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*L'Oréal v. Bellure**

This recent ECJ Decision leaves look-a-like products in bad odour.

In a landmark decision, the European Court of Justice ("ECJ") has decided that packaging will infringe a trade mark registration if it is designed to mimic the registered right to gain a commercial advantage, even if consumers do not believe that the infringing goods originate from the brand owner.

In light of this ruling, supermarkets and those involved in "own brand" products, should now review the packaging of look-a-like products, or risk legal action by the brand-leader.

The Background

The case arose out of a dispute between L'Oréal, the owner of a number of well-known fine fragrance brands, and Bellure, the producer of low cost "smell-a-like" fragrances. In 2006, L'Oréal sued Bellure for trade mark infringement. Although the names of the products were different, the Bellure perfume packaging imitated that of the L'Oréal equivalent, and the products were sold using a comparison list to equate the particular perfume to the better-known equivalent.

The High Court decided that the defendants' use of the L'Oréal trade marks in its comparison list was not a permissible comparative advertisement, but amounted to trade mark infringement under Article 5(1) (a) of the Trade Marks Directive.

L'Oréal also claimed that the defendants' bottles and packaging took unfair advantage of its related trade mark registrations for aspects of its product packaging. The Court agreed in respect of its *Trésor* box trade mark and its *Miracle* perfume bottle trade mark.

Following the defendants' appeal, the Court of Appeal referred a number of questions to the ECJ, resulting in this recent useful guidance regarding the extent of a brand owner's rights.

The Ruling

It is well-established that the main function of a trade mark is to ensure that consumers know the origin of a product.

However, Article 5(2) of the Trade Marks Directive also protects a trade mark owner from use of a trade mark by a competitor, even if there is no "likelihood of confusion" if the competitor's use "takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark".

The Court of Appeal had questioned how unfair advantage could be proved and, in addition, whether some element of "harm" was needed. Could use of a similar sign take unfair advantage under Article 5(2) without either creating confusion with or causing detriment to the established mark?

In responding to the Court of Appeal's reference, the ECJ confirmed that a global assessment is required to determine whether the defendants' use had taken unfair advantage. In addition to the strength of the mark's reputation and the similarity between the marks, the intention behind the choice of the similar sign was a material fact to be taken into consideration.

In this case, it was clear that the defendants had deliberately chosen their bottles and packaging to be as close as possible to L'Oréal's. In the words of the ECJ:

"Where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image...the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark".

The ECJ confirmed that for infringement under Article 5(2), "harm" (in terms of detriment to repute or distinctiveness) need not occur for unfair advantage to be established. The defendants had deliberately created an association between their products and the registered marks, and had done this to obtain a commercial advantage. That, in the view of the ECJ, constituted an unfair advantage.

On the issue of the comparison lists, the ECJ found that the defendants' use of the L'Oréal trade marks had been a deliberate attempt to present their products as direct imitations of L'Oréal's products. As a result, the defendants' use was not "fair and lawful" as required to rely upon the defence that it was a permitted

advert under the Comparative Advertising Directive. It is irrelevant whether the advert relates to an imitation of the branded product or merely the imitation of one characteristic of the goods in question, such as the smell of the perfume, in this case.

The ECJ explained that the provisions of Article 5(1)(a) of the Trade Mark Directive protect a trade mark's function not only as guaranteeing the origin of the goods, *"but also ... guaranteeing the quality of the goods or services in question and those of communication, investment or advertising"*. Applying this broader rationale, the ECJ decided that the use of L'Oréal's word marks in defendant's comparison list constitutes an infringement, even though consumers would not in fact be confused into thinking that the goods originated from the brand owner.

The Implications

In light of the Court's finding in *L'Oréal v. Bellure* that use of comparison lists in these circumstances was clear trade mark infringement, it may now be more difficult for manufacturers lawfully to compare their products, or the products' characteristics, to that of a similar but better-known branded product.

Earlier ECJ decisions had already established that the stronger a mark's distinctive character and reputation, the easier it will be to accept that detriment has been caused to it. Similarly, the closer a third party's sign is to a registered mark, the greater the likelihood that the use of the sign will take unfair advantage of, or be detrimental to, the distinctive character or repute of the mark.

With this latest decision, we seem to be moving closer to a law of unfair competition for the owners of registered marks "with reputation".

Further case law guidance would now be welcome to establish when a registered mark has the required "reputation" to take advantage of these provisions.

The decision is likely to impact on own brand retailers, and in particular supermarkets, who will now need to review their existing packaging designs. Typically products in some own brand ranges allude to the equivalent brand leader. This marketing strategy could now be viewed in law as taking an unfair advantage.

Those intending to launch a new product should consider expanding the pre-launch clearance checks beyond a simple search for the name, to include searches of the other elements making up the packaging design.

Likewise, brand owners should now review the scope of their protection. Additional registrations for distinctive aspects of the shape of the goods, its packaging, colour and other aspects of get-up now seem more worthwhile than ever, following *L'Oréal vs. Bellure* to exploit the broader interpretation of a brand owner's rights resulting from the ECJ decision.

For advice whether this decision might impact on your business, please contact a member of UDL's trade mark team. Details can be found on our website.

For full details of the decision, see: <http://curia.europa.eu/jurisp/cgi-bin/pl?form.lang=EN&Submit=rechercher&numaff=C-487/07>

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**L'Oréal SA, Lancôme parfums et beauté & Cie SNC, Laboratoire Garnier & Cie v. Bellure NV, Malaika Investments Ltd, trading as 'Honey pot cosmetic & Perfumery Sales', Starion International Ltd*