

## “Smell-Alikes” case improves position for brand owners

### 1. Introduction

1.1 In a clear judgment, the ECJ has made it easier for owners of trade marks with a reputation to stop competitors selling look-alike products. There will be no need to show that customers are confused or that the trade mark owners' sales have been affected. It was held that any unfair advantage gained by the Defendant from the sale of imitation products, including from comparative advertisements and price comparison lists for such imitations which use those marks, was deemed to be trade mark infringement.

1.2 This follows a referral to the ECJ from the UK Courts to determine answers to the difficult questions regarding look-alike products and the concept of unfair competition. An earlier [PageStop](#) on this subject can be viewed [here](#).

### 2. Background

2.1 L'Oréal owned various trade marks for its perfumes' names, bottle shapes and packaging, including Trésor. The Defendants sold imitations of those perfumes with the same coloured packaging, though with different names. They also produced comparison lists, to compare the smell of the imitations with the smell of the L'Oréal perfumes. There was no evidence of customer confusion. L'Oréal sued for trade mark infringement in the English Courts, which referred various questions to the ECJ as to which acts of the Defendant in terms of the packaging and the price comparison lists, would amount to infringement.

2.2 The ECJ referred to the following in its judgment:

- that it was apparent from the Defendant's own admission that they were aiming to 'wink' at the famous L'Oréal marks, that the similarities in packaging and bottle shape were intentional, to help market the imitations;

- that the Defendants accepted that the similarities were intended to take advantage of the mark; and
- that the object and effect of the comparison lists were to draw customers' attention to the original fragrance which was being imitated.

### 3. Judgment

3.1 Essentially, the ECJ commented that there was infringement under the equivalent of Section 10(3) of the UK Trade Marks Act because of the registrations L'Oréal possessed for the packaging. L'Oréal succeeded at trial on this Section which states:

*“A person infringes a registered trade mark if he uses in the course of trade in relation to goods or services a sign which is identical with or similar to the trade mark, where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”*

Infringement under the equivalent of Section 10(1) was also found at trial in respect of the price comparison lists through using L'Oréal's word trade marks.

3.2 The important aspect of the ECJ ruling under Section 10(3) infringement was that a third party takes unfair advantage of a mark with a reputation if he uses a similar sign to free-ride on the established reputation of the earlier mark, without payment, to benefit from its power of attraction, thereby gaining an advantage from doing so. Presenting goods as imitations in comparative advertisements is now deemed to be unlawful under the Comparative Advertising Directive, so any advantage gained by use of L'Oréal's marks in the lists must result from unfair competition and therefore be an unfair advantage.

3.3 Important comments were also made regarding the 'essential function' of a trade mark which is now, following this case, not just to guarantee to consumers the origin of the goods but is also something that guarantees the quality of the goods, and the

functions of communication of the brand, investment in the brand and advertising. Therefore, if a defendant causes detriment to **any** of these functions of a reputable trade mark, the proprietor of that trade mark may object.

3.4 This extended wording effectively introduces the concept of 'brand values' and perceptions into the essential function of a trade mark and can be argued to have introduced the notion of unfair competition to EU trade mark law.

#### 4. Comment

4.1 The judgment only applies to registered trade marks with a reputation, not all trade marks.

4.2 The crux of the ECJ ruling means that unless a defendant can show that it gained no advantage from selling imitations, it is likely to infringe a reputable mark. Generally, if the Court suspects that a defendant has tried to take advantage, they are likely to assume it has succeeded.

4.3 It will be worth clients considering registering their product packaging and shapes as trade marks, and nurturing customer recognition of them if that packaging is unusual and distinctive either in colour or shape and possesses a reputation that can be proven in evidence. For those selling look-alike goods, care will need to be taken in future to ensure that no reputable trade marks are infringed. Supermarket look-alike goods in particular may need to be more careful bearing in mind the extended notion of the essential function of a trade mark to which detriment can be caused.

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