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Intellectual Property Update



L'Oréal case smells like trouble for product comparison advertising

On 21 May 2010, the Court of Appeal ruled that the use of perfume 'smell-alike' comparison lists amounts to trade mark infringement.

The case was brought by L'Oréal against producers of 'imitation' perfumes which had a similar smell to L'Oréal's luxury brands, including Trésor and Anaïs Anaïs, but were significantly cheaper in price. The defendants had used comparison lists for three ranges of products (Stitch, Création Lamis and Dorrall) which informed customers of the equivalent L'Oréal fragrance. L'Oréal alleged that the use of these comparison lists infringed the trade marks of those products.

The problem for the Court of Appeal to answer was summarised by Lord Justice Jacob in following the question: "Does trade mark law prevent the defendants from telling the truth? Even though their perfumes are lawful and do smell like the corresponding famous brands, does trade mark law nonetheless muzzle the defendants so that they cannot say so?"

Having confirmed that 'smell-alike' perfumes are lawful, Jacob LJ reasoned that trade mark law should not "prevent traders from making honest statements about their products where those products are themselves lawful." In particular, Jacob LJ considered that because the defendants get a major promotional advantage from using the lists, and that the comparisons did not deceive the consumer or impair the distinctiveness of the trade mark, the lists should be permitted. In addition, since the sales of the corresponding fragrance were not affected by the use of the lists (a fact accepted by L'Oréal), the use of the lists should not be seen as unlawful. Jacob LJ also considered the point of view of the consumer who, he believes, would see the defendants' products as a "cheap copy" and not as an equivalent to the original.

Despite Jacob LJ's own opinion, he noted that it was his duty as a national judge to follow EU law. The European Court of Justice ("ECJ"), responding to a reference made by the Court of Appeal during this case, ruled in June 2009 that the use of comparison lists fell within the relevant trade mark laws and were therefore capable of infringement as they were advertising the products in question. Further, the ECJ ruled that the use of comparison lists was not protected by the Comparative Advertising Directive, which permits some comparisons, because the lists presented the goods as imitation or replicas and took unfair advantage of L'Oréal's trade marks.

Following the ECJ's decision, Jacob LJ reluctantly held in favour of L'Oréal, ruling that the defendants were no longer permitted to use the comparison lists to sell their products.

Comment

It is clear from Jacob LJ's judgment that the decision of the Court of Appeal was made reluctantly, and in line with the duties of a national court. However, Jacob LJ identifies a number of issues which will undoubtedly prove significant in the wake of the case.

Firstly, Jacob LJ reflects on the loss to consumers, highlighting that the ECJ's decision means that consumers are "denied the right to receive information which would give them a little bit of pleasure..." whilst there is no financial harm to the trade mark owner. The ability to look at a list of expensive, well-known fragrances and purchase a cheaper equivalent is invaluable, especially to those who are likely to purchase such imitations. Secondly, Jacob LJ points to a further reason for his reluctance to rule in favour of L'Oréal, perhaps more importantly, as the potential impact of this decision on the ability to trade freely. It is common

practice for businesses to advertise that their product is the same as another but priced lower. Jacob LJ concluded that this ability may be at real risk with the result that competition will be hindered.

The use of comparison lists is not limited to perfumes; it is conceivable that telephone operators will list their call packages as being the same as competing operators, but at a lower cost; and Jacob LJ gives the example of replacement printer ink cartridge sellers. As a result there is a real risk to this practice, and to this area of competition and marketing.

See: L'Oreal SA and others v Bellure NV and others [2010] EWCA Civ 535

If you would like to discuss the implications of this case on your own business, please contact our dedicated Intellectual Property team.



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Matthew Talbot specialises in Intellectual Property litigation including disputes involving infringement of trade marks, copyright, design rights, patents and domain names. He has made numerous UK and European trade mark applications on behalf of organisations wishing to protect their company names, trading names and branded products. He has successfully acted on behalf of claimants against Northern Foods, Kraft Foods plc, Nestle and Adams Childrenswear and in defending clients in cases brought by Adidas, Puma, Lacoste and Microsoft.

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