

European Court of Justice, 2 March 1982, IDG v Beele

PASSING OFF – FREE MOVEMENT

Passing off

- Injunction against product which for no compelling reason is almost identical and thereby needlessly causes confusion not prevented by rules on the free movement of goods as long as provision protects consumers and stimulates fair trade

The rules of the EEC Treaty on the free movement of goods do not prevent a rule of national law which applies to domestic and imported products alike, from allowing a trader, who for some considerable time in the member state concerned has marketed a product which differs from similar products, to obtain an injunction against another trader restraining him from continuing to market in that member state a product coming from another member state in which it is lawfully marketed but which for no compelling reason is almost identical to the first-mentioned product and thereby needlessly causes confusion between the two products.

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European Court of Justice, 2 March 1982 IDG v Beele

(J. Mertens de Wilmars, G. Bosco, A. Touffait en O. Due, P. Pescatore, A. J. MacKenzie Staart, A. O'Keefe, T. Koopmans, U. Everling, A. Chloros en F. Grevisse)

Parties

In case 6/81

Reference to the court under article 177 of the EEC Treaty by the gerechtshof (regional court of appeal), the hague, for a preliminary ruling in the action pending before that court between

Bv Industrie Diensten Groep, The Hague,
And

J. A. Beele handelmaatschappij bv, hoorn,

Subject of the case

On the interpretation of articles 30 to 36 of the EEC Treaty,

[...]

Grounds

1 By judgment of 11 december 1980 which was received at the court on 14 january 1981 the gerechtshof (regional court of appeal), the hague, referred to the court for a preliminary ruling under article 177 of the EEC Treaty a question as to the interpretation of the rules of the treaty on the free movement of goods.

2 The question was raised in the context of an action between a netherlands undertaking, the sole importer of cable ducts manufactured in sweden which have been marketed in the netherlands since 1963, and another netherlands undertaking which since 1978 has marketed in the netherlands cable ducts manufactured in the federal republic of germany. The case-file shows

that the swedish cable ducts were previously protected by patent rights in the federal republic of germany, the netherlands and elsewhere, and that the german cable ducts were first made and imported into the netherlands after the period of validity of those patents had expired.

3 The first-mentioned undertaking applied to the president of the arrondissementsrechtbank (district court), the hague, for interlocutory relief against the second undertaking on the ground that the german cable ducts were a precise imitation of the swedish cable ducts and sought an order from him restraining the defendant from marketing the german cable ducts or causing them to be marketed in the netherlands.

4 The president of the arrondissementsrechtbank granted the application whereupon the second undertaking appealed to the gerechtshof, the hague. According to the judgment making the reference for a preliminary ruling, that court arrived at the provisional view that the german manufacturer could have designed a cable-duct system different from the swedish system without impairing the quality of its product economically or technically and by not doing so had caused the two products to be confused. The gerechtshof accordingly considers that the president of the arrondissementsrechtbank rightly decided that under netherlands law the german product is a precise imitation of the swedish cable ducts. Since the appellant claimed that the cable ducts which it sold were lawfully marketed in another member state and that the respondent 's action was therefore contrary to articles 30 to 36 of the EEC Treaty, the gerechtshof decided to ask the court the following question :

"assuming that:

(a) A trader, a, markets products in the netherlands which are no longer covered by any patent and which for no compelling reason are practically identical with products which have been marketed for a considerable period of time in the netherlands by another trader, b, and which are different from similar kinds of articles, and in so doing trader a needlessly causes confusion :

(b) under netherlands law trader a is thereby competing unfairly with trader b and acting unlawfully ;

(c) netherlands law gives trader b the right to obtain an injunction on that ground restraining trader a from continuing to market the products in the netherlands ;

(d) the products of trader b are manufactured in sweden and those of trader a in the federal republic of germany;

(e) trader a imports his products from the federal republic of germany in which those products are lawfully put on the market by someone other than trader b, the swedish manufacturer, someone who is associated with one of them or by someone who is authorized to do so by one of them,

Do the rules contained in the EEC Treaty on the free movement of goods, notwithstanding the provisions of article 36 thereof, then prevent trader b from obtaining such an injunction against trader a? '

5 The case-file shows that, just like protection against precise imitation in the law of most other member states, the rule of netherlands law to which the question refers has been developed chiefly by the courts. As the

commission has pointed out, no effort has been made hitherto at community level to harmonize national rules against precise imitation. Therefore an examination of the question whether such protection accords with the rules of the treaty on the free movement of goods should be confined to the way in which that protection is provided in netherlands law, as described in the judgment of the gerechtshof.

6 That judgment shows that, subject to the answer to be given to the question raised, the gerechtshof is prepared to uphold the injunction against the marketing in the netherlands of products which it presumes have been lawfully marketed in another member state.

7 Such an injunction constitutes an obstacle to the free movement of goods between the member states and in principle is caught by article 30 which prohibits all measures having an effect equivalent to quantitative restrictions on imports. However, the court has repeatedly held (for example, in the judgment of 20 february 1979 in case 120/1978, the Cassis de Dijon case, (1979) ECR 649 and in the judgment of 17 june 1981 in case 113/80 commission v ireland (1981) ECR 1625) that in the absence of common rules relating to the production and marketing of products, obstacles to movement within the community resulting from disparities between national legislation must be accepted in so far as such legislation, applying without discrimination to both domestic and imported products, may be justified as being necessary in order to satisfy mandatory requirements relating in particular to the protection of consumers and fairness in commercial transactions. Therefore the protection against imitation provided in the way described in the judgment making the reference for a preliminary ruling must be examined to determine whether it meets those conditions.

8 Although the main action concerns the protection of a product manufactured in a non-member country against the marketing of a product manufactured in a member state, according to the national court the application of case-law does not depend on country of origin of the product imitated and country of origin of the imitation. What is more, there is nothing in the judgment of the national court from which it may be inferred that that case-law is applied in a manner adapted to the specific needs of national products thereby putting imported products at a disadvantage. Therefore it must be assumed that the case-law referred to by the national court applies without distinction to national and imported products.

9 National case-law prohibiting the precise imitation of someone else 's product which is likely to cause confusion may indeed protect consumers and promote fair trading ; these are general interests which, according to the decisions of the court cited above, may justify the existence of obstacles to movement within the community resulting from disparities between national laws relating to the marketing of products. That such a rule does meet mandatory requirements is moreover borne out by the fact that it accords with the principle underlying article 10 bis of the paris convention for the protection of industrial property, as last revised on 14

july 1967 at stockholm, which prohibits inter alia all acts of such a nature as to create confusion with the goods of a competitor, and by the fact that this rule is recognized in principle in the case-law of most member states.

10 In order to answer the question whether case-law such as that described in the judgment of the gerechtshof is necessary to achieve the aforesaid objectives, or whether it goes beyond the limit which they may justify, the manner in which that case-law is applied, as described in the judgment, should be scrutinized.

11 As to that, the very wording of the question submitted shows first that in the provisional view of the national court the products which it intends to prohibit from being marketed are for no compelling reason practically identical to the products imitated and that the appellant in the main action thereby needlessly causes confusion. Furthermore, the judgment of the national court shows that the question whether or not such imitation is necessary was considered not only from the technical point of view, but also from the economic and commercial point of view.

12 Secondly, it is apparent from the wording of the question submitted and from the case-file that there is no indication of an agreement or of dependence between the swedish manufacturer of the original product and the german manufacturer of the product which is supposed to be an imitation thereof and the marketing of which in the netherlands is in dispute.

13 Where the circumstances mentioned by the national court are met a body of case-law prohibiting precise imitation of someone else 's product may not be regarded as exceeding the scope of the mandatory requirements which the protection of consumers and the fairness of commercial transactions constitute.

14 The appellant in the main action has raised before the court the question of spare parts. It points out that the cable ducts are installed not only in buildings but also in ships and an injunction against the marketing of the german product in the netherlands would make it necessary to carry out repairs on ships in the netherlands using spare parts for the swedish product, even if the ship is fitted with german cable ducts. Since this question has not been raised by the national court and the respondent in the main action has indicated during the procedure before the court that the injunction which it seeks does not relate to spare parts for the repair of the german cable ducts, it is not necessary to resolve this question for which the foregoing considerations are not necessarily conclusive.

15 The answer to the question submitted by the gerechtshof, the hague, must therefore be that the rules of the EEC Treaty on the free movement of goods do not prevent a rule of national law which applies to domestic and imported products alike, from allowing a trader, who for some considerable time in the member state concerned has marketed a product which differs from similar products, to obtain an injunction against another trader restraining him from continuing to market in that member state a product coming from another member state in which it is lawfully marketed but

which for no compelling reason is almost identical to the first-mentioned product and thereby needlessly causes confusion between the two products.

Decision on costs

Costs

16 The costs incurred by the united kingdom 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, the decision on costs is a matter for that court.

Operative part

On those grounds,

The court,

In answer to the question submitted to it by the gerechtshof, the hague, by judgment of 11 december 1980, hereby rules :

The rules of the EEC Treaty on the free movement of goods do not prevent a rule of national law which applies to domestic and imported products alike, from allowing a trader, who for some considerable time in the member state concerned has marketed a product which differs from similar products, to obtain an injunction against another trader restraining him from continuing to market in that member state a product coming from another member state in which it is lawfully marketed but which for no compelling reason is almost identical to the first-mentioned product and thereby needlessly causes confusion between the two products.

Mertens de wilmars bosco touffait due pescatore mackenzie stuart o ' keeffe koopmans everling chloros grevisse delivered in open court in Luxembourg on 2 march 1982.