

July 2008

Bubble Trouble?

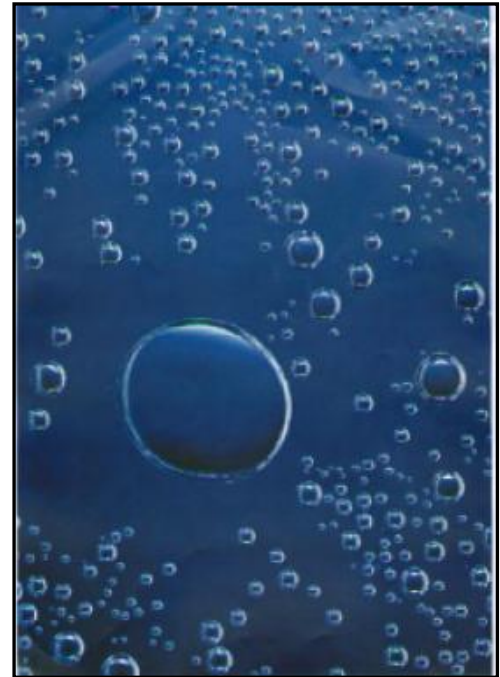
It is established law in the European Union that the owner of a registered trade mark may not be able to prevent all types of unauthorised use of the trade mark. In the O2 case, referred by the English Court of Appeal to the European Court of Justice, the court confirmed **comparative advertising** is permissible so long as there is not a likelihood of confusion.

Policy has been to promote comparative advertising in the EU. The Misleading and Comparative Advertising Directive (2006/114/EC) takes as a premise that comparative advertising *can stimulate competition...to the consumer's advantage...and...may be a legitimate means of informing consumers of their advantage.*

The case was brought by O2, a supplier of mobile telephone services, against its competitor Hutchinson which used, in its TV advertising campaign, bubbles imagery similar to the bubbles registered as a trade mark by O2. Since Hutchinson's bubbles sign was similar to O2's registration this was not a classic case of comparative advertising which involves use of a sign identical to the claimant's registered trade mark.

O2 accepted the price comparison in Hutchinson's advertisement was true and that the advertisement was not misleading and, in particular, did not suggest any form of trade connection between O2 and Hutchinson.

The ECJ did not follow the recommendation of the court's Advocate General Mengozzi, who had said issues of comparative advertising were not subject to the provisions of trade mark law and should be assessed solely by reference to the comparative advertising Directive. That defines comparative advertising as *any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor*, and states this is permitted when:



- (a) *it is not misleading;*
- (b) *it compares goods or services meeting the same needs or intended for the same purpose;*
- (c) *it objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;*
- (d) *it does not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities or circumstances of a competitor;*
- (e) *for products with designation of origin, it relates in each case to products with the same designation;*
- (f) *it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products;*
- (g) *it does not present goods and services as imitations or replicas of goods or services bearing a protected trade mark or trade name;*
- (h) *it does not create confusion among traders, between the advertiser and a competitor or between the advertiser's trade marks, trade names, other distinguishing marks, goods or services and those of a competitor.*

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Here, the ECJ said the advertisement was use of O2's trade mark in relation to Hutchinson's own products, since the purpose was to promote those products. The effect of this was that potentially the advertiser's use might be prevented under the trade mark legislation.

Since the case involved similar, not identical, trade marks, a likelihood of confusion would normally have been necessary to make out a case of trade mark infringement. The exception to this would be if, instead, unfair advantage or detriment were alleged by the claimant. The court said this ground, as with the likelihood of confusion ground, could not be pursued if the advertisement met the conditions of the comparative advertising Directive. It added that had there been a likelihood of confusion in this case, the requirements of the comparative advertising Directive obviously could not have been met and the advertiser's use would have been actionable under trade mark law.

This case makes it clear that, where comparative advertising is at issue, the point of first reference should be to the comparative advertising Directive since compliance with its terms will mean use of the third party trade mark cannot be actionable as trade mark infringement. The position is broadly the same across all of the EU, since all of the member states are required to incorporate the terms of the Directive into their national laws.

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