

# Ruling by ecj essay sample

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The case of L’Oreal v Bellure came up due to a dispute between Bellure, the manufacturer of low cost “smell-a-like” perfumes and L’Oreal, the owner of several, famous, perfume brands. L’Oréal filed a suit against for trade mark infringement, in 2006. While the product names were dissimilar, the packaging of Bellure perfume emulated that of the L’Oréal correspondent, and the products became marketed using a comparison list to compare the perfume to the well recognised equivalent.

The ECJ declared that the use of L’Oréal’s trade marks in its comparison list, by the defendant, was not a legal, comparative promotion but added up to trade mark contravention, as stipulated in Article 5(1) a of the Trade Marks Directive (Colston, 2010).

Again, L’Oréal alleged that the bottles and packaging of the defendant obtained unfair advantage of its associated trade mark registrations due to features of its product packaging. The ECJ agreed with regard to its Miracle perfume bottle trade mark and Trésor box trade marks (Michaels, 2010).

The ECJ declared that it was ingrained that the core function of a trade mark was to ascertain that clients recognised the origin of a product.

Nevertheless, Article 5(2) of the Trade Marks Directive secures the owner of a trade mark from utilisation of a trade mark by a rival, even when there is no possibility of confusion, when the use by a competitor takes unfair advantage of, or is damaging to the unique quality or the reputation of the trade mark (Michaels, 2010).

The Court of Appeal sought to know how unfair advantage could be confirmed and, also, how some aspect of harm was necessary. In reacting to

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the query by the Court of Appeal, the ECJ established that a universal assessment was needed to establish whether the use by defendants had assumed unfair advantage. Besides the power of mark's reputation and the resemblance amid the marks, the objective accompanying the choice of a related mark was a material thing to be considered. It was apparent that the defendants had intentionally selected their packaging and bottles to resemble those of L'Oréal, closely, in this case. Hence, the ECJ established that for breach in Article 5(2), "harm" with regard to harm of reputation or distinctiveness was not necessary for confirmation of unfair advantage.

The defendant had intentionally formed a relationship between products of the registered trademarks and their products and had done this to attain a business advantage. From the perspective of the ECJ, that amounted to an unfair advantage.

Regarding the comparison lists, the ECJ discovered that the use of the L'Oréal trade marks by the defendant was an intentional attempt to offer their products as direct replications of L'Oréal's products. Therefore, the use by the defendant was neither lawful nor fair, as stipulated under the Comparative Advertising Directive. The ECJ clarified that Article 5(1) (a) of the Trade Mark Directive requirements shield the function of a trade mark, not just as securing the origin of products, but also securing the quality of the products or services under consideration and those of promotion, communication and investment (Mulholland and Doggett, 2009).

Through this extensive rationale, the ECJ established that the utilization of L'Oréal's word marks in comparison list, by the defendant, was a breach,

although, clients would not be baffled into thinking that the products were derived from the brand vendor.

ECJ's court ruling in L'Oréal v. Bellure meant that use of comparison lists in these situations was an apparent trade mark infringement. This ruling, also, meant that manufacturers would find it hard to compare their commodities and product characteristics, legally, to those of related but famous branded products.

Former ECJ resolutions ascertained that the stronger a mark's distinctive reputation and quality are, the easier it will be to acknowledge that injury has been caused upon an item. Equally, ECJ had established that the nearer a third party's sign is to a registered mark, the more the possibility that the utilisation of the sign will take undue advantage of, or be harmful to, the unique character or status of the mark. Also, the ECJ pointed out that Article 5(1) (a) of the Trade Marks Directive became violated by comparison lists. In addition, ECJ expressly affirmed that the provisions for allowed comparative advertisement, specified in the Comparative Advertising Directive, were not fulfilled.

### **Ruling by the UK Court of Appeal**

Conversely, the UK Court of Appeal felt that the comparison lists violated Article 5(1) (a) and Article 5(2) (Fhima, 2011). The Court argued that the ECJ's verdict implied that, if there is apparent misuse on the coattails of a reputable mark, then that is enough for a ruling of unfair advantage (Fhima, 2011). The UK Court of Appeal expressed their disapproval of the ECJ's resolution, strongly. According to the UK Court of Appeal, this ruling had

negative inferences both for liberty to trade and free speech. The UK court supported their arguments with several facts. First, the UK court argues that the perfumes marketed by Bellure were legal. The UK Court of Appeal felt that, although, these perfumes were intentionally designed to resemble the smell of L'Oréal's perfumes, they did not breach any intellectual property right of L'Oréal's. Second, the court challenged ECJ's decision since it denied Bellure a chance to give truthful information regarding its legally sold perfumes, to their consumers. In other words, ECJ denied Bellure the right to inform their clients that the smell of their perfumes resembled L'Oréal's perfumes. Lastly, the UK Court of Appeal argued that ECJ's resolution could potentially limit competition in significant areas of trade, although, Bellure and L'Oréal were not rivaling. The Court stressed their points through the examples of manufactures in replacement print cartridges and generic drugs, both of whom must inform their clients regarding branded products that are in par with their products.

Thus, the case of L'Oréal v Bellure reveals the difference between the ECJ and the UK courts in dealing with trade mark fortification. From the perspective of the UK courts, trademarks are designators of origin and should not be used to protect other features of brands at the rear of trademarks, like the purported "aura of luxury" that can be developed through broad marketing and promotion. On the other hand, the ECJ supports the act of giving brand owners rights that offer them further control of their brand. While the UK courts established that activities of Bellure's did not harm L'Oréal's trademarks, in any way, the ECJ became surprised at this verdict.

In short, the ECJ regarded promoting perfumes in the form of “smell-a-likes” of renowned brands as a trade marks infringement, although, in the nonexistence of such promotion, the perfumes themselves would not cause any violation. From this stance, limitations on freedom of speech bear little weight. However, most people disregard ECJ’s rule and prefer judgment by the UK Court of Appeal because ECJ’s rule leaves several questions that are posed by the UK courts unanswered. For instance, how can the marketing of “smell-a-likes” be illegal, while the marketing of generic drugs is legal? Is it that perfumes made by Bellure were of substandard quality, or that generic drugs are normally purchased for their utility, but not a desire to be associated with a certain brand?

The ruling by the UK Court of Appeal is preferred because from an economic standpoint ECJ’s decision does not recognise the negative effect that such a decision can cause in a common, competitive market. The move towards supporting trademarks with a reputation has, as well, made European courts draw back from a past formalism and assume a result-based decision-making style. Devoid of the growth of substantial defenses to offset this broad development of trade mark fortification the ECJ’s resolution is extremely depressing (Chen, 2010).

This opinion is, also, held by Lord Justice Jacob of the UK Court of Appeal. Lord Justice Jacob declares that that ECJ’s resolution is not just anticompetitive, but it further breaches the fundamental right to freedom of expression. Lord Justice Jacob points out the need for freedom of expression in the market place, especially where Bellure’s intention for communicating

the truth is beneficial for their commercial gain. Thus, many people consider the decision by the ECJ to be undesirable since free speech is an element of a liberal, democratic society, and prefer the judgment by the UK Court of Appeal.

## References

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