European Court of Justice, 22 December 2008, The Wellcome Foundation v Paranova - Zovirax

TRADEMARK LAW – FREE MOVEMENT

Repackaging – New packaging – damage of reputation

- **Where it is established that repackaging of the pharmaceutical product is necessary for further marketing in the Member State of importation, the presentation of the packaging should be assessed only against the condition that it should not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.**

The condition that the repackaging of the pharmaceutical product, inter alia by reboxing it, be necessary for its further marketing in the importing Member State is directed only at the fact of repackaging the product, and not at the manner or style in which it has been repackaged. Thus, the condition of necessity is directed only at the fact of repackaging the product, inter alia by reboxing it, and not at the presentation of that new packaging. Since the presentation of the new packaging of the product does not fall to be assessed against the condition of necessity for the further marketing of the product, it must also not be assessed against the criterion that the adverse affect on the trade mark rights should be the minimum possible. It would be inconsistent to accept that there is no need to ascertain whether the presentation of the new packaging of the product in question, chosen by the parallel importer, is necessary for the further marketing of the product and, at the same time, to demand that the importer satisfy the criterion of the minimum possible adverse affect on trade mark rights. As is clear from paragraphs 23 and 24 of this judgment, the protection of the proprietor of the trade mark in relation to the presentation of the packaging of the pharmaceutical product, chosen by the parallel im-porter, is, in principle, ensured by compliance with the condition that the presentation of the repackaged prod-uct must not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.

Duty of disclosure for parallel importer

- **It is for the parallel importer to furnish the proprietor of the trade mark with the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the member state of importation**

Taking account of the foregoing, and having regard to the fact that adequate functioning of the notice system presupposes that the interested parties make sincere efforts to respect each other's legitimate interests, it is for the parallel importer to furnish the proprietor of the trade mark with the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation. The kind of information to be furnished depends, moreover, on the facts of each case. It cannot, prima facie, be excluded that it may, in exceptional cases, involve disclosing the Member State of export, where the absence of that information would prevent the proprietor of the trade mark from evaluating the need to repackage.

- **In a situation where it is established that the details furnished are used by the proprietor of the trade mark to enable him to detect weaknesses in his sales organisation and thus combat parallel trade in his products, it is under the provisions of the EC Treaty on competition that those engaged in parallel trade should seek protection against action of the latter type**

Therefore, the reply to the second question must be that Article 7(2) of Directive 89/104 is to be interpreted as meaning that it is for the parallel importer to furnish to the proprietor of the trade mark the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation.

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European Court of Justice, 22 December 2008
(C.W.A. Timmermans, J.-C. Bonichot, J. Makarczyk, L. Bay Larsen, C. Toader)
In Case C-276/05,
REFERENCE for a preliminary ruling under Article 234 EC from the Oberster Gerichtshof (Austria), made by decision of 24 May 2005, received at the Court on 6 July 2005, in the proceedings
The Wellcome Foundation Ltd
v
Paranova Pharmazeutika Handels GmbH,
THE COURT (Second Chamber),
composed of C.W.A. Timmermans, President of the Chamber, J.-C. Bonichot, J. Makarczyk, L. Bay Larsen (Rapporteur) and C. Toader, Judges,
Advocate General: E. Sharpston,
Registrar: K. Sztranc-Sławiczek, Administrator,
having regard to the written procedure and further to the hearing on 3 April 2008,
after considering the observations submitted on behalf of:

– The Wellcome Foundation Ltd, by L. Wiltschek and E. Tremmel, Rechtsanwälte,
– Paranova Pharmazeutika Handels GmbH, by R. Schneider, Rechtsanwalt,
– the Greek Government, by O. Patsopoulou, G. Alexaki and M. Apessos, acting as Agents,
– the Portuguese Government, by L. Inez Fernandes, acting as Agent,
– the Commission of the European Communities, by W. Wils and H. Krämer, acting as Agents,
after hearing the **Opinion of the Advocate General** at the sitting on 9 October 2008,
gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 7 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), as amended by the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3) ('Directive 89/104').

2 The reference was made in the course of proceedings between The Wellcome Foundation Ltd ('Wellcome'), proprietor of the Austrian trade mark ZOVIRAX, and Paranova Pharmazeutika Handels GmbH ('Paranova'), concerning pharmaceutical products under the ZOVIRAX trade mark, marketed in Member States of the European Economic Area ('EEA') by Wellcome or by third parties, and the subject of parallel importation by Paranova and marketing by the latter in Austria, after having been repackaged.

Legal context

Community legislation

3 Article 7 of Directive 89/104, entitled 'Exhaustion of the rights conferred by a trade mark', provides:

'1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.'

4 In accordance with Article 65(2) of the Agreement on the European Economic Area, read in conjunction with Point 4 of Annex XVII to that agreement, Article 7(1) of Directive 89/104 was amended for the purposes of that agreement, the expression 'in the Community' being replaced by the expression 'in the territory of a Contracting Party'.

National legislation

5 According to Paragraph 10b(1) of the Law on Trade Mark Protection (Markenschutzgesetz), the trade mark does not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the EEA under that trade mark by the proprietor or with his consent. Under Paragraph 10b(2) of that law, subparagraph 1 does not apply where there exist legitimate reasons for the proprietor to oppose further marketing of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

The dispute in the main proceedings and the questions referred for a preliminary ruling

6 Wellcome is, inter alia, the proprietor of two Austrian word marks ZOVIRAX and the figurative word mark ZOVIRAX, protected in respect of the pharmaceutical products class. In Austria, the marks are regularly used by GlaxoSmithKline Pharma GmbH with Wellcome's consent.

7 Paranova is a pharmaceutical product wholesaler. In Austria it markets, inter alia, pharmaceutical products bearing the mark ZOVIRAX in packs of 60 x 400 mg tablets (ZOVIRAX 400/60), which Wellcome or third parties, with the consent of Wellcome, have put on the market in the countries of the EEA, and which were bought by Paranova's parent company in the course of standard trade in pharmaceutical products.

8 Paranova markets those pharmaceutical products in new packaging, the appearance of which is completely different from the packaging of the original product. The words 'Repackaged and imported by Paranova' are written in bold type and block capitals on the front of that new packaging. The manufacturer is referred to on the sides and on the back in normal type. The new packaging has a blue band, such as Paranova regularly uses for the pharmaceutical products which it markets.

9 By letter of 12 May 2003, Paranova informed an associated company of Wellcome in Austria of its intention to market ZOVIRAX 400/60 in that country. With that letter, it enclosed colour prints of the outer packaging, of the blister packs and of the instructions for use of the product. Thereupon, an English associated company of Wellcome requested that, in future, Paranova inform GlaxoSmithKline Corporate Intellectual Property ('Glaxo') of the details of its marketing activities, attaching a complete sample of every type of packaging and disclosing the state of export and the exact reasons for the repackaging.

10 Paranova, having disclosed the reasons for the repackaging which it carried out, but not the State of export of the pharmaceutical product in question, was again asked by Glaxo to disclose the State of export and the precise reasons for the repackaging. Paranova was informed at the same time that there was no reason to state the information concerning the parallel importer in such a noticeable manner and in larger, clearer type than that of the manufacturer's name. Objection was also made to the distinctive packaging resulting from the two coloured bands on the edges of the box.

11 Glaxo requested that a sample of all packaging be sent to it.

12 On 4 June 2003, Paranova stated that it was not possible, owing to technical reasons linked to production, for it to provide a complete sample of the packaging, in particular if Glaxo was not willing to bear the costs.

13 Paranova imports ZOVIRAX 400/60 from Greece. There, ZOVIRAX is marketed in packs of 70

tablets. In Austria, the permissible size of pack is one of 60 tablets.

14 Before the Handelsgericht Wien (Vienna Commercial Court), Wellcome applied for an interim order prohibiting Paranova, in business dealings for the purposes of competition in Austria, from offering and/or marketing repackaged pharmaceutical products, in particular ZOVIRAX, where the repackaging includes newly added or retained trade marks, which are protected in Austria for Wellcome, on the repackaging if:

– the reference to the company which repackaged the product is to be found on the repackaging in larger and clearer type and/or in a more prominent position than the reference to the manufacturer;

– coloured bands, in particular blue bands, with a width of approximately 5 mm, such as are regularly used for Paranova's products, are to be found on the edge of the repackaging,

– it has not duly informed Wellcome, before putting the repackaged product on the market, of the impending marketing, in particular specifying both the State of export and the precise reasons as to why repackaging is necessary.

15 By order of 7 May 2004, the Handelsgericht Wien granted Wellcome's application in part. On appeal, the Oberlandesgericht Wien (Vienna Higher Regional Court) granted the application, on 28 January 2005, as regards the first and third points mentioned above, and rejected it in relation to the second point.

16 Both parties to the main proceedings appealed on a point of law to the Oberster Gerichtshof (Supreme Court).

17 According to the Oberster Gerichtshof, what is decisive in evaluating the conformity of the new packaging is whether proof that the repackaging of the product is necessary – in order not to hinder effective access to the market – has to be furnished only as regards the repackaging of the product in itself. If the answer to that question is in the affirmative, then the further question arises of what the criteria are, against which the presentation of the new packaging should be assessed. In relation to that, there are two possibilities, namely, an assessment having regard to the principle of minimum intervention, or an assessment of the presentation of the new packaging in terms of whether it is such as to damage the reputation of the trade mark or that of its proprietor. The referring court also raises the issue of the extent of the obligation on the parallel importer to give prior notice.

18 It is in those circumstances that the Oberster Gerichtshof decided to stay proceedings and refer the following questions to the Court for a preliminary ruling:

'1. (a) Are Article 7 of … Directive 89/104 … and the case-law of the Court … which has been pronounced on it to be interpreted as meaning that proof that reliance on the trade mark would contribute to an artificial partitioning of the market must be furnished not only as regards the repackaging itself, but also as regards the presentation of the new packaging?

If the answer to that question is in the negative:

(b) Is the presentation of the new packaging to be measured against the principle of minimum intervention or (only) against whether it is such as to damage the reputation of the trade mark and its proprietor?

2. Are Article 7 of Directive [89/104] and the case-law of the Court … which has been pronounced on it to be interpreted as meaning that the parallel importer fulfils his duty of notification only if he informs the proprietor of the trade mark also of the State of export and the precise reasoning for the repackaging?'

Procedure before the Court

19 By decision of 20 September 2005, the President of the Court stayed proceedings until delivery of the Court's judgment in Case C-348/04.

20 The Court has delivered its judgment in that case (**judgment of 26 April 2007 in Case C-348/04 Boehringer Ingelheim and Others [2007] ECR I-3391**).

21 By letter of 30 May 2007, the referring court indicated to the Court that it wished to continue with its reference for a preliminary ruling in so far as concerns questions 1(b) and 2.

22 By decision of 15 June 2007, the President of the Court ordered that the proceedings be resumed.

The questions referred

Question 1(b)

23 In the third paragraph of the operative part of the judgment in **Joined Cases C-427/93, C-429/93, and C-436/93 Bristol-Myers Squibb and Others [1996] ECR I-3457**, the Court ruled that Article 7(2) of Directive 89/104 must be interpreted as meaning that the trade mark owner may legitimately oppose the further marketing of a pharmaceutical product where the importer has repackaged the product and reaffixed the trade mark unless:

– it is established that reliance on trade mark rights by the owner in order to oppose the marketing of repackaged products under that trade mark would contribute to the artificial partitioning of the markets between Member States; such is the case, in particular, where the owner has put an identical pharmaceutical product on the market in several Member States in various forms of packaging, and the repackaging carried out by the importer is necessary in order to market the product in the Member State of importation, and also carried out in such conditions that the original condition of the product cannot be affected by it;

– it is shown that the repackaging cannot affect the original condition of the product inside the packaging;

– the new packaging clearly states who repackaged the product and the name of the manufacturer;

– the presentation of the repackaged product is not such as to be liable to damage the reputation of the trade mark and of its owner; thus, the packaging must not be defective, of poor quality, or untidy; and

– the importer gives notice to the trade mark owner before the repackaged product is put on sale, and, on demand, supplies him with a specimen of the repackaged product.

24 That last condition enables the proprietor to check that the repackaging is not carried out in such a way as directly or indirectly to affect the original con-

dition of the product and that the presentation after repackaging is not likely to damage the reputation of the trade mark (Bristol-Myers Squibb and Others, paragraph 78, and Boehringer Ingelheimand Others, paragraph 20).

25 The condition that the repackaging of the pharmaceutical product, inter alia by reboxing it, be necessary for its further marketing in the importing Member State is directed only at the fact of repackaging the product, and not at the manner or style in which it has been repackaged (Boehringer Ingelheim and Others, paragraphs 38 and 39).

26 Thus, the condition of necessity is directed only at the fact of repackaging the product, inter alia by reboxing it, and not at the presentation of that new packaging.

27 Since the presentation of the new packaging of the product does not fall to be assessed against the condition of necessity for the further marketing of the product, it must also not be assessed against the criterion that the adverse affect on the trade mark rights should be the minimum possible.

28 It would be inconsistent to accept that there is no need to ascertain whether the presentation of the new packaging of the product in question, chosen by the parallel importer, is necessary for the further marketing of the product and, at the same time, to demand that the importer satisfy the criterion of the minimum possible adverse affect on trade mark rights.

29 As is clear from paragraphs 23 and 24 of this judgment, the protection of the proprietor of the trade mark in relation to the presentation of the packaging of the pharmaceutical product, chosen by the parallel importer, is, in principle, ensured by compliance with the condition that the presentation of the repackaged product must not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.

30 Therefore, the reply to question 1(b) must be that Article 7(2) of Directive 89/104 is to be interpreted as meaning that, where it is established that repackaging of the pharmaceutical product is necessary for further marketing in the Member State of importation, the presentation of the packaging should be assessed only against the condition that it should not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.

Question 2

31 Wellcome claims, in essence, that disclosure, to the proprietor of the trade mark, of the State of export and the precise reasons for the repackaging enables the latter to determine whether the repackaging is necessary.

32 In the context of a dispute pending before a national court between the proprietor of the trade mark and a parallel importer who is marketing, in a Member State, a pharmaceutical product, imported from another Member State, in new packaging, it is for that parallel importer to prove, inter alia, the existence of the condition that reliance on trade mark rights by the proprietor in order to oppose the marketing of repackaged products under that trade mark would contribute to the artificial partitioning of the markets between Member States (see Boehringer Ingelheimand Others, paragraphs 24 and 54).

33 As is mentioned in paragraph 23 of this judgment, such is the case, in particular, where the proprietor has put an identical pharmaceutical product on the market in several Member States in various forms of packaging, and the repackaging carried out by the importer is necessary in order to market the product in the Member State of importation.

34 Taking account of the foregoing, and having regard to the fact that adequate functioning of the notice system presupposes that the interested parties make sincere efforts to respect each other's legitimate interests (**Case C-143/00 Boehringer Ingelheim and Others [2002] ECR I-3759, paragraph 62**), it is for the parallel importer to furnish the proprietor of the trade mark with the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation.

35 The kind of information to be furnished depends, moreover, on the facts of each case. It cannot, prima facie, be excluded that it may, in exceptional cases, involve disclosing the Member State of export, where the absence of that information would prevent the proprietor of the trade mark from evaluating the need to repackage.

36 In that regard, it should be borne in mind that, in a situation where it is established that the details furnished are used by the proprietor of the trade mark to enable him to detect weaknesses in his sales organisation and thus combat parallel trade in his products, it is under the provisions of the EC Treaty on competition that those engaged in parallel trade should seek protection against action of the latter type (see, to that effect, **Case C-349/95 Loendersloot [1997] ECR I-6227, paragraph 43**).

37 Therefore, the reply to the second question must be that Article 7(2) of Directive 89/104 is to be interpreted as meaning that it is for the parallel importer to furnish to the proprietor of the trade mark the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation.

Costs

38 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. Article 7(2) of Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, is to be interpreted as meaning that, where it

is established that repackaging of the pharmaceutical product is necessary for further marketing in the Member State of importation, the presentation of the packaging should be assessed only against the condition that it should not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.

2. Article 7(2) of Directive 89/104, as amended by the Agreement on the European Economic Area of 2 May 1992, is to be interpreted as meaning that it is for the parallel importer to furnish to the proprietor of the trade mark the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation.

OPINION OF ADVOCATE GENERAL

Sharpston

delivered on 9 October 2008 (1)

Case C-276/05

The Wellcome Foundation Ltd

v

Paranova Pharmazeutika Handels GmbH

(Reference for a preliminary ruling from the Oberster Gerichtshof (Austria))

(Trade marks – Pharmaceutical products – Repackaging – Parallel imports – Change in appearance of the packaging – Obligation of prior notice)

1. This reference for a preliminary ruling from the Oberster Gerichtshof (Supreme Court), Austria, concerns the interpretation of Article 7 of the Trade Marks Directive. (2) It is (in terms of issues if not parties) yet another episode in the long-running saga involving most recently Case C-143/00 Boehringer Ingelheim and Others ('Boehringer I') (3) and Case C-348/04 Boehringer Ingelheim and Others ('Boehringer II'). (4)

2. In those cases the Court gave extensive guidance as to the circumstances in which a trade mark owner may prevent a parallel importer from marketing pharmaceutical products bearing its trade mark where the importer has repackaged the products.

3. In the present case the referring court accepts that its principal question has been resolved by the judgment of the Court in Boehringer II, which was delivered after the reference was made. However, it has maintained two questions which were not so resolved. Those questions concern the presentation of permitted repackaging and the scope of the importer's obligation to notify the trade mark owner of his intention to repackage.

The legal framework

4. Article 7(1) of the Trade Marks Directive provides that the trade mark owner's right to prevent use of the mark 'shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the [European Economic Area ("EEA")] (5) under that trade mark by the proprietor or with his consent'.

5. Article 7(2) states that Article 7(1) 'shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market'.

6. Paragraph 10b, paragraphs 1 and 2, of the Austrian Markenschutzgesetz (law for the protection of marks) transposes Article 7 of the Directive verbatim.

7. The roots of the Trade Marks Directive may be traced to the Court's case-law on Articles 28 and 30 EC. That case-law, together with a number of the Court's rulings on the Directive, has been amply explained in the Opinion of Advocate General Jacobs in Boehringer I and in my Opinion in Boehringer II. Accordingly, I do not propose to review the case-law in general. For present purposes I will confine myself to mentioning the judgments in Bristol-Myers Squibb (6) and Boehringer I and II. (7)

8. In Bristol-Myers Squibb the Court ruled that, under Article 7(2) of the Directive, a trade mark owner may legitimately oppose the further marketing of a repackaged pharmaceutical product unless

(1) to do so would contribute to the artificial partitioning of the markets between Member States; such is the case, in particular, where the owner has put an identical pharmaceutical product on the market in several Member States in various forms of packaging and the repackaging is necessary in order to market the product in the Member State of importation, and is carried out in such conditions that the original condition of the product cannot be affected by it;

(2) the repackaging cannot affect the original condition of the product inside the packaging;

(3) the new packaging clearly states who repackaged the product and the name of the manufacturer;

(4) the presentation of the repackaged product is not liable to damage the reputation of the trade mark and of its owner; thus, the packaging must not be defective, of poor quality, or untidy; and

(5) the importer gives notice to the trade mark owner before the repackaged product is put on sale, and, on demand, supplies him with a specimen of the repackaged product.

9. I will refer to those five conditions as 'the BMS conditions'.

10. In Boehringer I the Court gave further guidance as to the concept of 'necessary' in the first BMS condition and as to the requirement of notice in the fifth BMS condition. It ruled (in so far as is relevant to the present case):

– Replacement packaging of pharmaceutical products is objectively necessary within the meaning of the Court's case-law if, without such repackaging, effective access to the market concerned, or to a substantial part of that market, must be considered to be hindered as the result of strong resistance from a significant proportion of consumers to relabelled pharmaceutical products.

– A parallel importer must, in any event, in order to be entitled to repackage trade-marked pharmaceutical products, fulfil the requirement of prior notice. If the parallel importer does not satisfy that requirement, the trade mark proprietor may oppose the marketing of

the repackaged pharmaceutical product. It is incumbent on the parallel importer himself to give notice to the trade mark proprietor of the intended repackaging. In the event of dispute, it is for the national court to assess, in the light of all the relevant circumstances, whether the proprietor had a reasonable time to react to the intended repackaging.

11. In Boehringer II, in answer to a further series of questions concerning the meaning of 'necessary', the burden of proof and the consequences of failure to give notice, the Court ruled (in so far as is relevant to the present case):

– The condition that the repackaging of the pharmaceutical product be necessary for its further commercialisation in the importing Member State is directed solely at the fact of repackaging and not at the manner and style of the repackaging.

– The condition that the presentation of the pharmaceutical product must not be such as to be liable to damage the reputation of the trade mark and of its proprietor is not limited to cases where the repackaging is defective, of poor quality, or untidy.

– It is a question of fact for the national court to decide in the light of the circumstances of each case whether the fact that a parallel importer fails to affix the trade mark to the new exterior carton ('debranding'), or applies either his own logo or house-style or get-up or a get-up used for a number of different products ('co-branding'), or positions the additional label so as wholly or partially to obscure the proprietor's trade mark, or fails to state on the additional label that the trade mark in question belongs to the proprietor, or prints the name of the parallel importer in capital letters, is liable to damage the trade mark's reputation.

The main proceedings and the questions referred

12. The facts, in so far as they are relevant to the issues before the Court, may be set out fairly briefly.

13. The Wellcome Foundation Ltd ('Wellcome') is the proprietor of the trade mark ZOVIRAX, (8) registered in Austria for pharmaceutical products and marketed within the EEA by it or with its consent. Paranova Pharmazeutika Handels GmbH ('Paranova') has imported branded ZOVIRAX products from Greece, where they are marketed in lots of 70 tablets. Since Austria requires that they be sold in packs of 60 tablets, Paranova has repackaged the products in packs of 60 x 400 mg tablets. The new packaging also differs from that of the original product in that the reference 'Repackaged and imported by Paranova' is in bold type and block capitals on the front; the manufacturer is referred to on the sides and on the back in normal type; and there is a blue band, such as Paranova regularly uses for the pharmaceutical product it markets, at the edges.

14. Paranova informed Wellcome of its intention to market ZOVIRAX in Austria. It enclosed colour prints of the outer packaging, of the blister packs and of the instructions for use. Wellcome requested that, in future, Paranova should, first, add a complete sample of every type of packaging and, second, disclose the State of export and the exact reasons for the repackaging. Paranova disclosed the reasons for the repackaging (different size of packaging), but not the State of export; it also refused to provide a sample unless Wellcome paid. It was again asked to communicate the State of export and the precise reasons for the repackaging. Wellcome in addition objected to the aspects of the new packaging referred to above.

15. Wellcome sought an injunction preventing Paranova from marketing ZOVIRAX in packaging with those features and without having informed it of the State of export and the precise reasons for the repackaging. The dispute has now reached the Oberster Gerichtshof, which has referred the following questions for a preliminary ruling:

'1(a) Are Article 7 of the Trade Marks Directive and the case-law of the Court of Justice of the European Communities which has been pronounced on it to be interpreted as meaning that proof that reliance on the trade mark would contribute to an artificial partitioning of the market must be furnished not only as regards the repackaging in itself, but also as regards the presentation of the new packaging?

If the answer to this question is in the negative:

(b) Is the presentation of the new packaging to be measured against the principle of minimum intervention or (only) against whether it is such as to damage the reputation of the trade mark and its proprietor?

2 Are Article 7 of the Trade Marks Directive and the case-law of the Court of Justice of the European Communities which has been pronounced on it to be interpreted as meaning that the parallel importer fulfils his duty of notification only if he informs the proprietor of the trade mark also of the State of export and the precise reasons for the repackaging?'

16. In view of the overlap between the questions referred, the present case was suspended until the Court had delivered judgment in Boehringer II on 26 April 2007. Question 1(a) was in effect answered in the negative by that judgment. The referring court in the present case indicated that it wished to maintain its questions 1(b) and 2, which were not specifically answered.

17. Written observations have been submitted by Wellcome, Paranova, the Greek and Portuguese Governments and the Commission, all of which were represented at the hearing.

The criterion for the presentation of repackaging

18. By question 1(b), the referring court asks whether the presentation of the new packaging is to be measured against the principle of minimum intervention or (only) against whether it is such as to damage the reputation of the trade mark and its proprietor.

19. The referring court explains in its order for reference that by 'the principle of minimum intervention' it means that 'the person carrying out the relabelling must use means which make parallel trade feasible while causing as little prejudice as possible to the specific subject-matter of the trade mark right', as stated by the Court in Loendersloot. (9)

20. Wellcome, Greece and Portugal submit that the presentation of the repackaging must be evaluated not only from the point of view of whether it may damage

the reputation of the trade mark and its proprietor but also in accordance with that principle. Paranova and the Commission take the contrary view.

21. I agree with Paranova and the Commission that the presentation of the repackaging must be evaluated only from the point of view of whether it may damage the reputation of the trade mark and its proprietor.

The judgment in Loendersloot

22. Loendersloot arose out of a trade mark owner's attempt to prevent a parallel importer of its branded whisky from, first, removing the labels on the bottles and replacing them with labels which were similar but on which the indication 'pure', appearing on the original labels, was omitted and/or on which the name of the importer approved by the trade mark owner was replaced by another name and, second, removing the identification numbers on or underneath the original labels and on the packaging.

23. Wellcome, Greece and Portugal rely heavily on the statement of the Court in Loendersloot set out in point 19 above. I am not, however, convinced that that statement is of much assistance in the context of the present case.

24. First, before its judgment in Loendersloot the Court had already ruled in Bristol Myers-Squibb that a trade mark owner could oppose replacement packaging where the parallel importer was able to reuse the original packaging for the purpose of marketing in the Member State of importation by affixing labels to that packaging. (10)Bristol-Myers Squibb, however, itself concerned pharmaceutical products which had been repackaged by the parallel importer (Paranova, as it happens) in its own style. (11) There is nothing in the judgment to suggest that such repackaging was precluded per se. On the contrary, the judgment appears to be based on the premiss that such repackaging will be lawful provided that the conditions laid down by the judgment are met.

25. Second, as the Commission points out, the Court in Loendersloot was considering whether repackaging (in the broad sense including re-labelling) was necessary in order to market the product in the Member State of importation. It is now, however, clear from Boehringer II that 'the condition that packaging be necessary is directed only at the fact of repackaging the product – and the choice between a new carton and oversticking – for the purposes of allowing that product to be marketed in the importing State and not at the manner or style in which it has been repackaged'. (12)

26. Third, the Court in Loendersloot explicitly distinguished cases concerning pharmaceutical products from cases which – like that before it – did not concern such products. (13)

27. Finally, the statement of the Court in Loendersloot which is relied on in the present case refers to repackaging which 'caus[es] as little prejudice as possible to the specific subject-matter of the trade mark right'.

28. As I explained in my Opinion in Boehringer II, it is clear from the case-law of the Court that the specific subject-matter of a trade mark has two components: the right to use the mark for the purpose of putting products protected by it into circulation for the first time in the EEA, after which that right is exhausted, and the right to oppose any use of the trade mark which is liable to impair the guarantee of origin, which comprises both a guarantee of identity of origin and a guarantee of integrity of the trade-marked product. (14)

29. In cases such as the present, which concern goods which have already been put on the market in the EEA by or with the consent of the trade mark owner, the first right has clearly been exhausted.

30. With regard to the second, composite, right, it seems to me that both elements of this guarantee are adequately safeguarded without imposing the further limitation sought by Wellcome.

31. The second BMS condition explicitly requires the guarantee of integrity of the trade-marked product to be preserved.

32. What remains, therefore, is the guarantee of identity of origin. The Court in Boehringer II was asked whether co-branding was necessarily damaging to the reputation of a trade mark or whether damage to reputation was a question of fact. That question arose because the referring court took the view that in some cases co-branding might cause such damage, for example if it created a perception that the co-brand's proprietor was the manufacturer or that the importer and manufacturer were in some sort of joint venture. The Court ruled that, 'precisely as with the question whether advertising is liable to create the impression that there is a commercial connection between the reseller and the trade mark proprietor and, therefore, constitute a legitimate reason within the meaning of Article 7(2) of [the Trade Marks] Directive … , the question whether [the fact that a parallel importer co-brands] is liable to damage the trade mark's reputation is a question of fact for the national court to decide in the light of the circumstances of each case'. (15) It seems clear therefore that the Court dealt with the guarantee of identity of origin in the context of co-branding as an aspect of reputation. If the principle of minimum intervention had applied, there would have been no need for such an approach. It would have sufficed to state that co-branding was unlawful per se.

New packaging to own design

33. It seems to me rather doubtful that the Court was – implicitly and indirectly – endorsing the view that the presentation of new packaging is to be measured against the principle of minimum intervention when it stated in Boehringer II that 'the condition that packaging be necessary is directed only at the fact of repackaging the product – and the choice between a new carton and oversticking – for the purposes of allowing that product to be marketed in the importing State and not at the manner or style in which it has been repackaged (see also the judgment of the EFTA Court in Case E-3/02 Paranova v Merck [2003] EFTA Court Report 2004, p. 1, paragraphs 41 to 45)'. (16)

34. In Paranova v Merck, the EFTA Court had been asked inter alia whether the criterion of necessity that

the Court of Justice had applied in interpreting 'legitimate reasons' within the meaning of Article 7(2) of the Trade Marks Directive applied also to the more specific design of the packaging or whether the more specific design of the packaging was to be assessed solely on the basis of the condition that the repackaging must not adversely affect the reputation of the trade mark proprietor or the trade mark.

35. The EFTA Court reviewed the case-law of the Court of Justice and in particular the BMS conditions. It considered that on the basis of the first condition 'it will be established whether the parallel importer has a right to repackage the product and reaffix the manufacturer's trade mark, whereas the other criteria determine conditions for the exercise of this right in order to safeguard legitimate interests of the trade mark proprietor'. Citing Bristol-Myers Squibb, Merck Sharpe & Dohme, (17)Boehringer I and Pharmacia & Upjohn, (18) the EFTA Court stated that '[p]ermitting parallel imports and repackaging are means which aim at securing the free movement of goods. … The parallel importer's right to repackage is, in other words, justified because it makes an important contribution to overcoming the partitioning of the EEA market along national boundaries. It is against this background that the Court of Justice [has] established the necessity test … It follows that the [test] is relevant to the issue of establishing the parallel importer's right to repackage as such, where the conduct of the trade mark proprietor and factual or legal trade barriers hinder effective access to the market of the State of importation. Where … the right to repackage is beyond doubt and the parallel importer has, in exercising it, achieved effective access to the market, the necessity requirement cannot be decisive when interpreting the term "legitimate reasons" in Article 7(2) of the Directive. … Imposing the necessity requirement on the market conduct of the parallel importer after having gained market access, in particular on its strategy of product presentation, such as advertising or packaging design, would constitute a disproportionate restriction on the free movement of goods'. (19)

36. It seems to me that that statement by the EFTA Court – and hence this Court's implicit endorsement of it in Boehringer II – makes no sense if repackaging which goes beyond minimum intervention is automatically unlawful.

37. Morevoer, it may be noted that in Merck, Sharpe & Dohme (20) the Court explained that the 'question referred relates to a situation in which a trade mark proprietor has opposed repackaging consisting in replacement of the original packaging by new packaging designed by the importer and required that the importer restrict itself to relabelling by means of self-adhesive stickers'. (21) It went on to state that 'replacement packaging of pharmaceutical products is objectively necessary within the meaning of the Court's case-law if, without such repackaging, effective access to the market concerned, or to a substantial part of that market, must be considered to be hindered as the result of strong resistance from a significant proportion of consumers to relabelled pharmaceutical products'. (22) In so ruling, the Court made no further reference to whether the parallel importer had used new packaging to its own design. It seems therefore reasonable to infer that the Court did not regard such a circumstance as precluded per se.

Commercial advantage

38. Finally, Wellcome submits that, if the presentation of the repackaging is not subject to the principle of minimum intervention, the parallel importer will be able to repackage for the sole purpose of obtaining a commercial advantage. Only if the presentation of repackaging is subject to the principle of minimum intervention will it be possible properly to balance the legitimate interests of the trade mark proprietor and the parallel importer and to guarantee that the parallel importer does not benefit from the goodwill and reputation of the trade mark.

39. It seems to me, however, that that argument is based on two false premisses.

40. First, the Court has made it clear that the condition that repackaging be necessary is in any event not fulfilled if repackaging of the product is explicable solely by the parallel importer's attempt to secure a commercial advantage. (23) Thus repackaging solely for a commercial advantage will be neither more nor less permissible depending on whether the principle of minimum intervention is or is not the relevant criterion for determining whether specific repackaging is permissible. Such repackaging is in any event impermissible.

41. Second, it is clear from the scheme of the Trade Marks Directive that a trade mark owner does not necessarily have a right to oppose use of his mark by a third party which 'without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark'. Such a right is not listed among those conferred by Article 5(1) of the Directive. It will exist only if the Member State concerned has made use of the option under Article 5(2).

42. Moreover, and in any event, it must be borne in mind that in a case such as the present the starting point must be that the trade mark proprietor has exhausted such rights as he had. It is only if there exist 'legitimate reasons' for opposing further commercialisation within the meaning of Article 7(2) that those rights revive.

The extent of the duty of notification

43. By its second question, the referring court asks essentially whether Article 7 of the Trade Marks Directive requires the parallel importer's notification to the trade mark owner to identify the State of export and to give the precise reasons for the repackaging.

44. Wellcome and Portugal submit that that question should be answered in the affirmative; Paranova and Greece take the contrary position. The Commission takes a more nuanced view.

Identification of the State of export

45. The requirement to give prior notice dates back to Hoffmann-LaRoche. (24) There, the Court stated that, given the trade mark proprietor's interest that the consumer should not be misled as to the origin of the product, the trader should be allowed to sell the repack-

aged product only on condition that he give the proprietor prior notice. In Bristol Myers-Squibb the Court added that the owner may also require the importer to supply him with a specimen of the repackaged product before it goes on sale, to enable him to check that the repackaging is not carried out in such a way as directly or indirectly to affect the original condition of the product and that the presentation after repackaging is not likely to damage the reputation of the trade mark, and that such a requirement affords the trade mark owner a better possibility of protecting himself against counterfeiting. (25)

46. The Court further stated in Boehringer I that 'The purpose of [those requirements] is to safeguard the legitimate interests of trade mark proprietors. … [S]atisfying those requirements scarcely poses any real practical problems for parallel importers provided that the proprietors react within a reasonable time to the notice. Adequate functioning of the notice system presupposes that the interested parties make sincere efforts to respect each other's legitimate interests.' (26)

47. In this context, it is clear from Bristol-Myers Squibb that the legitimate interests of the trade mark owner to which the Court refers are (i) that the consumer should not be misled as to the origin of the product, (ii) that the repackaging does not affect the original condition of the product, (iii) that the presentation after repackaging is not likely to damage the reputation of the trade mark, and (iv) that the product to be marketed is not counterfeit. (27) It must be borne in mind that the trade mark owner is entitled not only to prior notice but also to request a specimen of the repackaged product before it goes on sale. Against that background I agree with Paranova, Greece and the Commission that none of those interests is served by requiring the parallel importer to identify the State of export.

48. Wellcome argues that such information is necessary in order for the trade mark owner to be able to check whether the repackaging is really necessary. Only if it knows the State of export can it assess whether the only pack sizes in which the product is there available differ from the pack sizes permitted in the State of import.

49. I am not persuaded by that argument. The Court stated in Bristol-Myers Squibb that '[w]here, in accordance with the rules and practices in force in the Member State of importation, the trade mark owner uses many different sizes of packaging in that State, the finding that one of those sizes is also marketed in the Member State of exportation is not enough to justify the conclusion that repackaging is unnecessary. Partitioning of the markets would exist if the importer were able to sell the product in only part of [the] market [for that product].' (28)

50. Consequently, the fact that the only pack sizes in which the product is available in the State of export differ from the pack sizes permitted in the State of import is not conclusive. Even if the 'correct' pack size does exist in the State of export, that does not necessarily mean that the importer cannot in any circumstance repackage.

51. Paranova submits that, if the parallel importer were required to notify the trade mark owner of the State of export, that would enable the trade mark owner to impose quotas on the supply of its pharmaceutical products to that State, which would impede competition.

52. On 16 September 2008 the Court delivered judgment in Sot. Lélos Kai Sia. (29) The Court held that although Article 82 EC applies to the practices of a pharmaceuticals company in a dominant position aimed at avoiding all parallel exports from one Member State to other Member States, that company must nevertheless be in a position to take steps that are reasonable and in proportion to the need to protect its own commercial interests. (30) It may be noted that the Court ruled in Loendersloot (which did not, of course, concern pharmaceuticals) that, where it is established that identification numbers have been applied by the trade mark owner to the packaging or labelling of its branded goods for purposes which are legitimate from the point of view of Community law (such as to comply with a legal obligation, to facilitate the recall of faulty products or to combat counterfeiting), but are also used by the trade mark owner to enable him to detect weaknesses in his sales organisation and thus combat parallel trade in his products, it is under the Treaty provisions on competition that those engaged in parallel trade should seek protection against action of the latter type. (31)

Precise reasons for repackaging

53. With regard to the claim that the parallel importer's notification to the trade mark owner should give the precise reasons for the repackaging, the Court ruled in Boehringer II that it is for the parallel importers to prove the existence of the five BMS conditions. (32)

54. The first of those conditions (as reformulated by the Court in Boehringer II) is that reliance on trade mark rights by the proprietor in order to oppose the marketing of repackaged products under that trade mark would contribute to the artificial partitioning of the markets between Member States.

55. It is settled case-law that, where a trade mark proprietor relies on its trade mark rights to prevent a parallel importer from repackaging where that is necessary for the pharmaceutical products concerned to be marketed in the importing State, that contributes to artificial partitioning of the markets between Member States, contrary to Community law. The trade mark proprietor's opposition to the repackaging is not justified if it hinders effective access of the imported product to the market of that State. (33)

56. Thus, first, it is for the parallel importer to prove that reliance on trade mark rights by the proprietor in order to oppose the marketing of repackaged branded products would contribute to the artificial partitioning of the markets between Member States and, second, such reliance will contribute to artificial partitioning of

the markets where the repackaging is necessary to achieve effective market access.

57. The conclusion seems inescapable that it is for the parallel importer to prove necessity.

58. That conclusion, however, derives from case-law of the Court developed in response to questions referred in the context of judicial proceedings already on foot. It is not obvious to me that it can be used to expand the scope of the parallel importer's duty to notify the trade mark owner in advance of its intention to market a repackaged product.

59. Moreover, I repeat that it is clear from Boehringer II that the condition that the repackaging of the pharmaceutical product be necessary is directed solely at the fact of repackaging and not at the manner and style of the repackaging.

60. In my view, it is for the parallel importer to give the trade mark owner enough information, in enough detail, to demonstrate necessity. The parallel importer can do this, depending on the circumstances, by whatever combination of information will show, objectively, that the repackaging is necessary in order for him to be able to market the products in the importing State. The information that the parallel importer gives the trade mark owner will form the legal basis of his case.

61. It is then for the trade mark owner to decide whether to accept, on the basis of the information supplied, that repackaging is necessary, or to take proceedings against the parallel importer with a view to preventing him from marketing the repackaged products. If the trade mark owner starts proceedings, whether the parallel importer has made out a case of necessity should stand or fall on the probative weight of the material provided to the trade mark owner. The parallel importer should not at that stage be able to shift his ground.

62. If the national court hearing such proceedings finds that necessity has objectively been made out, it will not prohibit the parallel importer from marketing the repackaged products. If, on the other hand, the parallel importer has not demonstrated necessity, the national court will issue such a prohibition.

Conclusion

63. In the light of the above, I am of the view that the questions referred by the Oberster Gerichtshof, Austria, should be answered as follows:

(1) Where a parallel importer of pharmaceutical products repackages the products in new packaging on the ground that repackaging is necessary in order to market the product in the Member State of importation, the lawfulness of the new packaging is to be measured solely against whether it is such as to damage the reputation of the trade mark and its proprietor.

(2) In such circumstances, the parallel importer, in order to fulfil his duty of notification under Article 7 of the Trade Marks Directive as interpreted by the Court of Justice, must give the proprietor of the trade mark information which objectively demonstrates that the repackaging was necessary. Such information may, but need not necessarily, include identification of the Member State of export.

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1 – Original language: English.

2 – 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).

3 – [2002] ECR I-3759.

4 – [2007] ECR I-3391.

5 – In accordance with Article 65(2) of, and point 4 of Annex XVII to, the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3), Article 7(1) is to be read for the purposes of the Agreement with the original words 'in the Community' replaced by 'in a Contracting Party'.

6 – Joined Cases C-427/93, C-429/93 and C-436/93 Bristol-Myers Squibb [1996] ECR I-3457, paragraph 41.

7 – More detail of the proceedings which led to the two Boehringer cases may be found in points 21 to 27 of my Opinion in Boehringer II.

8 – In fact it is the proprietor of two separate word marks and one figurative and word mark, but nothing turns on the number or type of mark.

9 – Case C-349/95 [1997] ECR I-6227, paragraph 46.

10 – Paragraph 55.

11 – See paragraph 11.

12 – Paragraph 38.

13 – Paragraph 38.

14 – Paragraph 9.

15 – Paragraph 46.

16 – Paragraph 38.

17 – Case C-443/99 [2002] ECR I-3703.

18 – Case C-379/97 [1999] ECR I-6927.

19 – Paragraphs 41 to 45, emphasis added.

20 – Cited in footnote 17.

21 – Paragraph 22, emphasis added.

22 – Paragraph 33 and operative part.

23 – Boehringer II, paragraph 37.

24 – Case 102/77 [1978] ECR 1139, paragraph 12.

25 – Paragraph 78.

26 – Paragraph 62.

27 – Paragraph 78.

28 – Paragraph 54. The last two words in the English version are 'his market'. It is clear however from the French version of the final sentence ('En effet, il existerait un cloisonnement des marchés si l'importateur ne pouvait commercialiser le produit que sur une partie limitée du marché de celui-ci') that the text as shown above is the correct translation.

29 – Joined Cases C-468/06 to C-478/06, not yet reported; see also Opinion of Advocate General Ruiz-Jarabo Colomer delivered on 1 April 2008. In Case C-53/03 Syfait [2005] ECR I-4609, which raised similar issues, the Court ruled that the reference was inadmissible and so did not rule on the questions referred. The Opinion of Advocate General Jacobs, in contrast, did deal with the substance, in a way that foreshadowed the Court's judgment in Sot. Lélos Kai Sia

30 – See paragraphs 66 to 69 of the judgment in Sot. Lélos Kai Sia, cited above in footnote 29.

31 – Paragraphs 41 to 43.

32 – Paragraphs 52 and 54 and operative part.
33 – Paragraphs 45 and 46 of the judgment in Boehringer I.