

European Court of Justice, 13 September 2001, Route 66



## LITIGATION - TRIPS

### TRIPs transitional provisions

- [TRIPs is applicable when the court has heard the case but has not yet delivered its decision and the infringement continues](#)

where TRIPs became applicable in the Member State concerned at a time when the court of first instance has heard the case but not yet delivered its decision, Article 50 of that agreement is applicable to the extent that the infringement of intellectual property rights continues beyond the date on which TRIPs became applicable with regard to the Community and the Member States.

### Article 50(6) TRIPs

- [Procedural requirements do not create rights upon which individuals may rely directly before the courts, but judicial authorities have to apply national rules in the light of Article 50\(6\) of TRIPs](#)

the procedural requirements of Article 50 of TRIPs, and in particular Article 50(6), are not such as to create rights upon which individuals may rely directly before the Community courts and the courts of the Member States. Nevertheless, where the judicial authorities are called upon to apply national rules with a view to ordering provisional measures for the protection of intellectual property rights falling within a field to which TRIPs applies and in respect of which the Community has already legislated, they are required to do so as far as possible in the light of the wording and purpose of Article 50(6) of TRIPs, taking account, more particularly, of all the circumstances of the case before them, so as to ensure that a balance is struck between the competing rights and obligations of the right holder and of the defendant.

- [Request by the defendant is necessary in order for the provisional measures to lapse](#)

Article 50(6) of TRIPs is to be interpreted as meaning that a request by the defendant is necessary in order for the provisional measures ordered by way of interim relief to lapse on the ground that no substantive action has been brought either within the period prescribed in the provisional measures or, where no period is prescribed, within 20 working days or 31 calendar days, whichever is the longer period.

- [It is for each contracting party to determine the point in time at which the period prescribed by Article 50\(6\) is to start](#)

in the absence of any provision in TRIPs concerning the point in time at which the period of 20 working days or 31 calendar days prescribed by Article 50(6) of that agreement is to start, it is for each contracting party to determine when that period is to start, provided always that it is 'reasonable' having regard to the circumstances of each case and taking into account the balance to be struck between the competing rights and obligations of the intellectual property right holder and of the defendant.

- [Member states can provide that its judicial authorities are to determine the period within which substantive proceedings are to be instituted](#)

Article 50(6) of TRIPs neither requires nor forbids the Member States to provide, where appropriate, that its judicial authorities are to determine of their own motion the period within which substantive proceedings are to be instituted. Since the provision in question is silent on that point, the scope of the powers conferred on appellate courts in that regard falls within the competence of each Member State

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### European Court of Justice, 13 September 2001

(G.C. Rodríguez Iglesias, President, C. Gulmann, A. La Pergola, M. Wathelet and V. Skouris, D.A.O. Edward, J.-P. Puissochet, P. Jann, L. Sevón, R. Schintgen, F. Macken, N. Colneric, S. von Bahr, J.N. Cunha Rodrigues and C.W.A. Timmermans.)

#### JUDGMENT OF THE COURT

13 September 2001 (1)

*(Agreement establishing the World Trade Organisation - Article 50(6) of the TRIPs Agreement - Interpretation - Direct effect - Application to proceedings pending at the time of entry into force in the State concerned - Conditions regarding the time-limit for bringing substantive proceedings - Calculation of that time-limit)*

In Case C-89/99,

REFERENCE to the Court under Article 177 of the EC Treaty (now Article 234 EC) by the Hoge Raad der Nederlanden (Netherlands) for a preliminary ruling in the proceedings pending before that court between Schieving-Nijstad vof and Others

and

Robert Groeneveld,

on the interpretation of Article 50(6) of the Agreement on Trade-Related Aspects of Intellectual Property Rights, as set out in Annex 1 C to the Agreement establishing the World Trade Organisation, approved on behalf of the Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1),

THE COURT,

composed of: G.C. Rodríguez Iglesias, President, C. Gulmann, A. La Pergola, M. Wathelet and V. Skouris (Presidents of Chambers), D.A.O. Edward (Rapporteur), J.-P. Puissochet, P. Jann, L. Sevón, R. Schintgen,

F. Macken, N. Colneric, S. von Bahr, J.N. Cunha Rodrigues and C.W.A. Timmermans, Judges,  
Advocate General: F.G. Jacobs,  
Registrar: L. Hewlett, Administrator,  
after considering the written observations submitted on behalf of:

- Mr Groeneveld, by L.M. Schreuders-Ebbekink, advocaat,
  - the French Government, by K. Rispal-Bellanger and S. Seam, acting as Agents,
  - the Portuguese Government, by L. Fernandes, T. Moreira and J. Palma, acting as Agents,
  - the United Kingdom Government, by J.E. Collins, acting as Agent, assisted by M. Hoskins, barrister,
  - the Council of the European Union, by J. Huber and G. Houttuin, acting as Agents,
  - the Commission of the European Communities, by P.J. Kuijper, acting as Agent,
- having regard to the Report for the Hearing,  
after hearing the oral observations of Schieving-Nijstad vof and Others, represented by P. Garretsen, advocaat, and of the Commission, represented by H.M.H. Speyart, acting as Agent, at the hearing on 17 October 2000,

after hearing the [Opinion of the Advocate General](#) at the sitting on 15 February 2001,  
gives the following

#### **Judgment**

1. By order of 5 March 1999, received at the Court on 15 March 1999, the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) referred to the Court for a preliminary ruling under Article 177 of the EC Treaty (now Article 234 EC) six questions concerning the interpretation of Article 50(6) of the Agreement on Trade-Related Aspects of Intellectual Property Rights ('TRIPs'), as set out in Annex 1 C to the Agreement establishing the World Trade Organisation ('the WTO Agreement'), approved on behalf of the Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1).

2. Those questions have been raised in proceedings between, on the one hand, the commercial partnership Schieving-Nijstad vof and its owners (hereinafter 'Schieving-Nijstad et al.') and, on the other, Mr Robert Groeneveld, concerning an application brought by Mr Groeneveld for provisional measures to restrain an alleged infringement of a trade mark held by him.

#### **The Community rules**

3. The Final Act embodying the results of the Uruguay Round of multilateral trade negotiations and, subject to conclusion, the WTO Agreement were signed in Marrakesh (Morocco) on 15 April 1994 by the representatives of the Community and of the Member States.

4. The 11th recital in the preamble to Decision 94/800 states:

'Whereas, by its nature, the Agreement establishing the World Trade Organisation, including the Annexes thereto, is not susceptible to being directly invoked in Community or Member State courts'

5. Article 1(1) of that decision provides:

'The following multilateral agreements and acts are hereby approved on behalf of the European Community with regard to that portion of them which falls within the competence of the European Community:

- the Agreement establishing the World Trade Organisation, and also the Agreements in Annexes 1, 2 and 3 to that Agreement;
- ...'

6. In its preamble, TRIPs expressly recognises the need for new rules and disciplines concerning:

- '... (b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights;
  - (c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems;
- ...'

7. Article 1(1) of TRIPs, headed 'Nature and Scope of Obligations', provides:

'Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.'

8. Article 8(2) of TRIPs is in the following terms:

'Appropriate measures, provided that they are consistent with provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.'

9. Part III of TRIPs, headed 'Enforcement of Intellectual Property Rights', imposes general obligations on the contracting members. In particular, Article 41(1) and (2) of TRIPs provides:

'1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays.'

10. The provisions of Article 50 of TRIPs, which are in issue in the main proceedings, are as follows:

'1. The judicial authorities shall have the authority to order prompt and effective provisional measures:

(a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;

(b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

...

4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed.

...

6. Without prejudice to paragraph 4, provisional measures taken on the basis of paragraphs 1 and 2 shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where a Member's law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

...

11. Article 70(1) of TRIPs provides:

'This Agreement does not give rise to obligations in respect of acts which occurred before the date of application of the Agreement for the Member in question.'

12. The WTO Agreement and TRIPs, which forms an integral part of it, entered into force on 1 January 1995. However, according to Article 65(1) of TRIPs, the members were not obliged to apply the provisions of TRIPs before the expiry of a general period of one year, that is to say, before 1 January 1996 (hereinafter 'the deadline').

#### **The national rules**

13. The Netherlands procedural rules concerning applications for provisional measures are laid down by the *Wetboek van Burgerlijke Rechtsvordering* (Netherlands Code of Civil Procedure, hereinafter 'the Code'), which has not been amended since TRIPs became applicable.

14. Article 289(1) of the Code provides:

'In all cases in which, having regard to the interests of the parties, an immediate provisional measure is necessary on grounds of urgency, the application may be made at a hearing which the President shall hold for that purpose on working days which he shall fix.'

15. In such a case, Article 290(2) of the Code provides that the parties may appear before the President under his 'voluntary jurisdiction' to grant interim measures, in which case the applicant must be represented at the

hearing by counsel, whereas the defendant may appear in person or be represented by counsel.

16. According to Article 292 of the Code, an interim measure adopted by the President does not prejudice the substantive examination of the merits of the case. In that regard, the parties tend in practice to waive such examination and to abide by the decision given in the interim proceedings. According to the information provided to the Court, this means that the subsequent institution of substantive proceedings is unnecessary in most Netherlands cases.

17. In addition, there is no statutory time-limit under Netherlands law for the institution of substantive proceedings. Neither the legislation nor the case-law expressly confers on the courts any power to prescribe such a time-limit. Nevertheless, the current practice is that the courts tend to fix time-limits of several months' duration, for the purposes of which time starts to run from various dates, depending on the case concerned.

18. The Court has previously ruled that a measure whose purpose is to put an end to alleged infringements of a trade-mark right and which is adopted in the course of a procedure such as that provided for by the provisions of the Code referred to in paragraphs 13 to 16 of this judgment constitutes a 'provisional measure' within the meaning of Article 50(1) of TRIPs ([Case C-53/96 \*Hermès\* \[1998\] ECR I-3603](#)).

#### **The dispute in the main proceedings and the questions referred**

19. On six occasions between 21 June 1979 and 23 February 1995, Mr Groeneveld filed 'Route 66' figurative marks in respect of various classes of goods and services. Those registrations covered, in particular, classes 32, 33 and 42, respectively covering alcoholic beverages and soft drinks, restaurant services and hotel/catering services.

20. Mr Groeneveld has granted some 20 licences to manufacturers for the marketing of products sold under the mark 'Route 66', in particular stickers and posters, neon light fittings and alcoholic beverages.

21. 'Route 66' is the name of an old expressway in the United States. The representation of the figurative mark in question is based on the road sign for that route in the days when it was still in use over its entire length.

22. Schieving-Nijstad et al. operate a discotheque in Meppel (Netherlands), known as the 'Lord Nelson'. Since at least March 1995, that discotheque has incorporated a café, named 'Route 66', which is decorated with all sorts of symbols of the United States, in particular ones which hark back to the 1950s. There is a neon sign reading 'Route 66' attached to the outside of the building housing the discotheque, and two 'Route 66' signs have been installed in the windows. Inside the café are hung all manner of road signs, posters and plates, including various shields reading 'Route 66'.

23. Schieving-Nijstad et al. have not been granted a licence by Mr Groeneveld. The shields and the sign have not been marketed by or on behalf of Mr Groeneveld or any of his licensees.

24. Having in vain served on Schieving-Nijstad et al. formal notice to desist from using the mark 'Route 66',

Mr Groeneveld made an urgent application to the Rechtbank te Assen (Assen District Court) in the Netherlands for an interim order. By judgment of 9 January 1996, the President of that court ordered Schieving-Nijstad et al., inter alia, forthwith to desist and to refrain from using the name '(Café) Route 66' and the marks 'Route 66' in relation to the goods and services in respect of which they were registered, in particular restaurant and catering services.

25. That judgment was upheld by the Gerechtshof te Leeuwarden (Regional Court of Appeal, Leeuwarden), whereupon Schieving-Nijstad et al. lodged an appeal in cassation before the Hoge Raad der Nederlanden.

26. Before that court, Schieving-Nijstad et al. have pleaded the direct effect of Article 50(6) of TRIPs, which became applicable in the Netherlands, at latest, on the deadline. They have requested the national court to rule that, if and in so far as the provisional measures ordered by the President of the Rechtbank te Assen were open to be upheld or granted, those measures remained operative for no longer than 20 working days or 31 calendar days after notification, whichever was the longer, after which they must be deemed to have been revoked, since Mr Groeneveld did not institute substantive proceedings against them within that period.

27. In order to bring the case to a satisfactory conclusion, the Hoge Raad der Nederlanden has decided to stay proceedings and to refer the following six questions to the Court for a preliminary ruling:

'(1) Does Article 50 of TRIPs, in particular Article 50(6), have direct effect?

(2) Is Article 50(6) of TRIPs to be interpreted as meaning that provisional measures within the meaning of Article 50(1) and (2) lapse automatically by operation of law either if the substantive proceedings are not instituted within the period prescribed in the provisional measure or, where no period is prescribed, if the substantive proceedings are not commenced within 20 working days or 31 calendar days (whichever is the longer period), or is a request by the party against whom a measure has been ordered (invariably) necessary in order for that measure to lapse?

(3) Where the time-limit within which the substantive proceedings must be brought is not prescribed in the provisional measures ordered, does it commence on:

(a) the day after the date on which the court ordered the provisional measure in question; or

(b) the day after the date on which the decision ordering the provisional measure was served on the defendant; or

(c) the day after the date on which the decision ordering the provisional measure became definitive and no longer open to challenge; or

(d) at any other point in time?

(4) Where a court orders a provisional measure, must it of its own motion fix a time-limit within which substantive proceedings are to be instituted, or may it fix such a time-limit only if an application is made to that effect?

(5) Where a court is called upon in appeal proceedings to adjudicate on a measure ordered by a lower court in proceedings at first instance, and that appellate court confirms that measure, is it open to the appellate court to prescribe, either of its own motion or on application by one of the parties, a time-limit within the meaning hereinbefore referred to, if the court seised of the matter at first instance has not done so?

(6) Is Article 50 of TRIPs applicable where that agreement enters into force in the Member State concerned on a date following the closure of the trial procedure at first instance but before the court seised of the first-instance proceedings has delivered its decision?'

#### **Assessment by the Court**

28. Before those questions are answered, it is appropriate to make certain preliminary observations on the regime introduced by TRIPs.

#### **The regime introduced by TRIPs**

29. The questions referred concern the detailed procedural rules governing the ordering of provisional measures in proceedings to restrain a third party from using, without the consent of the proprietor of a registered trade mark, signs which are identical or similar to those by which that mark is represented, in respect of goods or services which are the same as, or similar to, the signs covered by the mark in question.

30. In the field of trade marks, to which TRIPs is applicable and in respect of which the Community has already legislated, the Court has jurisdiction to interpret Article 50 of TRIPs - as, indeed, it has previously had occasion to do (see [Hermès](#), cited above, and [Joined Cases C-300/98 and C-392/98 Dior and Others](#) [2000] ECR I-11307). It is therefore appropriate to recapitulate the principles laid down in that case-law.

31. First, the Court has held that Article 50(6) of TRIPs is a procedural provision intended to be applied by Community and national courts in accordance with obligations assumed both by the Community and by the Member States ([Dior and Others, cited above, paragraph 46](#)).

32. Article 50 of TRIPs does not lay down any detailed rules concerning the procedure to be followed for the enforcement of intellectual property rights.

33. Indeed, Article 1(1) of TRIPs, relating to the '(n)ature and (s)cope of (o)bligations', provides that 'Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice'.

34. It follows that, in the absence of any Community rules in the matter, it is for the domestic legal system of each Member State to lay down the detailed procedural rules relating to actions for the enforcement of intellectual property rights.

35. Nevertheless, it is apparent from the Court's case-law that, in a field to which TRIPs applies and in respect of which the Community has already legislated, the judicial authorities of the Member States are required by virtue of Community law, when called upon to apply national rules with a view to ordering provisional measures for the protection of rights falling

within such a field, to do so as far as possible in the light of the wording and purpose of Article 50 of TRIPs (see [Hermès, paragraph 28](#), and [Dior and Others, paragraph 47](#)).

36. The primary objective of TRIPs is to strengthen and harmonise the protection of intellectual property on a worldwide scale (see in that regard Opinion 1/94 of 15 November 1994 [1994] ECR I-5267, paragraph 58).

37. According to its preamble, the object of TRIPs is 'to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade'. Those objectives are also set out in Article 41(1) and (2) of TRIPs.

38. It is therefore for the judicial authorities, when called upon to apply national rules with a view to ordering provisional measures, to take into account all the circumstances of the case before them, so as to ensure that a balance is maintained between the competing rights and obligations of the right holder and of the defendant.

39. From the standpoint of the right holder, the mechanism provided for in Article 50 of TRIPs strengthens the right which is to be guaranteed to him pursuant to Article 41(1) of TRIPs, namely the right to obtain expeditious remedies to prevent infringements of those rights and remedies which constitute a deterrent to further infringements.

40. However, Article 8(2) of TRIPs recognises that intellectual property rights may be abused and that right holders may resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology. That could be the position, in particular, if provisional measures were prescribed without the defendant being heard.

41. With a view to preventing such abuse, Article 50(4) of TRIPs provides that, where the defendant has not been heard, he is entitled to request an immediate review of the provisional measures ordered.

42. In addition, whether the defendant has been heard or not, Article 50(6) of TRIPs establishes in his favour a safeguard measure to protect him against any abuse of intellectual property rights, by laying down a simple procedure for setting aside unjustified provisional measures where no substantive proceedings have been instituted within the time-limit prescribed.

43. That mechanism is all the more important where the defendant contests the provisional measures prescribed by the judicial authority concerned and wishes to compel the right holder to bring substantive proceedings in the course of which the defendant will be in a position to put forward his full defence.

44. It should be noted in that regard that the WTO Agreement was concluded in the English, French and Spanish languages and that those three versions alone are authentic (see the closing wording of the WTO Agreement).

45. As it is, the French version of Article 50(6) of TRIPs provides that the provisional measures 'seront

abrogées' or 'cesseront de produire leurs effets' if proceedings on the merits of the case are not initiated within the period prescribed. Similarly, the Spanish version provides that the measures in question 'se revocarán o quedarán de otro modo sin efecto'. The English version uses the term 'shall' rather than 'may'.

46. It is therefore apparent, both from the wording of the three authentic versions of TRIPs and from the objective of Article 50(6), that the mechanism established by that provision is based on the premiss that the intellectual property right holder whose application for provisional measures has been granted will normally institute substantive proceedings seeking a definitive measure with regard to the alleged infringement of those rights, in the course of which the defendant will be in a position to put forward his full defence.

47. It is in the light of the foregoing considerations that the questions referred should now be examined.

The relevance, in terms of its temporal scope, of TRIPs with regard to the case before the national court (sixth question)

48. The last question, which it is appropriate to consider first, raises certain doubts as to the relevance of TRIPs for the purposes of determining the proceedings before the referring court. In the present case, TRIPs became applicable in the Netherlands after the close of the proceedings brought by Mr Groeneveld before the Rechtbank te Assen but before that first-instance court had given its ruling. According to the United Kingdom Government, the effect of Article 70(1) of TRIPs is to preclude the application of that agreement, since the events at issue in the main proceedings occurred before the deadline.

49. That argument cannot, however, be accepted. Although the alleged infringement of Mr Groeneveld's rights by Schieving-Nijstad et al. commenced in March 1995, that is to say, before the deadline, that does not necessarily mean that such acts definitively 'occurred', within the meaning of Article 70(1) of TRIPs, before that date. Assuming that the acts alleged against Schieving-Nijstad et al. continued up to the date on which the court hearing the application for interim relief made its order for provisional measures, that is to say, 9 January 1996, that court was required, as far as might be possible, to apply the Netherlands rules in the light of the wording and object of Article 50 of TRIPs.

50. The answer to the sixth question must therefore be that, where TRIPs became applicable in the Member State concerned at a time when the court of first instance has heard the case but not yet delivered its decision, Article 50 of that agreement is applicable to the extent that the infringement of intellectual property rights continues beyond the date on which TRIPs became applicable with regard to the Community and the Member States.

**The direct effect of Article 50(6) of TRIPs (first question)**

51. By its first question, the national court is asking whether, and to what extent, the procedural requirements of Article 50 of TRIPs, and of Article 50(6) in particular, have direct effect.

52. That question is essentially the same as those raised in *Dior and Others*.

53. The Court ruled that the provisions of TRIPs do not have ‘direct effect’, inasmuch as they are not such as to create rights upon which individuals may rely directly before the national courts by virtue of Community law (see the judgment in *Dior and Others*, paragraphs 44 and 46).

54. However, as in the cases giving rise to the judgment in *Dior and Others*, that ruling does not fully resolve the problems facing the national court in the present case. It should therefore be made clear that it follows from the principles set out in paragraphs 31 to 46 of the present judgment that, where the judicial authorities are called upon to apply national rules with a view to ordering provisional measures for the protection of intellectual property rights falling within a field to which TRIPs applies and in respect of which the Community has already legislated, they are required to do so as far as possible in the light of the wording and purpose of Article 50(6) of TRIPs, taking account, more particularly, of all the circumstances of the case before them, so as to ensure that a balance is struck between the competing rights and obligations of the right holder and of the defendant.

55. The answer to the first question must therefore be that the procedural requirements of Article 50 of TRIPs, and in particular Article 50(6), are not such as to create rights upon which individuals may rely directly before the Community courts and the courts of the Member States. Nevertheless, where the judicial authorities are called upon to apply national rules with a view to ordering provisional measures for the protection of intellectual property rights falling within a field to which TRIPs applies and in respect of which the Community has already legislated, they are required to do so as far as possible in the light of the wording and purpose of Article 50(6) of TRIPs, taking account, more particularly, of all the circumstances of the case before them, so as to ensure that a balance is struck between the competing rights and obligations of the right holder and of the defendant.

**The need for a request to be made by the defendant in order for Article 50(6) of TRIPs to apply (second question)**

56. By its second question, the national court is asking, in essence, whether Article 50(6) of TRIPs is to be interpreted as meaning that a request by the defendant is necessary in order for the provisional measures ordered by way of interim relief to lapse, or whether those measures lapse automatically by operation of law if no substantive proceedings are instituted either within the period prescribed in the provisional measures or, where no period is prescribed, within 20 working days or 31 calendar days, whichever is the longer period.

57. It should be noted at the outset that there is no need, in the context of the Netherlands procedure applicable to the main proceedings, to consider whether Article 50(6) of TRIPs precludes the legislation of a Member State from providing that provisional measures ordered by the judicial authorities of that State are to lapse

automatically, even where the defendant has not lodged a request to that effect, solely on the ground that no substantive proceedings have been instituted within the period prescribed.

58. According to the order for reference, the wording of the Dutch version of Article 50(6) of TRIPs differs from that of the French and English versions, inasmuch as the interpolated phrase ‘upon request by the defendant’ appears between the words ‘shall ... be revoked’ and ‘cease to have effect’ (‘worden op grond van het eerste en tweede lid genomen voorlopige maatregelen op verzoek van de verweerder herroepen of houden zij anderszins op gevolg te hebben’).

59. Before the Hoge Raad der Nederlanden, Schieving-Nijstad et al. asserted that the expression ‘upon request by the defendant’ can only refer to the words ‘shall be revoked’, so that the application of the phrase ‘otherwise cease to have effect’ cannot be conditional on a request being made by the defendant.

60. As the Advocate General observes in point 48 of his Opinion, it is apparent from the three authentic versions of TRIPs, in which the wording of Article 50(6) is the same, that the interpolated words ‘upon request by the defendant’ follow or precede the phrase ‘shall ... be revoked or otherwise cease to have effect’. That formulation shows that a request by the defendant, which is necessary for the purposes of legal certainty, is required both in order for the provisional measures to be revoked and in order for them otherwise to cease to have effect.

61. The answer to the second question must therefore be that Article 50(6) of TRIPs is to be interpreted as meaning that a request by the defendant is necessary in order for the provisional measures ordered by way of interim relief to lapse on the ground that no substantive action has been brought either within the period prescribed in the provisional measures or, where no period is prescribed, within 20 working days or 31 calendar days, whichever is the longer period.

**The point at which time starts to run for the purposes of the time-limit referred to in Article 50(6) of TRIPs (third question)**

62. By its third question, the national court is asking, in essence, when the time-limit for bringing the substantive proceedings starts to run where it is not prescribed in the provisional measures ordered by the court hearing the interim application.

63. The national court suggests three possible points in time from which the period of 20 working days or 31 calendar days prescribed in Article 50(6) of TRIPs may start to run: (i) the day after that on which the court ordered the provisional measure in question, (ii) the day after that on which the decision ordering that measure was notified to the defendant or (iii) the day after that on which the decision ordering the provisional measure became definitive and no longer open to challenge.

64. The point in time at which the substantive proceedings must be instituted is important in that, without prejudice to the provisions of Article 50(4) of TRIPs, the defendant’s request for revocation of the provisional measures ordered by way of interim relief in accor-

dance with Article 50(6) cannot be lodged before expiry of the period of 20 working days or 31 calendar days prescribed by the latter provision. Deferring the start of that period would prolong the life of application of the provisional measures adopted. Be that as it may, Article 50(6) of TRIPs does not specify the starting point of such period.

65. It follows from the principles set out in paragraphs 31 to 34 above that, in the absence of any indication in this regard in TRIPs, it is for each contracting party to determine the point in time at which the period of 20 working days or 31 calendar days prescribed by Article 50(6) of TRIPs is to start, provided always that the period thus fixed is 'reasonable' having regard to the circumstances of each case and taking into account the balance to be struck between the competing rights and obligations of the intellectual property right holder and of the defendant.

66. The answer to the third question must therefore be that, in the absence of any provision in TRIPs concerning the point in time at which the period of 20 working days or 31 calendar days prescribed by Article 50(6) of that agreement is to start, it is for each contracting party to determine when that period is to start, provided always that it is 'reasonable' having regard to the circumstances of each case and taking into account the balance to be struck between the competing rights and obligations of the intellectual property right holder and of the defendant.

#### **The extent of discretion enjoyed by the judicial authorities (fourth and fifth questions)**

67. By its fourth and fifth questions, the national court is asking, in essence, whether Article 50(6) of TRIPs precludes the judicial authorities, either in the first-instance proceedings or on appeal, from prescribing a reasonable time-limit, either of their own motion or on application by one of the parties, when, as the case may be, they order or confirm the adoption of provisional measures.

68. It should be borne in mind that Article 50(6) of TRIPs expressly provides that what constitutes a reasonable period is 'to be determined by the judicial authority ordering the measures where a Member's law so permits'. In that regard, it follows from paragraphs 31 to 34 of this judgment that, in the absence of any Community rule on the point and in accordance with Article 1(1) of TRIPs, it is for each Member State to determine the limits of the powers of the judicial authorities in ordering provisional measures.

69. As regards the fourth question, it should be noted that there is nothing in the wording of Article 50(6) of TRIPs to indicate that a request by the defendant is required in order to determine the period within which the substantive proceedings are to be instituted. On the other hand, nothing in that article precludes the domestic legal order of a Member State from providing, where appropriate, that the judicial authorities of that State are to be empowered to determine the period in question of their own motion at the same time as ordering provisional measures, without any request by the defendant being necessary for that purpose.

70. The answer to the fourth question must therefore be that, in the absence of any Community rule on the point and in accordance with Article 1(1) of TRIPs, it is for each Member State to determine the limits of the powers of the judicial authorities in ordering provisional measures. Article 50(6) of TRIPs neither requires nor forbids the legal order of a Member State to provide, where appropriate, that its judicial authorities are to determine of their own motion the period within which substantive proceedings are to be instituted at the same time as ordering provisional measures, without any request by the defendant being necessary for that purpose.

71. As regards the fifth question, it should be noted that, contrary to the assertion put forward by Mr Groeneveld, use of the phrase 'the judicial authority ordering the measures' in Article 50(6) of TRIPs does not exclude that power to determine the period within which substantive proceedings are to be instituted be conferred both on appellate courts and on courts of first instance. Since the provision in question is silent on that point, it follows that the scope of the powers of appellate courts in that regard falls within the competence of each Member State.

72. Consequently, Article 50(6) of TRIPs confers on the Member States, within the framework of their internal legal systems, the right to confer on the judicial authorities such powers as they may think fit for determining the period within which substantive proceedings are to be instituted.

73. The answer to the fifth question must therefore be that Article 50(6) of TRIPs neither requires nor forbids the Member States to provide, where appropriate, that its judicial authorities are to determine of their own motion the period within which substantive proceedings are to be instituted. Since the provision in question is silent on that point, the scope of the powers conferred on appellate courts in that regard falls within the competence of each Member State.

#### **Costs**

74. The costs incurred by the French, Portuguese and United Kingdom Governments and by the Council and the Commission, which have submitted observations to the Court, are not recoverable. 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.

#### **On those grounds,**

#### **THE COURT,**

in answer to the questions referred to it by the Hoge Raad der Nederlanden by order of 5 March 1999, hereby rules:

1. Where the Agreement on Trade-Related Aspects of Intellectual Property Rights ('the TRIPs Agreement'), as set out in Annex 1 C to the Agreement establishing the World Trade Organisation, approved on behalf of the Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994, became applicable in the Member State concerned at a time when the court of first instance has heard the case but not yet delivered its decision, Article

50 of the TRIPs Agreement is applicable to the extent that the infringement of intellectual property rights continues beyond the date on which the TRIPs Agreement became applicable with regard to the Community and the Member States.

2. The procedural requirements of Article 50 of the TRIPs Agreement, and in particular Article 50(6), are not such as to create rights upon which individuals may rely directly before the Community courts and the courts of the Member States. Nevertheless, where the judicial authorities are called upon to apply national rules with a view to ordering provisional measures for the protection of intellectual property rights falling within a field to which the TRIPs Agreement applies and in respect of which the Community has already legislated, they are required to do so as far as possible in the light of the wording and purpose of Article 50(6) of the TRIPs Agreement, taking account, more particularly, of all the circumstances of the case before them, so as to ensure that a balance is struck between the competing rights and obligations of the intellectual property right holder and of the defendant.

3. Article 50(6) of the TRIPs Agreement is to be interpreted as meaning that a request by the defendant is necessary in order for the provisional measures ordered by way of interim relief to lapse on the ground that no substantive action has been brought either within the period prescribed in the provisional measures or, where no period is prescribed, within 20 working days or 31 calendar days, whichever is the longer period.

4. In the absence of any provision in the TRIPs Agreement concerning the point in time at which the period of 20 working days or 31 calendar days prescribed by Article 50(6) of that agreement is to start, it is for each contracting party to determine when that period is to start, provided always that it is 'reasonable' having regard to the circumstances of each case and taking into account the balance to be struck between the competing rights and obligations of the intellectual property right holder and of the defendant.

5. In the absence of any Community rule on the point and in accordance with Article 1(1) of the TRIPs Agreement, it is for each Member State to determine the limits of the powers of the judicial authorities in ordering provisional measures. Article 50(6) of the TRIPs Agreement neither requires nor forbids the legal order of a Member State to provide, where appropriate, that its judicial authorities are to determine of their own motion the period within which substantive proceedings are to be instituted at the same time as ordering provisional measures, without any request by the defendant being necessary for that purpose.

6. Article 50(6) of the TRIPs Agreement neither requires nor forbids the Member States to provide, where appropriate, that its judicial authorities are to determine of their own motion the period within which substantive proceedings are to be instituted. Since the provision in question is silent on that point, the scope of the powers conferred on appellate courts in that regard falls within the competence of each Member State.

## OPINION OF ADVOCATE GENERAL

JACOBS

delivered on 15 February 2001 (1)

Case C-89/99

V.O.F. Schieving-Nijstad and Others

v

Robert Groeneveld

1. In this reference from the Hoge Raad der Nederlanden (Supreme Court of the Netherlands), the Court is asked a series of questions concerning the application and interpretation of Article 50(6) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPs Agreement) in the context of proceedings involving the grant of provisional measures to restrain the alleged infringement of a trade mark.

### The TRIPs Agreement

2. The genesis of the TRIPs Agreement may be found in the 1986 Ministerial Conference which launched the Uruguay Round of Multilateral Trade Negotiations at Punta del Este. The Uruguay Round (described by the Council as the 'most complex negotiations in world history' (2)) culminated in the signing of the Agreement establishing the World Trade Organisation, together with a series of more specific agreements, in 1994. Those additional agreements, annexed to the World Trade Agreement, include the TRIPs Agreement. The primary objective of the TRIPs Agreement is to strengthen and harmonise the protection of intellectual property on a world-wide scale. (3)

3. Article 1 of the TRIPs Agreement, entitled 'Nature and Scope of Obligations', provides in paragraph 1:

'Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.'

4. It is clear from the Agreement establishing the World Trade Organisation that the European Communities and the individual Member States are each original Members of the Organisation. (4)

5. Part III of the TRIPs Agreement contains provisions for the 'enforcement of intellectual property rights'. To that end, Article 41(1) and (2) provide:

'1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.'

6. The relevant provisions of Article 50 of the TRIPs Agreement are as follows:

‘1. The judicial authorities shall have the authority to order prompt and effective provisional measures:

(a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;

(b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

...

4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed.

...

6. Without prejudice to paragraph 4, provisional measures taken on the basis of paragraphs 1 and 2 shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where a Member's law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.

8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this Section.’

7. Article 70(1) provides:

‘This Agreement does not give rise to obligations in respect of acts which occurred before the date of application of the Agreement for the Member in question.’

#### **The TRIPs Agreement and the Community**

8. As far as the Community is concerned, the WTO Agreement and the other agreements concluded in that connection, including the TRIPs Agreement, were approved by Council Decision 94/800/EC of 22 December 1994 concerning the conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay

Round multilateral negotiations (1986-1994). (5) Those agreements are published as annexes to the Decision. (6) They entered into force on 1 January 1996 for the Community and its Member States.

9. As a matter of Community law, the TRIPs Agreement is a mixed agreement: competence for concluding it was shared between the Community and its Member States. (7) The Community and the Member States were jointly competent in areas within the scope of the TRIPs Agreement where the Community had already introduced only partial harmonisation measures, as in the field of trade marks. With particular regard to the provisions of the TRIPs Agreement relating to the measures to be adopted to secure the effective protection of intellectual property rights, including the rules regarding provisional measures, the Court has stressed that the Community and its Member States were jointly competent. (8)

10. The Court in *Hermès* (9) ruled that it had jurisdiction to interpret Article 50 of the TRIPs Agreement not only in situations where the national courts were called upon to order provisional measures for the protection of rights arising under a Community trade mark (10) but also where the case concerned the rights arising under a trade mark protected under national - and in that case Uniform Benelux - trade-mark law. (11) More recently in *Parfums Christian Dior* (12) the Court confirmed the ruling in *Hermès* and explained that its jurisdiction to interpret Article 50 of the TRIPs Agreement was not restricted to situations covered by trade-mark law, but also encompassed situations concerning other intellectual property rights falling within the scope of the TRIPs Agreement. (13)

#### **The scheme and aims of Article 50**

11. Part III of the TRIPs Agreement represents the first attempt to grapple at international level with the problems of enforcement of intellectual property rights and reflects the fact that, at the time of negotiation of the Agreement, the industrialised countries were increasingly concerned about the mounting problems of counterfeit and pirated goods. Thus for example one commentator (14) reports that in 1985 industries in selected countries lost over USD 1.3 billion annually from ineffective international copyright protection. Based on these figures, the International Intellectual Property Alliance stressed in its report of that year to the US International Trade Commission that ‘the US government's goal must be to establish an international trading climate in which intellectual property is respected and protected’. (15)

12. The provisions that now constitute Part III, including Article 50, were prompted by the industrialised nations, in particular the US, Europe, Japan and Australia, in response to those concerns. (16) Article 50 was the subject of relatively few drafting battles in the course of negotiation and hence suffered relatively little amendment. (17) It may accordingly be regarded as broadly reflecting the desires of the industrialised countries.

13. Provisional measures of the type envisaged by Article 50 are of particular effect where the holder of

intellectual property rights learns of a manifest actual or potential infringement of those rights. It enables him in those circumstances to obtain a prompt and effective provisional measure. In that type of case - namely where the infringement is manifest - the granting of such a measure will invariably be sufficient to dispose of the matter: the party marketing (or seeking to market) the counterfeit or pirated goods will have no grounds for contesting the order and no interest in defending proceedings on the merits.

14. There will, of course, be other cases in which a provisional measure is obtained where the circumstances are less black and white: there may be a genuine defence to the allegation of infringement - a defence which, if the measure is obtained *ex parte* (*inaudita altera parte*), the defendant will be unable to advance in the context of the interim application. There may even be cases where it is the defendant whose intellectual property rights are infringed by the conduct of the claimant.

15. Article 50(6) must accordingly be interpreted so as to accommodate those interests: on the one hand there must be no obligation on the claimant pointlessly to pursue proceedings on the merits in the majority of cases where the provisional measure effectively disposes of the case and the defendant so accepts; on the other hand the defendant must be given an opportunity to put forward his defence on the merits if he wishes to.

16. The Commission makes an analogous point about Article 50 in general, observing that it represents an equilibrium between prompt and effective provisional protection of intellectual property rights and the defendant's interest in the provisional measures not being manipulated to protectionist ends. That objective, it adds, is in accordance with Article 41(1) and (2) (18) of the Agreement. Those provisions introduce Part III, which includes Article 50. Article 41(1) it will be recalled requires enforcement procedures to be applied so as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. Article 41(2) requires that enforcement procedures should be fair and equitable and should not be unnecessarily complicated or costly. The philosophy underlying those provisions - in summary, equilibrium and fairness - should be respected when interpreting the paragraphs of Article 50.

17. Finally, I would make the following two points about the effective application of Article 50(6).

18. First, any lacunae in the detailed procedural rules there set out, applicable to all the WTO Members including the 15 Member States of the European Union, are in my view best filled by national law in the absence of any relevant Community legislation: imposing procedural rules passed over by the negotiators of the TRIPs Agreement is likely to be hazardous. That approach finds support in the last sentence of Article 1(1) of the Agreement, which provides that 'Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice'.

19. Second, the court hearing the application for provisional measures (or, if relevant, the court hearing an appeal against the grant or refusal of provisional measures) is clearly best placed to decide on certain procedural matters where the Agreement and national law so permit. That court will be aware of the facts and thus be in a position to ensure that in a particular case the requirements of equilibrium and fairness underlying Article 50(6) are met.

20. In the light of those factors, I will now turn to the main proceedings and the questions referred.

#### **The main proceedings and the questions referred**

21. The main proceedings in this case concern the alleged infringement of a pictorial trade mark 'Route 66' registered by Mr Groeneveld, resident in Oosterhout, the Netherlands, in respect of various categories of goods and services including alcoholic beverages, restaurant services and hotel/catering services.

22. Route 66 was a famous interstate highway in the United States, named in 1926 and running for 2 400 miles through eight states from Michigan Avenue in Chicago to Santa Monica in California. Route 66 has become (and has indeed perhaps always been) something of a cultural icon in the United States and further afield (there are for example 'Route 66 Associations' in Norway, Italy, and Japan). It featured in John Steinbeck's *The Grapes of Wrath*: described as 'the mother road' it was the route taken by over 200,000 people who in the 1930s abandoned the dust-bowl of the Mid-West and migrated to California. It also appears in Jack Kerouac's *On the Road* and has given rise to popular songs and television series.

23. The form of the pictorial marks registered by Mr Groeneveld is derived from the form taken by the road sign indicating Route 66 at the time when the whole of it was still in use. I would in passing mention that it seems surprising to me that such a sign has been registered as a trade mark.

24. Mr Schieving and Mr Nijstad in partnership operate a discothèque in Meppel, the Netherlands, which incorporates a café called 'Route 66'.

25. Having to no effect served formal notice to desist on Mr Schieving and Mr Nijstad, Mr Groeneveld brought proceedings against them for summary judgment (*kort geding*). The application was lodged on 31 October 1995 and the hearing took place on 6 November 1995. On 9 January 1996 the President of the *Rechtbank* (District Court), Assen, granted the relief claimed by Mr Groeneveld, ordering Mr Schieving and Mr Nijstad (1) to desist and refrain from using the name(s) '(Café) Route 66' and the marks 'ROUTE 66', and/or any other sign similar to the registered marks 'ROUTE 66', in relation to the goods and services in respect of which those marks are registered (including hotel/catering services) and (2) to desist and refrain from using in any other way the marks 'ROUTE 66' and/or any similar sign, such as the contested name '(Café) Route 66', in such a way that they are unlawfully exploited for economic purposes in circumstances which may infringe the rights of the proprietor(s) of the marks.

26. By judgment of 3 September 1997 the *Gerechtshof te Leeuwarden* (Regional Court of Appeal, Leeuwarden) upheld the judgment of the President, subject to a modification of the wording of the judgment so as to bring it into line with the wording of the Uniform Benelux Law on Trade Marks.

27. Mr Schieving and Mr Nijstad appealed in cassation to the *Hoge Raad* (Supreme Court). That court dismissed parts 1 to 8 inclusive of the grounds of appeal, which related to the interpretation of various provisions of the Uniform Benelux Law on Trade Marks. Part 9 of the grounds of appeal concerned the rejection by the *Gerechtshof* of an argument advanced before that court by Mr Schieving and Mr Nijstad concerning the effect of Article 50(6) of the TRIPs Agreement.

28. Noting that the TRIPs Agreement had entered into force in the Netherlands on 1 January 1996, Mr Schieving and Mr Nijstad had requested the *Gerechtshof*, in reliance on Article 50(6) of that Agreement, to declare that, if and in so far as the orders made by the President in his judgment of 9 January 1996 may have been capable of being upheld or granted, those orders had remained operative for a period not exceeding 20 working days or 31 calendar days after service, whichever was the longer, after which the orders in question must be regarded as having lapsed, since Mr Groeneveld had not instituted substantive proceedings within that period.

29. Before the *Hoge Raad* Mr Schieving and Mr Nijstad complained that, by rejecting that plea and ruling that their application was to be dismissed, the *Gerechtshof* had misconstrued Article 50(6) of the TRIPs Agreement. The *Hoge Raad* accordingly referred the following questions for a preliminary ruling:

(1) Does Article 50 of the TRIPs Agreement, in particular Article 50(6), have direct effect?

(2) Is Article 50(6) of the TRIPs Agreement to be interpreted as meaning that provisional measures within the meaning of Article 50(1) and (2) lapse by operation of law either if the substantive proceedings are not instituted within the period prescribed in the provisional measure or, where no period is prescribed, if the substantive proceedings are not commenced within 20 working days or 31 calendar days (whichever is the longer period), or is a request by the party against whom a provisional measure has been ordered (invariably) necessary in order for that measure to lapse?

(3) Where the time-limit within which the substantive proceedings must be brought is not prescribed in the provisional measures ordered, does it commence on:

(a) the day after the date on which the court ordered the provisional measure in question; or

(b) the day after the date on which the decision ordering the provisional measure was served on the defendant; or

(c) the day after the date on which the decision ordering the provisional measure became definitive and no longer open to challenge; or

(d) at any other point in time?

(4) Where a court orders a provisional measure, must it of its own motion fix a time-limit within which substantive proceedings are to be instituted, or may it fix such a time-limit only if an application is made to that effect?

(5) Where a court is called upon in appeal proceedings to adjudicate on a measure ordered by a lower court in proceedings at first instance, and that appellate court confirms that measure, is it open to the appellate court to prescribe, either of its own motion or on application by one of the parties, a time-limit within the meaning hereinbefore referred to, if the court seized of the matter at first instance has not done so?

(6) Is Article 50 of the TRIPs Agreement applicable where that Agreement enters into force in the Member State concerned on a date following the closure of the trial procedure at first instance but before the court seized of the first-instance proceedings has delivered its decision?

30. The *Hoge Raad* points out in its order for reference that it had already referred the first question to the Court in its order for reference dated 30 October 1998, received at the Court on 5 November 1998 and lodged as Case C-392/98 *Assco Gerüste*. (19)

31. Written observations have been submitted by Mr Groeneveld, the French, Portuguese and United Kingdom Governments, the Council and the Commission. The observations of the French and Portuguese Governments and the Council focus exclusively on the first question. Mr Schieving and Mr Nijstad and the Commission were represented at the hearing.

#### **The national procedure at issue**

32. Article 289(1) of the Netherlands Code of Civil Procedure (hereinafter 'the Code') provides as follows:

'In all cases in which, having regard to the interests of the parties, an immediate provisional measure is necessary on grounds of urgency, the application may be made at a hearing which the President shall hold for that purpose on working days which he shall fix.'

33. In such a case, Article 290(2) of the Code provides that the parties may appear before the President under his 'voluntary jurisdiction' to grant interim measures, in which case the applicant must be represented at the hearing by counsel, whereas the defendant may appear in person or be represented by counsel.

34. According to Article 292 of the Code, an interim measure adopted by the President does not prejudice the examination of the merits of the main proceedings.

35. Under Article 295 of the Code, an appeal against the provisional order may be lodged before the *Gerechtshof* (Court of Appeal) within two weeks of the delivery of that decision.

36. The question whether the Netherlands procedure was a 'provisional measure' within the meaning of Article 50(1) of the TRIPs Agreement, and hence whether Article 50(6) applied to that procedure, was at issue in *Hermès*. (20) In his order for reference in that case, the President of the *Arrondissementsrechtbank* observed that in interim proceedings under Netherlands law the defendant is summoned to appear, the parties have the right to be heard, and the judge hearing the application

for interim measures makes an assessment of the substance of the case, which he also sets out in a reasoned written decision, against which an appeal may be lodged. Moreover, although the parties then have the right to initiate proceedings on the merits, in matters falling within the scope of the TRIPs Agreement they normally abide by the interim decision.

37. In its judgment in *Hermès*, the Court ruled that a measure whose purpose was to put an end to alleged infringements of a trade-mark right and which was adopted in the course of such a procedure was a 'provisional measure' within the meaning of Article 50(1).

**The first question**

38. By its first question the referring court asks whether Article 50 (in particular Article 50(6)) of the TRIPs Agreement has direct effect.

39. It follows from paragraphs 47 and 48 of the recent judgment in *Parfums Christian Dior* (21) that, in so far as the field of trade marks is concerned, it is for Community law to determine the legal effects of Article 50 of the TRIPs Agreement on the national rules governing provisional measures. The legal effects of Article 50 of the TRIPs Agreement 'in a field in respect of which the Community has not yet legislated and which consequently falls within the competence of the Member States' are by contrast to be determined by national law.

40. I must confess that it is not easy to understand why Community law governs the effects of Article 50 of the TRIPs Agreement not only where a Community trade mark is involved but also in situations concerning national (Uniform Benelux) trade marks. (22) It must be borne in mind that, according to the Court's own case-law, Article 50 of the TRIPs Agreement when applied in relation to a national/Benelux trade mark appears to be applied in a situation falling within the scope of national law. (23) The reference in paragraph 47 of *Parfums Christian Dior* to paragraph 28 of *Hermès* is not conclusive either since that latter passage concerned the Community trade mark alone. The explanation for the line taken by the Court is perhaps that in relation to provisional measures it would be too cumbersome to have two distinct legal regimes, one governing the Community trade mark and the other governing national trade marks.

41. Be that as it may, the Court decided in *Parfums Christian Dior* that the effect of Article 50 of the TRIPs Agreement was not such as to create rights upon which individuals could rely before the courts by virtue of Community law. The Court added, however, that the finding that the provisions of the TRIPs Agreement did not have direct effect in that sense did not fully resolve the problem raised by the national courts. It went on to state that, in a field to which the TRIPs Agreement applied and in respect of which the Community had already legislated, as in the field of trade marks, the judicial authorities of the Member States were required by virtue of Community law, when called upon to apply their national rules with a view to ordering provisional measures for the protection of rights falling within such a field, to do so as far as possible in the

light of the wording and purpose of Article 50 of the TRIPs Agreement. (24)

42. Thus, although Article 50 does not have direct effect, the lack of direct effect is less significant than it might have been, given that - in the field of trade-mark law - courts must in so far as possible interpret their national law consistently with Article 50. That principle reflects the Court's earlier approach to the effect of GATT 1947, where it stated for example that 'it is important that the provisions of GATT should, like the provisions of all other agreements binding the Community, receive uniform application throughout the Community'. (25)

**The second question**

43. By its second question the referring court asks whether provisional measures within the meaning of Article 50(1) and (2) lapse by operation of law if the substantive proceedings are not instituted either within the period prescribed in the provisional measure or, where no period is prescribed, within 20 working days or 31 calendar days (whichever is the longer period), or whether a request by the party against whom a provisional measure has been ordered is necessary in order for that measure to lapse.

44. It will be recalled that Article 50(6) provides that provisional measures shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where a Member's law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days (whichever is the longer).

45. It may of course be that in some systems - as before this Court (26) - an application for provisional measures may be made only if proceedings on the merits are commenced at the same time or have already been commenced. The interpretation of Article 50(6) sought by the national court will be relevant however to those systems where an application for provisional measures may be made before proceedings on the merits are commenced.

46. The Commission states that before the *Hoge Raad* Mr Schieving and Mr Nijstad argued that the words 'upon request by the defendant' referred only to the verb 'shall be revoked' and that the contracting parties could not have intended that the phrase 'or otherwise cease to have effect' should depend on a request by the defendant. Accordingly they contended that such a request was necessary in the first case but not in the second.

47. In my view however that interpretation is difficult to reconcile with the English text of the provision, from which a request by the defendant appears to be necessary in both cases.

48. The latter interpretation is confirmed by the French and the Spanish versions of the provision, the only other authentic texts. (27) In both those languages the words 'upon request by the defendant' (28) follow the words 'shall ... be revoked or otherwise cease to have

effect', (29) thus making it clear that the defendant's request is necessary in either event. In my view therefore, and as Mr Groeneveld, the United Kingdom and the Commission submit, Article 50(6) applies only where there is a request by the defendant, whether the provisional measures cease to have effect by revocation or 'otherwise'.

49. That does not mean, however, that a Member State may not make express provision in its legislation for provisional measures to lapse automatically. Article 50(6) seeks to ensure that the defendant has a means of challenging provisional measures which are ordered before the issue of proceedings on the merits. As discussed above, (30) that provision aims to balance the interests of the parties most concerned by the grant of provisional measures in proceedings for the protection of intellectual property rights. In my view, that balance is not upset if the defendant is granted more extensive protection than that conferred by Article 50(6) provided that the interests of the owner of the intellectual property rights at issue are not at the same time unduly prejudiced. A national rule that provisional measures automatically lapsed if the main proceedings were not issued on the same day would clearly not respect the necessary balance of interests; a rule that provisional measures automatically lapsed if the main proceedings were not issued within one month, on the other hand, might well respect that balance.

#### **The third question**

50. By its third question the referring court asks essentially when the time-limit within which the substantive proceedings must be brought commences where it is not prescribed in the provisional measures ordered. The referring court suggests three possible starting points for the time-limit, namely (a) the day after the court ordered the provisional measure in question; (b) the day after the decision ordering the provisional measure was served on the defendant; or (c) the day after the decision ordering the provisional measure became definitive and no longer open to challenge.

51. Since there is nothing in Article 50(6) itself which provides the answer to this question, I consider that, in the absence of any relevant Community legislation, it is for the domestic legal system of each Member State, provided in each case that the national rule at issue adequately reflects the wording and purpose of Article 50(6). Subject to that qualification, to which I will return, it would in my view be unwise to seek to read into that provision further detailed procedural requirements which the authors of the TRIPs Agreement did not see fit to prescribe.

52. That approach is moreover borne out by the third sentence of Article 1(1) of the Agreement, which provides that Members are free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system and practice.

53. It may be noted that the predecessor of Article 50(6) in the Chairman's report to the Group of Negotiation on Goods, dated 23 July 1990, a draft text of the status of work in the TRIPs negotiation, provided that

time should run from notification of the provisional measures, unless determined otherwise by the court. (31)

54. By December 1990, when the Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations was submitted to Ministers in Brussels, the text of Article 50(6) was identical to that in the Agreement as adopted. The reference to time running from notification of the measures had been deleted and no other indication of when time should start to run had been put in its place. That also supports the view that the negotiators considered it appropriate to leave the matter to the domestic laws of the Members.

55. There is a remarkable diversity among the EC Member States in the procedural rules which currently govern applications for provisional measures which anticipate the issue of proceedings on the merits. It appears that there is a statutory time-limit which runs from the decision ordering the provisional measures in Denmark (two weeks), Finland (one month) and Spain (formerly 8 days, now 20 days). There is a statutory time-limit which runs from the date of service of the decision in Portugal (30 days) and Sweden (one month). The court is required to order a time-limit in Austria (the time-limit, which runs from service of the decision ordering provisional measures, to be set by the judge) and Italy (to be fixed by the judge, not exceeding 30 days, and in default of determination by the judge, 30 days) and, on the defendant's request, in Germany (generally between two weeks and one month from service of the decision ordering the time-limit). In England and Wales the court must require the applicant to undertake to commence the main action immediately; in Scotland and Ireland (32) the practice is similar. In Greece the court may order a time-limit (not less than 30 days). In Belgium, France and Luxembourg the practice is generally, but not universally, for the court to order a time-limit which varies from case to case. The position in the Netherlands is that there is no statutory or express judicial power but judges are currently tending to impose time-limits of several months from several possible starting points (for example, after the decision ordering the provisional measures has become definitive, or when the defendant lodges a request for the revocation of the provisional measures) which do not include the date of the order or its service.

56. That national diversity to my mind illustrates the hazards of seeking to impose an identical interpretation of all procedural details left open in Article 50(6). The wording and purpose of that provision, which must colour the application by national courts of national rules with a view to ordering provisional measures for the protection of rights falling within a field to which the TRIPs Agreement applies and in respect of which the Community has legislated, (33) may be served by procedural rules which vary slightly in the detail. Thus it seems to me that the wording and purpose of Article 50(6) are not prejudiced by national rules according to which the time-limit may run variously from the date of (or the day after) the decision ordering the provisional

measures or from the date of (or the day after) service of that decision. (It should be noted that time-limits often run not from the event but from the following day: see for example Article 80(1)(a) of the Rules of Procedure of the Court of Justice.) Since in the case of provisional measures adopted *inaudita altera parte* Article 50(4) of the TRIPs Agreement already requires that the defendant should be given prompt notice ('without delay after the execution of the measures at the latest'), the decision should in any event be promptly served.

57. National rules which allow for a significantly longer period between the decision or its service and the beginning of the time-limit for commencing proceedings on the merits may not however achieve the purpose of Article 50(6). I am thus not convinced that the practice in the Netherlands, which, it appears, sometimes uses the third alternative suggested by the national court ('the day after the date on which the decision ordering the provisional measure became definitive and no longer open to challenge'), fully reflects the wording and purpose of Article 50(6).

58. The answer to the national court's third question is thus in principle to be found in national law. As can be seen from the above summary of national rules and practices, however, in a minority of Member States national law does not appear to provide a readily ascertainable rule or practice on the basis of which it may be determined when time starts running where the court ordering the provisional measures does not prescribe a time-limit for the commencement of the main proceedings. In those circumstances, I consider that it will likewise be consistent with the wording and purpose of Article 50(6) for time to run either from the date of the decision ordering the provisional measures or from the date of service of that decision (or again in either case from the day after the relevant date).

#### **The fourth question**

59. By its fourth question the referring court asks whether a court ordering a provisional measure must of its own motion fix a time-limit within which substantive proceedings are to be instituted or whether it is required to fix such a time-limit only if an application is made to that effect.

60. In my view, the question whether a court ordering a provisional measure must of its own motion fix a time-limit for bringing proceedings on the merits is again a matter for the domestic legal system of each Member State. That follows as Article 50(6) expressly provides that the determination of a reasonable period by the judicial authority ordering the measures arises only where a Member's law so permits. As is apparent from paragraph 55 above, in many Member States a mandatory time-limit is fixed by statute: in such States it is clearly not relevant to ask whether the court may or must fix a time-limit.

61. Where, however, a Member's law does permit the relevant judicial authority to set such time-limits of its own motion, I consider that the wording and purpose of Article 50(6) are best reflected if that authority routinely does so as a matter of practice even in the

absence of an application to that effect by any of the parties.

#### **The fifth question**

62. By its fifth question the referring court asks whether, where an appeal is lodged against a provisional measure ordered by a court of first instance and the appellate court confirms the measure, it is open to the appellate court to prescribe, either of its own motion or on application by one of the parties, a time-limit within the meaning of Article 50(6) if the court at first instance has not done so.

63. The United Kingdom notes that an appellate court will be as aware of the facts and matters giving rise to the dispute as a court of first instance; thus where the court of first instance has failed to determine what constitutes a reasonable period, it is desirable that the appellate court should do so on the basis of the facts, provided that it is permitted to do so under national law. The Commission similarly considers that it is not obvious why only the court of first instance should be the 'judicial authority ordering the measures': the appellate court may be the first to impose provisional measures or may affirm or modify them in the course of the appeal.

64. That approach is in my view consistent with both the purpose and the wording of Article 50(6). I would add that it is not only where the court of first instance has failed to fix a time-limit that the question arises: even where the court of first instance sets a time-limit, it may be appropriate for an appellate court confirming the order to vary that time-limit if it is empowered to do so under national law. For example, if the court of first instance set a time-limit of 15 days from service of the order, and if national law prescribed a time-limit for appealing of 15 days from service of the order, it is clear that the time-limit might have to be varied on appeal depending on when the appeal was lodged, heard and determined.

65. Where however national law permits an appellate court to prescribe a time-limit of its own motion, it seems to me that the wording and purpose of Article 50(6) are best reflected if that court normally does so as a matter of practice even in the absence of application by one of the parties. Although a time-limit set at first instance may, as suggested above, call for variation in certain circumstances, other circumstances may equally be envisaged in which it would be appropriate for the original time-limit to stand notwithstanding an appeal.

#### **Conclusions on the first five questions**

66. It may be useful at this stage to summarise the conclusions so far reached on the interpretation of Article 50(6).

67. The answer to the first question is given by the *Parfums Christian Dior* judgment.

68. Second, a request by the defendant is necessary under Article 50(6) before a provisional measure is revoked or otherwise ceases to have effect.

69. Third, national law determines when the time-limit within which the substantive proceedings must be brought commences where it is not prescribed in the decision ordering the provisional measures. It is consis-

tent with the wording and purpose of Article 50(6) for time to run either from the date of the decision ordering the provisional measures or from the date of service of that decision (or in either case from the day after that date).

70. Fourth, national law determines whether a court which orders a provisional measure must of its own motion fix a time-limit within which substantive proceedings are to be instituted.

71. Fifth, if permitted by national law, an appellate court ordering, confirming or varying a provisional measure may of its own motion prescribe a time-limit within which proceedings on the merits must be commenced.

#### **The sixth question**

72. By its sixth question the referring court asks whether Article 50 of the TRIPs Agreement applies where that Agreement entered into force in the Member State concerned after the hearing at first instance but before judgment.

73. Article 70(1) of the TRIPs Agreement provides that the Agreement does not give rise to obligations in respect of acts which occurred before the date of application of the Agreement for the Member in question.

74. In order to answer the national court's final question, it must first be determined whether 'acts' in Article 70(1) means solely the acts of infringement allegedly committed by the defendant or whether 'acts' is intended in the broader sense which would encompass a judicial act such as the interlocutory order given at first instance on 9 January 1996. The former interpretation seems more consistent with the general tenor of Article 70, most of which makes clear links between the date of entry into force of the Agreement and the status of the subject-matter of intellectual property rights: see for example paragraphs (2) and (3). In addition, Article 70(4) uses the term 'acts' in a context which is clearly limited to factual rather than legal acts.

75. Moreover 'act' is used in Article 41(1) in the phrase 'act of infringement'. Judgments in the general sense however are referred to as 'judicial decisions' or 'decisions' (see Article 41(3), 41(4)).

76. Article 50 of the TRIPs Agreement is therefore applicable (subject to the other transitional provisions in Article 70 thereof) where that Agreement enters into force in the Member State concerned after the close of proceedings at first instance but before the court seised of the first-instance proceedings has delivered its decision, provided that the act of infringement in respect of which a provisional measure within the meaning of Article 50(6) is ordered is committed or continues after the TRIPs Agreement has entered into force.

77. Since it may be assumed that the act of infringement allegedly committed by the defendants in the present case (namely the operation of a café called 'Route 66'), being in the nature of a continuing act, continued at least until the date of judgment (9 January 1996) and hence occurred both before and after the date of application of the Agreement for the Netherlands (1

January 1996), it seems clear that Article 50 is applicable.

78. Article 50 was accordingly applicable when the President of the Rechtbank, Assen, ordered the provisional measures at issue (by judgment of 9 January 1996) and when the Gerechtshof te Leeuwarden upheld those measures on appeal (by judgment of 3 September 1997).

#### **Conclusion**

79. I accordingly consider that the questions referred by the Hoge Raad should be answered as follows:

(1) In a field to which the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPs Agreement), as set out in Annex 1 C to the Agreement establishing the World Trade Organisation, approved on behalf of the Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994, applies and in respect of which the Community has already legislated, the judicial authorities of the Member States are required by virtue of Community law, when called upon to apply national rules with a view to ordering provisional measures for the protection of rights falling within such a field, to do so as far as possible in the light of the wording and purpose of Article 50 of the TRIPs Agreement.

In a field in which the Community has not yet legislated and which consequently falls within the competence of the Member States, the protection of intellectual property rights, and measures adopted for that purpose by the judicial authorities, do not fall within the scope of Community law. Accordingly, Community law neither requires nor forbids that the legal order of a Member State should accord to individuals the right to rely directly on the rule laid down by Article 50(6) of the TRIPs Agreement or that it should oblige the courts to apply that rule of their own motion.

(2) Under Article 50(6) of the TRIPs Agreement, a request by the party against whom a provisional measure has been ordered is necessary in order for that measure to be revoked or otherwise cease to have effect.

(3) Where a decision ordering a provisional measure within the meaning of Article 50(6) of the TRIPs Agreement does not prescribe a commencement date for the time-limit within which proceedings on the merits must be initiated, the national law of the Member State concerned determines when that time-limit commences. It is consistent with the wording and purpose of Article 50(6) for time to run either from the date of the decision ordering the provisional measures or from the date of service of that decision (or in either case from the day after that date).

(4) The national law of the Member State concerned determines whether a court which orders a provisional measure within the meaning of Article 50(6) of the TRIPs Agreement must of its own motion fix a time-limit within which proceedings on the merits must be initiated.

(5) The national law of the Member State concerned determines whether an appellate court may of its own

motion prescribe a time-limit within which proceedings on the merits must be initiated.

(6) Article 50 of the TRIPs Agreement is applicable where that Agreement enters into force in the Member State concerned on a date following the close of proceedings at first instance but before the court seised of the first-instance proceedings has delivered its decision, provided that the act of infringement in respect of which a provisional measure within the meaning of Article 50(6) is ordered is committed or continues after the TRIPs Agreement has entered into force.

28: - ‘à la demande du défendeur’ and ‘a petición del demandado’.

29: - ‘seront abrogées ou cesseront de produire leurs effets d'une autre manière’ and ‘se revocarán o quedarán de otro modo sin efecto’.

30: - See paragraphs 10 to 15.

31: - Article 1A.5, reproduced in Gervais, cited in note 16, p. 215.

32: - In Ireland it appears that the grant of provisional measures *inaudita altera parte* is extremely rare in intellectual property matters.

33: - Parfums Christian Dior, cited in note 11, paragraph 47 of the judgment.

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1: Original language: English.

2: - Opinion 1/94 [1994] ECR I-5267, at p. 5279.

3: - See paragraph 58 of Opinion 1/94, cited in note 1.

4: - See Article XI.

5: - OJ 1994 L 336, p. 1.

6: - The TRIPs Agreement is published in OJ 1994 L 336, p. 213.

7: - Opinion 1/94, cited in note 1, paragraph 105.

8: - Opinion 1/94, cited in note 1, paragraph 104.

9: - Case C-53/96 [1998] ECR I-3603.

10: - Paragraph 28 of the judgment.

11: - Paragraphs 30 to 33 of the judgment.

12: - Joined Cases C-300/98 and C-392/98; judgment delivered on 14 December 2000.

13: - Paragraphs 36 to 40 of the judgment.

14: - In T.P. Stewart (ed.), *The GATT Uruguay Round - A Negotiating History (1986-1992)*, Vol. II, 1993, p. 2254.

15: - See further F. Emmert, ‘Intellectual Property in the Uruguay Round - Negotiating Strategies of the Western Industrialized Countries’, *Michigan Journal of International Law*, 1990, p. 1317.

16: - See Stewart, *op. cit.*, pp. 2264 to 2313, in particular pp. 2272 and 2308 to 2310, and T. Dreier, ‘TRIPs and Enforcement of Rights’ in F.-K. Beier and G. Schriker (eds), *From GATT to TRIPs - The Agreement on Trade-Related Aspects of Intellectual Property Rights*, 1996.

17: - See D. Gervais, *The TRIPs Agreement - Drafting History and Analysis*, 1998, pp. 213 to 216.

18: - Set out in paragraph 5 above.

19: - Subsequently joined with Parfums Christian Dior, cited in note 11. See further paragraphs 39 to 41 below.

20: - Hermès, cited in note 8.

21: - Cited in note 11.

22: - Parfums Christian Dior, paragraph 47 of the judgment.

23: - Parfums Christian Dior, paragraph 35 of the judgment; Hermès, cited in note 8, paragraph 32.

24: - Paragraphs 45 to 47 of the judgment.

25: - Joined Cases 267/81 to 269/81 SPI and SAMI [1983] ECR 801, paragraph 14 of the judgment.

26: - See Article 83(1) of the Rules of Procedure of the Court of Justice.

27: - See the final paragraph of the Agreement establishing the World Trade Organisation.