European Court of Justice, 22 January 1981, Dansk Supermarked v Imerco

COPY RIGHTS – TRADEMARK RIGHTS

Exhaustion

- **Judicial authorities may not prohibit, on the basis of a copyright or of a trade mark, the marketing of a product if that product has been lawfully marketed on the territory of another member state by the proprietor of such rights or with his consent**

The first part of the reply to the question submitted must therefore be that articles 30 and 36 of the eec treaty must be interpreted to mean that the judicial authorities of a member state may not prohibit, on the basis of a copyright or of a trade mark, the marketing on the territory of that state of a product to which one of those rights applies if that product has been lawfully marketed on the territory of another member state by the proprietor of such rights or with his consent.

Import – free movement

- **Mere import cannot be classiefied as unfair commercial practice, either by law or by agreement**

The second part of the reply to the question submitted must thus be that article 30 of the treaty must be interpreted as meaning :

- That the importation into a member state of goods lawfully marketed in another member state cannot as such be classified as an improper or unfair commercial practice, without prejudice however to the possible application of legislation of the state of importation against such practices on the ground of the circumstance or methods of offering such goods for sale as distinct from the actual fact of importation; and
- That an agreement between individuals intended to prohibit the importation of such goods may not be relied upon or taken into consideration in order to classify the marketing of such goods as an improper or unfair commercial practice.

Source: **Eur-Lex**

European Court of Justice, 22 January 1981, Dansk Supermarked v Imerco

(P. Pescatore, A. Touffait en O. Due)

Parties

In case 58/80

Reference to the court under article 177 of the eec treaty by the hoejesteret (supreme court of denmark), for a preliminary ruling in the action pending before that court between

Dansk supermarked a/s , having its registered office in Aarhus ,

And

A/s Imerco, having its registered office in glostrup, copenhagen,

Subject of the case

On the interpretation of articles 30 and 85 of the eec treaty and of regulation no 67/67/eec of the commission of 22 march 1967 on the application of article 85 (3) of the treaty to certain categories of exclusive dealing agreements in relation to danish legislation on copyright , trade marks and unfair competition ,

Grounds

1 By an order of 14 february 1980 , which was received at the court on 18 february 1980 the hoejesteret (supreme court) of denmark referred to the court for a preliminary ruling under article 177 of the eec treaty a question the substance of which concerns the interpretation of articles 30 and 36 of the eec treaty in order to determine the applicability of certain provisions of national law on copyright , trade marks and marketing to goods imported from another member state .

2 The file shows that a/s imerco , the respondent in the main action , a group of danish hardware merchants commissioned in the united kingdom on the occasion of the fiftieth anniversary of its foundation in 1978 a china service decorated with pictures of danish royal castles and bearing on the reverse side the words ' ' imerco fiftieth anniversary ' ' . The sale of that service was reserved exclusively to hardware merchants who were members of imerco . It was agreed between imerco and the british manufacturer that the substandard pieces which , owing to the quality standards applied , amounted to approximately 20% of the production , might be marketed by the manufacturer in the united kingdom but might not in any circumstances be exported to denmark or to other scandinavian countries .

3 Dansk supermarked a/s , the appellant in the main action , the proprietor of several supermarkets , was able to obtain through dealers a number of services marketed in the united kingdom and offered them for sale in denmark at prices appreciably lower than those of the services sold by imerco ' s members . The file does not establish whether the services in question were sold as substandard in the united kingdom ; in any case the customers of dansk supermarked do not appear to have been notified of that fact .

4 Dansk supermarked refused to withdraw the services from sale despite the protests of imerco and the latter then instituted proceedings before the byret (court of first instance) aarhus and obtained a provisional injunction dated 22 june 1978 prohibiting dansk supermarked from selling the services in question .

5 By a judgment of 19 march 1979 the soe- og handelsret i koebenhavn , (maritime and commercial court , copenhagen) upheld that injunction , considering that dansk supermarked ' s actions were in breach of approved commercial usage and infringed articles 1 and 5 of law no 297 of 14 june 1974 on marketing (lov om

markedsfoering). The court did not consider it necessary to decide whether there had been any infringement of the national provisions on copyright and trade marks as was further contended by imerco . With regard to the provisions of community law , namely articles 30 and 85 of the eec treaty and regulation (eec) no 67/67 of the commission of 22 march 1967 (official journal , english special edition 1967 , p . 10), upon which dansk supermarked relied in its defence , the court did not take them into consideration since it took the view that the injunction against dansk supermarked was not of such a nature as to constitute an obstacle to the free movement of goods between member states of the community .

6 Dansk supermarked appealed against that judgment to the hoejesteret claiming that the said provisions of community law precluded the application of the danish law on marketing under which the soe- og handelsret had prohibited the marketing of the services in question . In order to settle this point the hoejesteret submitted the following question to the court of justice :

'Do the provisions of the eec treaty or measures in implementation thereof preclude the application to the case of the danish laws on copyright , trade marks and marketing?'

7 The file shows that the hoejesteret wishes to establish by means of that question whether and on what conditions the provisions of the eec treaty may preclude the application of provisions of national law concerning on the one hand copyright and trade-marks and on the other those on marketing which are contained in the above-mentioned law no 297 of 14 june 1974 .

8 The provisions of the treaty to which that question relates are article 30 on the elimination of quantitative restrictions on imports and measures having equivalent effect and article 36 in so far as it concerns rights to the protection of industrial and commercial property . On the other hand the file shows that the provisions of community law relating to competition , namely article 85 of the eec treaty and regulation no 67/67 upon which dansk supermarked relies , are irrelevant to the main action ; it is accordingly unnecessary to take them into consideration in replying to the question submitted .

9 That question must be understood as asking whether goods which have been lawfully marketed in one member state with the consent of the undertaking which is entitled to sell them may be prohibited , under an agreement concluded between that undertaking and the manufacturer , from being marketed in another member state either on the basis of national provisions on the protection of copyright or trade marks or under legislation on marketing .

The legislation on the protection of copyright and trade marks

10 The national provisions on the protection of copyright and trade marks have been relied upon by imerco on the basis on the one hand of the creative work entailed by the design and production of the service and on the other of the affixing of its name to that service .

11 In this matter it is sufficient to refer to the settled case-law of the court as it has been set out in particular in **the judgment of 22 june 1976 (terrapin (overseas) ltd , case 119/75 (1976) ecr 1039)**. It may be recalled that the effect of the provisions of the treaty on the free movement of goods and in particular of article 39 , is to prohibit between member states quantitative restrictions on imports and all measures having equivalent effect . However , according to article 36 that provision does not preclude prohibitions or restrictions on imports justified on grounds of the protection of industrial and commercial property . Nevertheless it is clear from that article , in particular the second sentence , as well as from the context , that whilst the treaty does not affect the existence of rights recognized by the legislation of a member state in matters of industrial and commercial property , yet the exercise of those rights may none the less , depending on the circumstances , be restricted by the prohibitions of the treaty . Inasmuch as it provides an exception to one of the fundamental principles of the common market , article 36 in fact admits exceptions to the free movement of goods only to the extent to which such exceptions are justified for the purpose of safeguarding rights which constitute the specific subject-matter of that property . The exclusive right guaranteed by the legislation on industrial and commercial property is exhausted when a product has been lawfully distributed on the market in another member state by the actual proprietor of the right or with his consent .

12 The first part of the reply to the question submitted must therefore be that articles 30 and 36 of the eec treaty must be interpreted to mean that the judicial authorities of a member state may not prohibit , on the basis of a copyright or of a trade mark , the marketing on the territory of that state of a product to which one of those rights applies if that product has been lawfully marketed on the territory of another member state by the proprietor of such rights or with his consent .

The application of the rules on marketing

13 The danish law of 14 june 1974 upon which imerco relies , requires undertakings in their dealings to comply with the requirements of approved marketing usage. It authorizes the competent courts to issue injunctions prohibiting all acts in breach of the provisions of the law and prescribes penalties for breach of such injunctions . As the danish government has explained , that law is comparable in certain respects to the legislation in force in other member states against unfair competition , but it has in addition other objectives in that sphere , in particular the protection of consumers .

14 The question submitted by the hoejesteret is intended to establish whether it is possible to consider as contrary to approved marketing usage the sale in denmark of goods marketed in another member state with the agreement of a danish undertaking but subject to the condition that the goods must not be exported to denmark so as to compete there with goods marketed exclusively by the undertaking concerned .

15 In order to reply to that question it must first of all be remarked that community law does not in principle have the effect of preventing the application in a member state to goods imported from other member states

of the provisions on marketing in force in the state of importation . It follows that the marketing of imported goods may be prohibited if the conditions on which they are sold constitutes an infringement of the marketing usages considered proper and fair in the member state of importation .

16 it must nevertheless be emphasized , as the court of justice has stressed in another context in its **judgment of 25 november 1971 (beguelin , case 22/71 , (1971) ecr 949)**, that the actual fact of the importation of goods which have been lawfully marketed in another member state cannot be considered as an improper or unfair act since that description may be attached only to offer or exposure for sale on the basis of circumstances distinct from the importation itself .

17 It must furthermore be remarked that it is impossible in any circumstances for agreements between individuals to derogate from the mandatory provisions of the treaty on the free movement of goods . It follows that an agreement involving a prohibition on the importation into a member state of goods lawfully marketed in another member state may not be relied upon or taken into consideration in order to classify the marketing of such goods as an improper or unfair commercial practice .

18 The second part of the reply to the question submitted must thus be that article 30 of the treaty must be interpreted as meaning :

- That the importation into a member state of goods lawfully marketed in another member state cannot as such be classified as an improper or unfair commercial practice , without prejudice however to the possible application of legislation of the state of importation against such practices on the ground of the circumstance or methods of offering such goods for sale as distinct from the actual fact of importation ; and
- That an agreement between individuals intended to prohibit the importation of such goods may not be relied upon or taken into consideration in order to classify the marketing of such goods as an improper or unfair commercial practice .

Decision on costs

19 The costs incurred by the government of the kingdom of denmark and by the commission of the european communities , which have submitted observations to the court , are not recoverable . As these proceedings are , in so far as the parties to the main action are concerned , in the nature of a step in the action pending before the national court costs are a matter for that court .

Operative part

On those grounds ,

The court (second chamber),

In answer to the question referred to it by the hoejesteret by order of that court dated 14 february 1980 ,

Hereby rules :

1. Articles 30 and 36 of the eec treaty must be interpreted to mean that the judicial authorities of a member state may not prohibit , on the basis of a copyright or of a trade mark , the marketing on the territory of that state of a product to which one of those rights applies if that product has been lawfully marketed on the territory of another member state by the proprietor of such rights or with his consent .

2. Article 30 of the eec treaty must be interpreted as meaning :

- That the importation into a member state of goods lawfully marketed in another member state cannot as such be classified as an improper or unfair commercial practice , without prejudice however to the possible application of legislation of the state of importation against such practices on the ground of the circumstance or methods of offering such goods for sale as distinct from the actual fact of importation ; and
- That an agreement between individuals intended to prohibit the importation of such goods may not be relied upon or taken into consideration in order to classify the marketing of such goods as an improper or unfair commercial practice .