dispute (...) as being the use of a sign otherwise than for the purposes of distinguishing goods or services, from which it follows that Article 5(5) is material.*" (See paragraph 19)
- 2.4.8. Both passages indicate that the Advocate-General and the Commission were not convinced that the Brussels Court's finding was correct, but that this was neither the time nor the place to discuss the point, since it was outside the scope of the preliminary ruling reference made by this court.
- 2.4.9. It results from this, that it may not be inferred from the formulation of the *Robelco* case, that the ECJ meant that use of a trademark as a corporate, business name or style could not fall within the scope of Article 5(1).
- 2.4.10. Such an interpretation would, in any event, be in conflict with the general principles of trademark law, such as established by the ECJ's caselaw.

2.5. The General Principles of Trademark Law Require That the Party Who Uses a Trademark as a Corporate Name, Trade Name or Style, May Be Held Liable Under the Scope of Article 5(1).

- 2.5.1. In *Centrafarm BV and Adriaan de Peijper v. Winthrop BV* [1974] ECR 1974-1183 (Case 16-74), the ECJ ruled that, "*in relation to trade marks, the specific subject-matter of the industrial property is the guarantee that the owner of the trade mark has the exclusive right to use that trade mark, for the purpose of putting products protected by the trade mark into circulation for the first time, and is therefore intended to protect him against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing that trademark.*" (See paragraph 8)
- 2.5.2. In *Hoffmann-LaRoche v. Centrafarm* [1978] ECR 1978-1139 (Case C-102/77) and several subsequent decisions, the ECJ ruled that **the essential function of a trademark is to guarantee to consumers the origin of the goods**, by enabling them without any possibility of confusion to distinguish certain products from products which have another origin.

- 2.5.3. In the *Arsenal* case, the ECJ ruled that **trademark rights may only be invoked against use of a sign by a third party which affects or is liable to affect the functions of the trademark**. That is the case, in particular, where the use of the allegedly infringing sign "*is such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor.*" (See paragraphs 56 and 57)
- 2.5.4. In *Anheuser-Busch Inc. v. Budejovicki Budvar* [2004] ECR (Case C-245/02), the ECJ held in substance that **use of a trade name may amount to trademark infringement if this use is such as to affect the essential function of a registered trademark**.
- 2.5.5. The test for infringement under Article 5(1) as established by the ECJ depends purely on the **effect** of the use in question and not on the **nature** of that use.
- 2.5.6. Indeed even though a corporate name, a trade name or style primarily serves to identify a company, a business or a place of business, it may, in certain circumstances, also have the effect of indirectly serving to distinguish the products sold by this company or business, even though the name is not affixed to the products. It is also obvious that, if such corporate name, trade name or style is identical or confusingly similar to a competitor's trademark, the essential function of the said mark could be affected, in that the customer may be confused as to whether the goods originate with the owner of the business name or with the owner of the registered mark.
- 2.5.7. For example, in the instant case, it is likely that consumers who buy clothes in the Céline shop in Nancy and who are given invoices, payment receipts and possibly other material, bearing the name CÉLINE, will associate the clothes with the name CÉLINE, even though such name is not affixed to the clothes themselves. This is all the more likely to happen where the same name is used as a trademark, trade name and signboard. In this regard, the corporate name, trade name and style will fulfil the same function as would a trademark, i.e., distinguishing the goods sold by the SARL Céline company. Misuse of a sign in this context has the ability to significantly impact on the rights of the trademark holder by undermining the ability of the mark to function as a guarantee of origin as a result of the risk of confusion with the name as used as the business name.
- 2.5.8. If, indeed, the national court finds that this is what happens in the instant case, trademark law should provide a remedy. Trademark law would be unduly limited if the use of the Céline corporate and trade name and style by the defendant were to be considered as incapable of amounting to trademark infringement as defined in Article 5(1). Such a use would affect the essential function of the registered CÉLINE trademark in the same manner as would a use of this sign directly on the products, since consumers may be led to believe that the goods have the same origin. This

is all the more likely to happen where, as is alleged in the instant case, the registered trademark has a reputation.

3. INTA Position / Conclusion

- 3.1. INTA respectfully submits that allegedly infringing trade names and trademarks should be treated equivalently, and it should make no difference whether the defendant's allegedly infringing designation is classified as a trademark or trade name. Infringement merely requires use of a "sign" and may arise where there is any use that affects or is liable to affect the function of the mark.
- 3.2. Therefore, use as a company name or trading name may constitute use in relation to the goods or services and is capable of being an infringing use. Whether it is, in particular circumstances, is a question of fact. In other words, the fact that a mark is used as a company or trading name rather than on the goods themselves does not by itself preclude infringement. The question is simply whether the use is such as to have an effect on the essential function of the mark.