

JUDGMENT OF THE COURT (Second Chamber)

7 July 2005 \*

In Case C-418/02,

REFERENCE for a preliminary ruling under Article 234 EC from the Bundespatentgericht (Germany), made by decision of 15 October 2002, received at the Court on 20 November 2002, in the proceedings

**Praktiker Bau- und Heimwerkermärkte AG,**

THE COURT (Second Chamber),

composed of C.W.A. Timmermans, President of the Chamber, C. Gulmann (Rapporteur), R. Schintgen, N. Colneric and J.N. Cunha Rodrigues, Judges,

Advocate General: P. Léger,

Registrar: M. Múgica Arzamendi, Principal Administrator,

having regard to the written procedure and further to the hearing on 1 July 2004,

\* Language of the case: German.

after considering the observations submitted on behalf of:

- Praktiker Bau- und Heimwerkermärkte AG, by M. Schaeffer, Rechtsanwalt,
- the French Government, by G. de Bergues and A. Bodard-Hermant, acting as Agents,
- the Austrian Government, by E. Riedl, acting as Agent,
- the United Kingdom Government, by K. Manji, acting as Agent, and M. Tappin, Barrister,
- the Commission of the European Communities, by N.B. Rasmussen and S. Fries, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 13 January 2005,

gives the following

### **Judgment**

- 1 The reference for a preliminary ruling concerns the interpretation of Articles 2, 4(1)(b) and 5(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1, 'the directive').

- 2 That reference was made in proceedings between Praktiker Bau- und Heimwerkermärkte AG ('Praktiker Märkte') and the Deutsches Patent- und Markenamt (German Patent and Trade Mark Office) concerning the registration of a trade mark in respect of services provided in connection with retail trade.

## Law

- 3 Article 2 of the directive provides:

'A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.'

- 4 Article 4(1) of that directive states:

'A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

- (a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;

- (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.’

5 Article 5(1) provides:

‘The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

- (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.’

6 The 12th recital in the preamble to the directive states that it is necessary that its provisions are entirely consistent with those of the Convention for the Protection of Industrial Property, signed at Paris on 20 March 1883, last revised at Stockholm on 14 July 1967 and amended on 28 September 1979 (*United Nations Treaty Series*, vol. 828, No 11851, p. 305, ‘the Paris Convention’), which is binding on all the Member States of the Community.

- 7 The Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended ('the Nice Agreement'), was concluded on the basis of Article 19 of the Paris Convention, which reserves for the countries of the Union the right to make separately between themselves special agreements for the protection of industrial property.
- 8 In the classification which it establishes ('the Nice Classification'), Class 35, relating to services, is headed as follows:

'Advertising;

business management;

business administration;

office functions.'

- 9 The Explanatory Note relating to that class states:

'...

This Class includes, in particular:

- the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods;

...

This Class does not include, in particular:

- activity of an enterprise the primary function of which is the sale of goods, i.e., of a so-called commercial enterprise;

...'

10 Article 2 of the Nice Agreement states:

- '(1) Subject to the requirements prescribed by this Agreement, the effect of the Classification shall be that attributed to it by each country of the Special Union. In particular, the Classification shall not bind the countries of the Special Union in respect of either the evaluation of the extent of the protection afforded to any given mark or the recognition of service marks.
- (2) Each of the countries of the Special Union reserves the right to use the Classification either as a principal or as a subsidiary system.
- (3) The competent Office of the countries of the Special Union shall include in the official documents and publications relating to registrations of marks the numbers of the classes of the Classification to which the goods or services for which the mark is registered belong.

...'

**The main proceedings and the questions referred for a preliminary ruling**

- 11 Praktiker Märkte filed for registration with the Deutsches Patent- und Markenamt the mark Praktiker in relation to, inter alia, the service described as 'retail trade in building, home improvement, gardening and other consumer goods for the do-it-yourself sector'.
- 12 The Deutsches Patent- und Markenamt rejected that application. It considered that the concept of 'retail trade' claimed did not denote independent services having autonomous economic significance. That concept related only to the distribution of goods as such. The economic activities which formed the core of goods distribution, in particular the purchase and sale of goods, were not services for which a trade mark could be registered. Trade-mark protection could be achieved only by applying for registration of a trade mark in respect of the goods distributed in each case.
- 13 Praktiker Märkte brought an appeal before the Bundespatentgericht (Federal Patents Court) against the decision rejecting its application. It argued inter alia that the economic trend towards a service society necessitated a re-appraisal of retail trade as a service. The consumer's purchasing decision would increasingly be influenced not only by the availability and price of a product, but also by other aspects such as the variety and assortment of goods, their presentation, the service provided by staff, advertising, image and the location of the store, etc. Such services provided in connection with retail trade enabled retailers to be distinguishable from their competitors. Such services ought to be eligible for protection by service trade marks. Trade-mark protection was now accepted in relation to the services provided by a retailer, not only by the Office for Harmonisation in the Internal Market (Trade Marks and Designs) ('OHIM'), but also by the majority of Member States. A uniform assessment of this question within the Community was imperative.

14 Against that background, the Bundespatentgericht decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

‘1. Does retail trade in goods constitute a service within the meaning of Article 2 of the directive?

If the answer to this question is in the affirmative:

2. To what extent must the content of such services provided by a retailer be specified in order to guarantee the certainty of the subject-matter of trade-mark protection that is required in order to:

(a) fulfil the function of the trade mark, as defined in Article 2 of the directive, namely, to distinguish the goods or services of one undertaking from those of other undertakings, and

(b) define the scope of protection of such a trade mark in the event of a conflict?

3. To what extent is it necessary to define the scope of similarity (Article 4(1)(b) and Article 5(1)(b) of the directive) between such services provided by a retailer and

(a) other services provided in connection with the distribution of goods, or



(b) the goods sold by that retailer?’

- 15 The referring court points out that Article 2 of the directive does not contain any definitions of the terms ‘goods’ and ‘services’ which it uses.
- 16 In that court’s view, the core of the independent activity of a retailer, by which he comes into direct competition with other traders and for which separate protection of a service trade mark could be necessary, remains the specific activities of a trader which make distribution of goods possible, without being confined to carrying out such distribution. They include bringing together goods from a variety of undertakings to form a range and offering them for sale from a single distribution entity, whether by way of traditional retailing, mail order or e-commerce. Even if those services are not charged separately to individual customers, they can nevertheless be considered to be provided for remuneration, through the profit margin.
- 17 However, in the opinion of the Bundespatentgericht, for the function of the trade mark as an indication of origin to be fulfilled, the subject-matter of the protection conferred must be determined with sufficient precision. General concepts such as ‘retail services’ do not satisfy the requirement of certainty in relation to exclusive rights. Restrictions confining such protection only to the goods distributed do not overcome the indeterminate nature of the words ‘retail trade’ in the individual sector concerned. They leave open the question of what services are covered, apart from the mere sale of those goods. Similar objections can be raised with regard to the provision of details relating to the type of sales location, such as ‘department store’ or ‘supermarket’, for example.

- 18 The need for a restriction, when registering trade marks, of the content of ‘services provided by a retailer’ applies to an even greater extent to the interpretation of ‘likelihood of confusion’ in Article 4(1)(b) and Article 5(1)(b) of the directive. Even a reasonable specification, at the time of the registration procedure, of the content of ‘services provided by a retailer’ would ultimately prove insufficient if the service trade mark registered were to be granted a scope of protection which was not capable of review as a result of a wide interpretation of ‘similarity of [the] goods or services’.

### **The questions referred for a preliminary ruling**

#### *The first two questions*

- 19 By its first two questions, which must be considered together, the Bundespatentgericht seeks in essence to ascertain whether the concept of ‘services’ referred to by the directive, in particular in Article 2, is to be interpreted as including services provided in connection with retail trade in goods and, if so, whether the registration of a service trade mark in respect of such services is subject to the specification of certain details.

#### Observations submitted to the Court

- 20 Praktiker Märkte submits that retail trade in goods constitutes a service within the meaning of the directive. A trade mark protecting it as a service is capable of fulfilling the function of the trade mark as an indication of origin. It is not necessary to specify the content of the services provided in order to determine the subject-matter of protection.

- 21 The French Government stated at the hearing that it now accepts that certain specific services ancillary to retailing, the content of which would have to be specified, may constitute services separate from selling and may therefore be eligible for trade-mark protection.
- 22 The Austrian Government submits that the central core of retail trade, namely the sale of goods, is not a service capable of forming the subject-matter, as such, of trade-mark protection, as is confirmed, in its view, by the Explanatory Note to Class 35 of the Nice Classification. Only services provided over and above that central core, the content of which would have to be specified, could give rise to registration of a service trade mark.
- 23 The United Kingdom Government submits that a trade mark can properly be registered for a service if consumers are provided, by reference to that trade mark, with an identifiable service over and above mere trade in goods. The Explanatory Note to Class 35 in the Nice Classification confirms that mere sale of goods does not constitute an identifiable service, but that aspects of the retail activity relating to the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods, can constitute a service eligible for protection by a trade mark. For the purpose of registering such a trade mark, the aspects of the activity constituting the service as well as the sector(s) of retail activity covered should be specifically stated in order to guarantee the certainty of the subject-matter of protection.
- 24 The Commission submits that retail trade in goods constitutes a service within the meaning of the directive where the conditions of Article 50 EC are satisfied. Protection by a service trade mark may apply to any activities which are not pure selling. It is not possible to list exhaustively all the services in question. They may

include arrangement of the goods, the site, general ease of use, the attitude and commitment of staff, and customer care.

- 25 In the Commission's view, the question of specification of the content of services arises, from a formal legal point of view, with respect to registration of the trade mark. That question is a matter for the Member States, as is clear from the fifth recital in the preamble to the directive, according to which it is for Member States to determine the provisions of procedure concerning registration, namely, for example, the form of registration procedures. In that regard, only Class 35 of the Nice Classification can be contemplated for the registration of a trade mark for retail trade. The Nice Agreement does not, for its part, lay down any conditions concerning description of the service.

#### Reply of the Court

- 26 It follows from the first recital in the preamble to the directive that the purpose of the latter is to approximate the laws of the Member States in order to remedy disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market.
- 27 Under Article 1, the directive applies to 'every trade mark in respect of goods or services'.

- 28 It does not contain a definition of 'services', which Article 50 EC describes as 'normally provided for remuneration'.
- 29 Nor does it specify the conditions to which registration of a trade mark for a service is subject, where such registration is provided for by national legislation.
- 30 In that regard, it should be noted that the fifth recital in the preamble to the directive states that Member States remain free to fix the provisions of procedure concerning the registration of trade marks, in order, for example, to determine the form of registration procedures. The seventh recital nevertheless emphasises that attainment of the objectives sought by the approximation of laws requires that the conditions for obtaining a registered trade mark be, in general, identical in all Member States.
- 31 However, determination of the nature and content of the service eligible for protection by a registered trade mark is subject, not to the provisions on registration procedures, but to the substantive conditions for acquiring the right conferred by the trade mark.
- 32 If the concept of 'services' were a matter for the Member States, conditions for the registration of service trade marks could vary according to the national legislation concerned. The objective that acquisition of the right in the trade mark should be subject to 'conditions ... identical' in all Member States would not be attained.

- 33 It therefore falls to the Court to supply a uniform interpretation of the concept of 'services' within the meaning of the directive (see, by analogy, Joined Cases C-414/99 to C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691, paragraphs 42 and 43).
- 34 In that regard, it should be noted that the objective of retail trade is the sale of goods to consumers. That trade includes, in addition to the legal sales transaction, all activity carried out by the trader for the purpose of encouraging the conclusion of such a transaction. That activity consists, *inter alia*, in selecting an assortment of goods offered for sale and in offering a variety of services aimed at inducing the consumer to conclude the abovementioned transaction with the trader in question rather than with a competitor.
- 35 No overriding reason based on the directive or on general principles of Community law precludes those services from being covered by the concept of 'services' within the meaning of the directive or, therefore, the trader from having the right to obtain, through the registration of his trade mark, protection of that mark as an indication of the origin of the services provided by him.
- 36 That consideration is illustrated by the Explanatory Note to Class 35 of the Nice Classification, according to which that class includes 'the bringing together, for the benefit of others, of a variety of goods ... enabling customers to conveniently view and purchase those goods'.
- 37 With regard to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), it must be observed that OHIM now

accepts that the services provided by retail undertakings are, as such, eligible for registration as Community trade marks and that they will fall under Class 35 of the Nice Classification (see Communication No 3/01 of the President of [OHIM] of 12 March 2001 concerning the registration of Community trade marks for retail services).

38 Moreover, it must be noted that, firstly, all the parties concerned which have submitted observations to the Court have accepted that at least certain services provided in connection with retail trade can constitute services within the meaning of the directive and that, secondly, according to the information before the Court, such an analysis underlies a practice now widely adopted in the Member States.

39 Consequently, it must be concluded that the concept of 'services' within the meaning of the directive includes services provided in connection with retail trade in goods.

40 The question arises as to whether, in the particular case of the retail trade, the concept of 'services' within the meaning of the directive needs further specification.

41 In that regard, in the observations submitted to the Court, it was maintained that the services eligible for protection as retail services should be identified in a way which distinguishes them from services which, being closely connected with the sale of goods, could not give rise to registration of a trade mark. It was pointed out, moreover, that the application for registration of the trade mark should specify in detail the service(s) for which the applicant seeks protection.

- 42 It is argued that such details are necessary, in particular, to safeguard the essential function of the trade mark, namely, as the guarantee of the identity of the origin of the goods or services covered by the trade mark, and to prevent trade marks for retail services from being afforded over-wide and indeterminate protection.
- 43 The difficulty of the questions thus raised is illustrated by the different answers proposed by the parties which submitted observations and by the information available to the Court regarding the current practices of the Member States.
- 44 For the reasons set out below, there is no need to rely on a definition of 'retail services' for the purposes of the directive which is more restrictive than that which follows from the description contained in paragraph 34 of this judgment.
- 45 It must first be stated that any distinction between the various categories of services provided with the sale of goods which involved a more restrictive definition of 'retail services' would prove artificial in the light of the reality of the important economic sector represented by retail trade. It would inevitably raise difficulties both as regards the general definition of the criteria to be adopted and as regards the application of those criteria in practice.
- 46 Admittedly, a more restrictive definition of 'retail services' would reduce the protection afforded to the proprietor of the trade mark, so that questions concerning the application of Articles 4(1) and 5(1) of the directive would arise less often.



47 However, that is not sufficient to justify a restrictive interpretation.

48 There is nothing to indicate that any problems resulting from the registration of trade marks for retail services could not be resolved on the basis of the two relevant provisions of the directive, as they have been interpreted by the Court. In that regard, it should be recalled that, according to the Court's case-law, the likelihood of confusion must be assessed globally, taking into account all the factors relevant to the circumstances of the case (see Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 22, and Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 16). In the context of that global assessment, it is possible to take into consideration, if need be, the particular features of the concept of 'retail services' that are connected with its wide scope, having due regard to the legitimate interests of all interested parties.

49 In those circumstances, for the purposes of registration of a trade mark covering services provided in connection with retail trade, it is not necessary to specify in detail the service(s) for which that registration is sought. To identify those services, it is sufficient to use general wording such as 'bringing together of a variety of goods, enabling customers to conveniently view and purchase those goods'.

- 50 However, the applicant must be required to specify the goods or types of goods to which those services relate by means, for example, of particulars such as those contained in the application for registration filed in the main proceedings (see paragraph 11 of this judgment).
- 51 Such details will make it easier to apply Articles 4(1) and 5(1) of the directive without appreciably limiting the protection afforded to the trade mark. They will also make it easier to apply Article 12(1) of the directive, which states that '[a] trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the ... services in respect of which it is registered, and there are no proper reasons for non-use'.
- 52 The answer to the first two questions referred for a preliminary ruling must therefore be that the concept of 'services' referred to by the directive, in particular in Article 2, covers services provided in connection with retail trade in goods.

For the purposes of registration of a trade mark for such services, it is not necessary to specify the actual service(s) in question. However, details must be provided with regard to the goods or types of goods to which those services relate.

### *The third question*

- 53 By its third question, the referring court seeks, in essence, to ascertain whether the concept of 'similarity' referred to in Articles 4(1)(b) and 5(1)(b) of the directive,

giving rise, in some circumstances, to a likelihood of confusion within the meaning of those provisions, must be interpreted by reference to specific restrictive criteria with regard to service trade marks protecting services provided in connection with retail trade in goods.

54 It is apparent from the order for reference that, in the main proceedings, the application for registration of the trade mark Praktiker in respect of retail services was refused on the ground that the definition claimed, 'retail trade', did not denote services eligible for registration as a trade mark.

55 The reference for a preliminary ruling does not contain any indication that the referring court could find it necessary to rule on the concept of 'similarity' referred to in Articles 4(1)(b) and 5(1)(b) of the directive in connection with a likelihood of confusion within the meaning of those provisions.

56 Consequently, those provisions, while relevant for the purposes of answering the first two questions, are not relevant in the context of the third question.

57 The Court has no jurisdiction to answer questions referred for a preliminary ruling where it is obvious that the interpretation of Community law sought bears no relation to the actual facts of the main proceedings or to their purpose, where the problem is hypothetical, or where the Court does not have before it the factual or legal material necessary to give a useful answer to the questions submitted (see, in particular, Case C-421/01 *Traunfellner* [2003] ECR I-11941, paragraph 37).

- 58 In those circumstances, the third question referred for a preliminary ruling must be held to be hypothetical in the light of the main proceedings and, accordingly, must be declared inadmissible.

## Costs

- 59 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

- 1. The concept of ‘services’ referred to by First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, in particular in Article 2, covers services provided in connection with retail trade in goods.**
- 2. For the purposes of registration of a trade mark for such services, it is not necessary to specify in detail the service(s) in question. However, details must be provided with regard to the goods or types of goods to which those services relate.**

[Signatures]