

European Court of Justice, 14 December 2006, Nokia



## TRADEMARK LAW

**Special reasons not to issue an order prohibiting threatened infringement**

- The term ‘special reasons’ must therefore be given a uniform interpretation within the Community legal order.

- The mere fact that threatened infringement is not obvious does not constitute a special reason

Article 98(1) of the Regulation is to be interpreted as meaning that the mere fact that the risk of further infringement or threatened infringement of a Community trade mark is not obvious or is otherwise merely limited does not constitute a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts.

- The fact that the national law includes a general prohibition of infringement and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence, does not constitute a special reason

Article 98(1) of the Regulation is to be interpreted as meaning that the fact that the national law includes a general prohibition of the infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence, does not constitute a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts.

## Compliance

- The court which has issued an order prohibiting the defendant from proceeding with infringement is required to take, from among the measures provided for under national law, such as are aimed at ensuring that that prohibition is complied with

Article 98(1) of the Regulation is to be interpreted as meaning that a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to take such measures, in accordance with its national law, as are aimed at ensuring that that prohibition is complied with, even if the national law includes a general prohibition of infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence. (...) a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to

take, from among the measures provided for under national law, such as are aimed at ensuring that that prohibition is complied with, even if those measures could not, under that law, be taken in the case of a corresponding infringement of a national trade mark.

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## European Court of Justice, 14 December 2006

(P. Jann, K. Lenaerts, E. Juhász, K. Schiemann and M. Ilešič)

JUDGMENT OF THE COURT (First Chamber)

14 December 2006(\*)

*(Community trade mark – Article 98(1) of Regulation (EC) No 40/94 – Infringement or threatened infringement – Obligation of a Community trade mark court to issue an order prohibiting a third party from proceeding with such acts – Definition of ‘special reasons’ for not issuing such a prohibition – Obligation of a Community trade mark court to take such measures as are aimed at ensuring that such a prohibition is complied with – National legislation laying down a general prohibition of infringement or threatened infringement coupled with penalties)*

In Case C-316/05,

REFERENCE for a preliminary ruling under Article 234 EC by the Högsta domstolen (Sweden), made by decision of 9 August 2005, received at the Court on 16 August 2005, in the proceedings

Nokia Corp.

v

Joacim Wärdell,

THE COURT (First Chamber),

composed of P. Jann, President of the Chamber, K. Lenaerts, E. Juhász, K. Schiemann and M. Ilešič (Rapporteur), Judges,

Advocate General: E. Sharpston,

Registrar: R. Grass,

having regard to the written procedure,

after considering the observations submitted on behalf of:

- Nokia Corp., by H. Wistam, advokat,
  - Mr Wärdell, by B. Stanghed, advokat,
  - the French Republic, by G. de Bergues and J.-C. Niollet, acting as Agents,
  - the Commission of the European Communities, by W. Wils and K. Simonsson, acting as Agents,
- after hearing the [Opinion of the Advocate General](#) at the sitting on 13 July 2006,
- gives the following

### Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 98(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) (‘the Regulation’).

### Legal context

#### Community legislation

2 Article 9 of the Regulation, ‘Rights conferred by a Community trade mark’, provides:

‘1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;

...

2. The following, inter alia, may be prohibited under paragraph 1:

(a) affixing the sign to the goods or to the packaging thereof;

...

(c) importing or exporting the goods under that sign;

...

3 Article 14 of the Regulation, ‘Complementary application of national law relating to infringement’, states:

‘1. The effects of Community trade marks shall be governed solely by the provisions of this Regulation. In other respects, infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark in accordance with the provisions of Title X.

...

3. The rules of procedure to be applied shall be determined in accordance with the provisions of Title X.’

4 Title X of the Regulation, ‘Jurisdiction and procedure in legal actions relating to community trade marks’, consists of Articles 90 to 104.

5 Under Articles 91(1) and 92(a) of the Regulation, the Member States are to designate in their territories national courts and tribunals of first and second instance, referred to as ‘Community trade mark courts’, on which is to be conferred exclusive jurisdiction for all infringement actions and – if they are permitted under national law – actions in respect of threatened infringement relating to Community trade marks.

6 Article 97 of the Regulation provides:

‘1. The Community trade mark courts shall apply the provisions of this Regulation.

2. On all matters not covered by this Regulation a Community trade mark court shall apply its national law, including its private international law.

3. Unless otherwise provided in this Regulation, a Community trade mark court shall apply the rules of procedure governing the same type of action relating to a national trade mark in the Member State where it has its seat.’

7 Article 98 of the Regulation provides:

‘1. Where a Community trade mark court finds that the defendant has infringed or threatened to infringe a Community trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.

2. In all other respects the Community trade mark court shall apply the law of the Member State [in] which the acts of infringement or threatened infringement were committed, including the private international law.’

#### **Swedish legislation**

8 Under Section 4 of the Law on trade marks (1960:644) (varumärkeslagen, ‘the Law on trade marks’), the right to a trade mark means that a person other than the proprietor may not, in the course of business, use a sign that may be confused with it on his goods, irrespective of whether the goods are offered for sale or are intended to be offered for sale in Sweden or abroad or whether they are imported into Sweden.

9 Section 37 of the Law on trade marks lays down the penalties which can be imposed for an infringement that has been committed intentionally or with gross negligence.

10 Section 37a of the Law on trade marks provides that a court may, upon application by the proprietor of the mark, prohibit the person committing the infringement, on pain of a fine, from continuing the infringement. The national court has stated that that provision is optional.

11 Section 66 of the Law on trade marks provides, firstly, that Section 37 of that law applies in the case of infringement of a Community trade mark. It states, secondly, that Section 37a of that law applies in so far as the Regulation does not provide otherwise.

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

12 Nokia Corp. (‘Nokia’) is the proprietor of the word mark Nokia, which is registered both as a national mark in Sweden and as a Community trade mark for, inter alia, ‘mobile telephones and their accessories’.

13 In 2002, Mr Wärdell imported ‘flash stickers’ into Sweden from the Philippines. These are adhesive stickers which are intended to be attached to mobile telephones and contain a light-emitting diode which flashes when the telephone rings.

14 On the occasion of a customs inspection it was found that a number of those ‘flash stickers’ bore the mark Nokia, either on the product itself or on the packaging. Mr Wärdell stated that it was a question of defective delivery, without his knowledge, on the part of the supplier.

15 Claiming that Mr Wärdell was guilty of infringement, Nokia brought an action against him before Stockholms tingsrätten (Stockholm district court) (Sweden) with a view to prohibiting him, on pain of a fine, from using, in the course of his business activities, signs capable of being confused with the Swedish and Community trade mark Nokia.

16 Stockholms tingsrätten held that infringement had been established. As Mr Wärdell stated that he might import more ‘flash stickers’, that court found that there was a risk that he might again commit acts infringing the trade mark and issued against him the prohibition with a fine attached which had been sought.

17 On appeal by Mr Wärdell, the Svea hovrätten (Svea court of appeal) found both that he had committed an act of infringement and that there was some risk

that he might in the future commit the same infringement of Nokia's trade mark rights. However, noting that Mr Wårdell had never committed such acts before and that he could be accused only of carelessness, that court held that there was no need to impose on him a prohibition with a fine attached.

18 Nokia then appealed to the Högsta domstolen (Supreme Court). It submits that the mere fact that Mr Wårdell objectively infringed its trade mark rights is sufficient to impose on him a prohibition with a fine attached.

19 It is against that background that the Högsta domstolen decided to stay proceedings and refer the following questions to the Court for a preliminary ruling:

1. Is the condition relating to "special reasons" in the first sentence of Article 98(1) of Regulation (EC) No 40/94 ... to be interpreted as meaning that a court which finds that the defendant has infringed a Community trade mark may, irrespective of the other circumstances, refrain from issuing a specific prohibition of further infringement if the court considers that the risk of further infringement is not obvious or is otherwise merely limited?

2. Is the condition relating to special reasons in the first sentence of Article 98(1) of the Regulation on the Community trade mark to be interpreted as meaning that a court which finds that the defendant has infringed a Community trade mark may, even if there is no such ground for refraining from issuing a prohibition of further infringement as contemplated in Question 1, refrain from issuing such a prohibition on the grounds that it is clear that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence?

3. If the answer to Question 2 is no, must specific measures, by which a prohibition is for example coupled with a penalty, be taken in such a case to ensure that the prohibition is complied with, even where it is clear that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence?

4. If the answer to Question 3 is yes, does this apply even where the conditions for adopting such a specific measure in the case of a corresponding infringement of a national trade mark would not be regarded as fulfilled?

#### **The first question**

20 By its first question, the national court asks whether Article 98(1) of the Regulation is to be interpreted as meaning that the mere fact that the risk of further infringement or threatened infringement of a Community trade mark is not obvious or is otherwise merely limited constitutes a special reason for a Community trade mark court to refrain from issuing an order prohibiting the defendant from proceeding with such acts.

21 It follows from the need for uniform application of Community law and from the principle of equality that the terms of a provision of Community law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an autonomous and uniform interpretation throughout the Community, having regard to the context of the provision and the objective pursued by the legislation in question (see, inter alia, Case 327/82 Ekro [1984] ECR 107, paragraph 11; Case C-287/98 Linster [2000] ECR I-6917, paragraph 43; and Case C-170/03 Feron [2005] ECR I-2299, paragraph 26).

22 That applies to the term 'special reasons' in the first sentence of Article 98(1) of the Regulation.

23 It is true that Article 14(1) of the Regulation provides that 'infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark in accordance with the provisions of Title X'.

24 However, first, as indicated by the words 'in accordance with the provisions of Title X', that reference to the national law of the Member States does not preclude the establishment, by the Community legislature, of a number of rules to govern uniformly the issue of infringement of Community trade marks.

25 Secondly, as is apparent from the second recital in the preamble to the Regulation, the Community arrangements for trade marks established by the Regulation seek, inter alia, to allow undertakings to 'obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community'.

26 It is essential, for the purposes of protecting Community trade marks, to enforce the prohibition against infringement of those marks.

27 If the condition relating to 'special reasons' were to be interpreted differently in the various Member States, the same circumstances could give rise to prohibitions of further infringement or threatened infringement in some Member States and not in others. Consequently, the protection afforded to Community trade marks would not be uniform throughout the entire area of the Community.

28 The term 'special reasons' must therefore be given a uniform interpretation within the Community legal order.

29 In that regard, it must be noted, firstly, that, in the different language versions, the first sentence of Article 98(1) of the Regulation is drafted in mandatory terms (see, inter alia, in Spanish, 'dictará providencia para prohibirle'; in German, 'verboten'; in English, 'shall ... issue an order prohibiting'; in French, 'rend ... une ordonnance lui interdisant'; in Italian, 'emette un'ordinanza vietandogli'; and, in Dutch, 'verbiedt').

30 It follows that, in principle, a Community trade mark court must issue an order prohibiting further infringement or threatened infringement and, therefore, that the condition relating to 'special reasons for not doing so' – which the wording of Article 98(1) clearly shows is an exception to that obligation (see, inter alia,

in Spanish, '[n]o habiendo'; in German, 'sofern ... nicht ... entgegenstehen'; in English, 'unless there are'; in French, 'sauf s'il y a'; in Italian, 'a meno che esistano'; and, in Dutch, 'tenzij er ... zijn') – must be interpreted strictly.

31 Secondly, Article 98(1) of the Regulation is an essential provision for the purposes of achieving the objective pursued by the Regulation of protecting Community trade marks within the Community.

32 As Advocate General Sharpston pointed out at point 24 of her Opinion, if the issue of a prohibition against further infringement or threatened infringement of a Community trade mark were conditional on an obvious or not merely limited risk of recurrence of such acts, the applicant would probably be required to furnish evidence of that risk. Such evidence regarding the possible conduct of the defendant in the future would be difficult for the applicant to adduce and risk undermining the exclusive right conferred on him by the Community trade mark.

33 Thirdly, as was pointed out in paragraph 25 of this judgment, the protection of Community trade marks must be uniform throughout the entire area of the Community.

34 An interpretation according to which the issue of a prohibition against further infringement or threatened infringement of a Community trade mark was conditional on an obvious or not merely limited risk of recurrence of such acts on the part of the defendant would result in the extent of the protection of that mark varying from one court to another, indeed from one action to another, according to the assessment made of that risk.

35 The above considerations obviously do not preclude a Community trade mark court from not issuing such a prohibition were it to find that further infringement or threatened infringement on the part of the defendant was no longer possible. That would apply in particular if, after the commission of the acts in question, an action were brought against the proprietor of the mark infringed which culminated in a revocation of his rights.

36 The answer to the first question must, therefore, be that Article 98(1) of the Regulation is to be interpreted as meaning that the mere fact that the risk of further infringement or threatened infringement of a Community trade mark is not obvious or is otherwise merely limited does not constitute a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts.

#### **The second question**

37 By its second question, the national court asks whether Article 98(1) of the Regulation is to be interpreted as meaning that the fact that national law includes a general prohibition of the infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence, constitutes a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts.

38 First, as is apparent from the choice of words used by the Community legislature in the first sentence of Article 98(1) of the Regulation, (see, inter alia, in Spanish, 'razones especiales'; in German, 'besondere Gründe'; in English, 'special reasons'; in French, 'raisons particulières'; in Italian, 'motivi particolari'; and, in Dutch, 'speciale redenen'), the term 'special reasons' relates to factual circumstances specific to a given case.

39 The fact that the legislation of a Member State provides for a general prohibition of infringement and for the possibility of penalising further infringement or threatened infringement cannot be regarded as specific to every action for infringement or threatened infringement brought before the Community trade mark courts of that State.

40 Moreover, under Articles 44(1) and 61 of the Agreement on trade-related aspects of intellectual property rights (TRIPs Agreement), which is contained in Annex 1C to the Agreement establishing the World Trade Organisation (WTO Agreement), approved on behalf of the European Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1), all Member States are required to provide for civil and criminal remedies, including prohibition, for infringement of intellectual property rights. The existence of such remedies under national law cannot therefore, a fortiori, constitute a special reason within the meaning of the first sentence of Article 98(1) of the Regulation.

41 Secondly, if the fact that the law of a Member State provides for a general prohibition of infringement and for the possibility of a penalty for further infringement or threatened infringement were to be regarded as a special reason, within the meaning of the first sentence of Article 98(1) of the Regulation, application of the principle – laid down in that provision – that the Community trade mark courts must, subject to exceptions, issue an order prohibiting further infringement or threatened infringement would depend on the content of the national law applicable.

42 The Community trade mark courts of a Member State whose legislation provides for a statutory general prohibition of infringement and also for the possibility of penalising further infringement would thus automatically be relieved of the obligation to issue an order prohibiting the defendant from proceeding with the acts in question, without even having to look at the specific facts of each case, and, therefore, Article 98(1) of the Regulation would be rendered redundant within the territory of that State.

43 Such an outcome would be incompatible both with the principle of the primacy of Community law and with the requirement that it be uniformly applied.

44 Lastly, as Nokia and the French Government, and also Advocate General Sharpston at points 33 and 34 of her Opinion, point out, the existence, under the national law applicable, of a general prohibition on infringement and the possibility of a penalty in the event of further acts of infringement do not have the same dissuasive effect as a specific prohibition against the defendant from proceeding with those acts, coupled

with measures aimed at ensuring that that prohibition is complied with, that prohibition having already been ordered by means of an enforceable court decision. Consequently, the proprietor of the mark infringed cannot be protected in a comparable way where there is no such specific prohibition.

45 The answer to the second question must therefore be that Article 98(1) of the Regulation is to be interpreted as meaning that the fact that the national law includes a general prohibition of the infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence, does not constitute a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts.

#### **The third question**

46 By its third question, the national court asks whether Article 98(1) of the Regulation is to be interpreted as meaning that a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to take such measures, in accordance with its national law, as are aimed at ensuring that that prohibition is complied with, even if that law includes a general prohibition of infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence.

47 In that regard, it must be pointed out, firstly, that the second sentence of Article 98(1) of the Regulation is drafted in mandatory terms (see, *inter alia*, in Spanish, ‘adoptará las medidas’; in German, ‘trifft ... die ... Maßnahmen’; in English, ‘shall ... take ... measures’; in French, ‘prend ... les mesures’; in Italian, ‘[p]rende ... le misure’; and, in Dutch, ‘treft ... maatregelen’).

48 Secondly, unlike the obligation to issue an order prohibiting further infringement or threatened infringement – provided for in the first sentence of Article 98(1) of the Regulation –, which is coupled with a derogation in the event of ‘special reasons’, the obligation to attach to that prohibition measures aimed at ensuring that it is complied with – provided for in the second sentence of that provision – does not allow for any exception.

49 It follows that, where the Community trade mark court of a Member State has issued an order prohibiting further infringement or threatened infringement, it is required to take, from among the measures provided for under the legislation of that Member State, such as are aimed at ensuring that that prohibition is complied with.

50 Such an interpretation is moreover consistent with the objective pursued by Article 98(1) of the Regulation, which is to protect the right conferred by the Community trade mark.

51 As is apparent from the reply to the second question, the fact that the national legislation applicable includes a general prohibition of the infringement of Community trade marks and provides for the possibil-

ity of penalising further infringement or threatened infringement, whether intentional or due to gross negligence, does not relieve a Community trade mark court of the obligation to issue an order prohibiting the defendant from proceeding with those acts.

52 Accordingly, that same circumstance likewise does not relieve it of the obligation to take such measures, in accordance with its national law, as are aimed at ensuring that that prohibition is complied with.

53 The answer to the third question must therefore be that Article 98(1) of the Regulation is to be interpreted as meaning that a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to take such measures, in accordance with its national law, as are aimed at ensuring that that prohibition is complied with, even if the national law includes a general prohibition of infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence.

#### **The fourth question**

54 By its fourth question, the national court asks, in essence, whether Article 98(1) of the Regulation is to be interpreted as meaning that a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to take such measures, in accordance with its national law, as are aimed at ensuring that that prohibition is complied with, where those measures could not, under that law, be taken in the case of a corresponding infringement of a national trade mark.

55 It is apparent from the answers to the second and third questions that the Community legislature has introduced an obligation on Community trade mark courts, first, to prohibit further infringement or threatened infringement of a Community trade mark unless there are special reasons for not doing so, and, secondly, to take such measures as are aimed at ensuring that that prohibition is complied with.

56 Under Article 14(1) of the Regulation, ‘infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark in accordance with the provisions of Title X [of the Regulation]’.

57 Thus the nature of the measures referred to in the second sentence of Article 98(1) of the Regulation is to be determined by the national law of the Member State of the Community trade mark court before which the action is brought, as is apparent from the specific reference made by the provision to that law. In this respect, as Advocate General Sharpston stated at point 42 of her Opinion, it is for Member States to provide in their national law for effective measures in order to prevent further infringement or threatened infringement of a Community trade mark.

58 On the other hand, by introducing an absolute requirement for Community trade mark courts to take such measures when they issue an order prohibiting

further infringement or threatened infringement, the Community legislature has precluded the national law of a Member State from making such measures contingent on compliance with additional conditions.

59 Consequently, the second sentence of Article 98(1) of the Regulation must be interpreted as not referring to national law as regards the conditions for implementing the measures provided for under that law which are aimed at ensuring that the prohibition against further infringement or threatened infringement is complied with, but as requiring that such measures be ordered as soon as an order prohibiting further infringement or threatened infringement has been made. It follows *inter alia* that Community trade mark courts are required to take such measures without having regard to the conditions necessary for their implementation under the national law applicable.

60 If that were not the case, the objective of Article 98(1) of the Regulation, which is the uniform protection, throughout the entire area of the Community, of the right conferred by the Community trade mark against the risk of infringement, would not be achieved. A prohibition against further infringement or threatened infringement which is not coupled with measures aimed at ensuring that it is complied with would, generally speaking, have no dissuasive effect.

61 It is thus *a fortiori* immaterial that, in equivalent factual circumstances, the national law does not allow the national courts to attach such measures to a prohibition against further infringement of a national trade mark. It must be borne in mind in this connection that although First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) harmonised the content of the rights conferred by national trade marks, it did not harmonise the legal actions intended to ensure that third parties observe those rights.

62 The answer to the fourth question must therefore be that Article 98(1) of the Regulation is to be interpreted as meaning that a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to take, from among the measures provided for under national law, such as are aimed at ensuring that that prohibition is complied with, even if those measures could not, under that law, be taken in the case of a corresponding infringement of a national trade mark.

#### Costs

63 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

#### On those grounds,

the Court (First Chamber) hereby rules:

1. Article 98(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark is to be interpreted as meaning that the mere fact that the risk of further infringement or threatened in-

fringement of a Community trade mark is not obvious or is otherwise merely limited does not constitute a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts.

2. Article 98(1) of Regulation No 40/94 is to be interpreted as meaning that the fact that the national law includes a general prohibition of the infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence, does not constitute a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts.

3. Article 98(1) of Regulation No 40/94 is to be interpreted as meaning that a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to take such measures, in accordance with its national law, as are aimed at ensuring that that prohibition is complied with, even if the national law includes a general prohibition of infringement of Community trade marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence.

4. Article 98(1) of Regulation 40/94 is to be interpreted as meaning that a Community trade mark court which has issued an order prohibiting the defendant from proceeding with infringement or threatened infringement of a Community trade mark is required to take, from among the measures provided for under national law, such as are aimed at ensuring that that prohibition is complied with, even if those measures could not, under that law, be taken in the case of a corresponding infringement of a national trade mark.

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#### OPINION OF ADVOCATE GENERAL

Sharpston

delivered on 13 July 2006 (1)

Case C-316/05

Nokia Corp.

v

Joacim Wårdell

1. The present reference from the Högsta Domstolen (Supreme Court), Sweden, concerns the interpretation of Article 98(1) of Regulation No 40/94 on the Community trade mark (2) ('the Regulation').

#### The Regulation

2. Article 1 of the Regulation provides:

'1. A trade mark for goods or services which is registered in accordance with the conditions contained in this Regulation and in the manner herein provided is hereinafter referred to as a "Community trade mark".

2. A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole

Community. This principle shall apply unless otherwise provided in this Regulation.'

3. Article 9 of the Regulation provides in so far as relevant:

'1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered ...

...

2. The following, inter alia, may be prohibited under paragraph 1:

(a) affixing the sign to the goods ...'

4. Article 91(1) of the Regulation requires Member States to designate in their territories a limited number of 'Community trade mark courts' of first and second instance. Article 92 provides that Community trade mark courts are to have exclusive jurisdiction for all infringement actions relating to Community trade marks.

5. Article 98(1) of the Regulation provides:

'Where a Community trade mark court finds that the defendant has infringed or threatened to infringe a Community trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.'

#### **The TRIPs Agreement**

6. Article 41(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights ('the TRIPs Agreement') (3) provides:

'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. ...'

7. Article 44(1) of the TRIPs Agreement provides:

'The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.'

8. Article 61 of the TRIPs Agreement provides:

'Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a

commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.'

9. It follows from the Court's case-law that, when called upon to apply national rules with a view to ordering measures for the protection of rights in a field to which the TRIPs Agreement applies and in which the Community has already legislated, as is the case with the field of trade marks, the national courts are required under Community law to do so, as far as possible, in the light of the wording and purpose of the relevant provisions of the TRIPs Agreement. (4)

#### **Relevant national law**

10. Section 37 of Sweden's Law on trade marks (5) provides that a trade mark infringement that has been committed deliberately or with gross negligence is punishable by a fine or imprisonment.

11. Section 37a of that Law provides that the court may, on application by the proprietor of the trade mark, prohibit the infringer, under penalty of a fine, from continuing the infringement.

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

12. Nokia Corporation ('Nokia') brought an action against Mr Wårdell before Stockholms Tingsrätten (Stockholm district court) alleging infringement of its Community trade mark NOKIA. Nokia claimed that Mr Wårdell had imported into Sweden adhesive stickers intended to be attached to mobile telephones and bearing the mark NOKIA. (6)

13. Stockholms Tingsrätten found that Mr Wårdell had arranged for the import of the stickers into Sweden and that his dealings with the stickers were a trade mark infringement in the objective sense. That court considered that there was a risk that he might infringe again. It therefore issued a prohibition on continuing infringement with a penalty attached.

14. Mr Wårdell appealed against that judgment to Svea Hovrätten (Court of Appeal, Svea). He submitted inter alia that there was no reason to fear a repetition of the infringement since the use of the trade mark NOKIA had been neither deliberate nor negligent.

15. Svea Hovrätten confirmed the findings of Stockholms Tingsrätten that Mr Wårdell had objectively infringed the trade mark and that there was some risk that he might do so again. However, since Mr Wårdell had not previously committed a trade mark infringement and could not be accused of anything more than carelessness, there was, according to Svea Hovrätten, no reason to regard the import of the stickers as part of a continuing trade mark infringement. The fact that it could not be wholly excluded that in the future

he might commit a fresh infringement of Nokia's trade mark rights could not of itself justify a prohibition with a penalty attached. Svea Hovrätten therefore varied Stockholms Tingsrätten's judgment and dismissed Nokia's action.

16. Nokia appealed to the referring court. It submitted that the mere fact that Mr Wärdell objectively infringed the trade mark is sufficient for the issue of the prohibition sought and claims that there is in any event a risk that Mr Wärdell will commit a further infringement.

17. The referring court considers that the dispute between the parties turns on whether Article 98 of the Regulation contains an obligation to issue a prohibition and attach a penalty to it which goes beyond Section 37a of the Law on trade marks. It has accordingly referred the following questions for a preliminary ruling:

(1) Is the condition relating to special reasons in the first sentence of Article 98(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark to be interpreted as meaning that a court which finds that the defendant has infringed a Community trade mark may, irrespective of the other circumstances, refrain from issuing a specific prohibition of further infringement if the court considers that the risk of further infringement is not obvious or is otherwise merely limited?

(2) Is the condition relating to special reasons in the first sentence of Article 98(1) of the Regulation on the Community trade mark to be interpreted as meaning that a court which finds that the defendant has infringed a Community trade mark may, even if there is no such ground for refraining from issuing a prohibition of further infringement as contemplated in Question 1, refrain from issuing such a prohibition on the grounds that it is clear that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence?

(3) If the answer to Question 2 is no, must specific measures, by which a prohibition is for example coupled with a penalty, be taken in such a case to ensure that the prohibition is complied with, even where it is clear that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence?

(4) If the answer to Question 3 is yes, does this apply even where the conditions for adopting such a specific measure in the case of a corresponding infringement of a national trade mark would not be regarded as fulfilled?

18. Written observations have been submitted by Nokia, Mr Wärdell, the French Government and the Commission. No hearing was requested and none has been held.

#### **The first question**

19. By its first question, the referring court asks whether the condition relating to special reasons in Ar-

ticle 98(1) of the Regulation means that a court which finds that the defendant has infringed a Community trade mark may, irrespective of the other circumstances, refrain from issuing a specific prohibition of further infringement if it considers that the risk of further infringement is not obvious or is in some sense limited.

20. Nokia, the French Government and the Commission consider that that question should be answered in the negative. I agree.

21. Mr Wärdell takes the opposite view. He submits that both the wording and the scheme of the Regulation support an affirmative answer to the first question. Moreover the objective of the Regulation is to promote the free movement of goods. Commercial transactions should thus not be restricted unnecessarily.

22. It seems to me that, on the contrary, the wording and scheme of the Regulation support a negative answer.

23. First, Article 98(1) of the Regulation is in mandatory terms. It states that where the defendant has infringed a Community trade mark, the court shall issue a prohibition order. That formulation reflects the fundamental right of a trade mark proprietor to prohibit infringement, enshrined in Article 9(1) of the Regulation. If a court finds that the defendant has infringed a Community trade mark, it must therefore as a general rule prohibit continued infringement. It follows that it is only by way of derogation from that general rule that a court may, where there are 'special reasons', not issue a prohibition order. The concept of 'special reasons' must therefore be interpreted narrowly.

24. Second, the preamble to the Regulation states that 'decisions regarding the validity and infringement of Community trade marks must have effect and cover the entire area of the Community, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of Community trade marks is not undermined'. (7) As Nokia, the French Government and the Commission submit, a uniform interpretation of Article 98(1) is the sole way of achieving those aims. An assessment of the degree of risk that the infringement will continue, such as suggested by the Högsta domstolen, will necessarily lead to different results in different Member States. Since it is a fundamental principle that a Community mark should have the same protection throughout the Community, an assessment of risk alone can never constitute a 'special reason' entitling a national court not to order prohibition. There are, moreover, obvious practical difficulties in adducing evidence of the risk of future acts. If the likelihood of further infringement were a condition precedent of ordering prohibition, that would place trade mark owners at a disadvantage and risk undermining their exclusive right in their Community trade mark.

25. It may be that in exceptional cases the degree of risk of further infringement is one of a number of circumstances which, taken as a whole, are indeed capable of constituting 'special reasons' within the meaning of Article 98(1). However, the national court's question

specifically concerns only the degree of risk of further infringement ‘irrespective of the other circumstances’. (8)

26. It is of course true, as Mr Wårdell submits, that one of the principal objectives of the Regulation is to promote the free movement of goods. (9) It is however hard to see how the free movement of goods would be prejudiced by strong and uniform protection of Community trade marks against infringement. (10) On the contrary, such protection requires that infringement should as a general rule be prohibited. The Regulation, moreover, explicitly links the objective of promoting the free movement of goods with provision for ‘Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community’. (11)

27. Finally, it must also be borne in mind that where, as here, the alleged infringement consists in affixing a sign which is identical to the Community mark to goods which are identical to those for which it is registered, protection of the Community mark is absolute. (12) In such circumstances the derogation should in principle not apply at all. At the very most, it might perhaps apply where it is materially impossible for the defendant to repeat the infringement, for example (to borrow the illustrations given by Nokia) if the defendant is a company which has been wound up or if the mark in question has expired.

28. I am accordingly of the view that the condition relating to special reasons in Article 98(1) of the Regulation is not satisfied if a court which finds that the defendant has infringed a Community trade mark refrains from issuing a specific prohibition of further infringement solely on the ground that it considers that the risk of further infringement is not obvious or is otherwise merely limited.

#### **The second question**

29. By its second question, the referring court asks whether the condition relating to special reasons in Article 98(1) of the Regulation means that a court which finds that the defendant has infringed a Community trade mark may, even if there is no such ground for refraining from issuing a prohibition of further infringement as contemplated in Question 1, nevertheless refrain from issuing such a prohibition on the grounds that a further infringement would clearly be covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

30. Nokia, the French Government and the Commission submit that that question should be answered in the negative. Mr Wårdell takes the contrary view, although he makes no submissions, simply referring to his arguments on the first question.

31. Again, I share the former view.

32. As the French Government correctly submits, a general provision of national legislation cannot by definition be a ‘special’ reason. On a natural reading that term implies that the reason should be special to a particular case, which in turn suggests that it should

normally relate to facts rather than law. Member States are in any event required by Articles 44(1) and 61 of the TRIPs Agreement to provide for civil and criminal sanctions, including prohibition, for infringement of intellectual property rights. The existence of national law sanctions cannot therefore be a special reason not to order prohibition under Article 98(1). Refusing to order prohibition under Article 98(1) on the basis that national law provides for a sanction would make application of Community law rules dependent on national law. That in turn would run counter both to the primacy of Community law and to the unitary character of the Regulation. It would also in effect deprive Article 98(1) of all meaning.

33. Moreover a measure prohibiting infringement, such as that required by Article 98(1), may in some circumstances be more effective for the trade mark owner than a general prohibition on infringement, even where that is subject to a penalty. The French Government states by way of example that, under French law, a specific order prohibiting infringement entitles the trade mark owner to request the customs authorities and the police to prevent commission of the prohibited acts without needing to bring fresh proceedings (which take time and cost money) in respect of the new infringement.

34. In that context, it may be noted that, according to Nokia, the penalty provided for in Article 37a of the Swedish Law on trade marks is not a necessary consequence of infringement. Rather, it requires a separate application by the trade mark owner and proof that the infringement is intentional or the result of serious negligence. If that is indeed the case, the protection afforded by that legislation is manifestly not comparable to the protection envisaged by Article 98(1) which, I repeat, explicitly requires that an order prohibiting further infringement should be the normal judicial response to a finding of infringement.

35. I am accordingly of the view that the condition relating to special reasons in Article 98(1) of the Regulation is not satisfied if a court which finds that the defendant has infringed a Community trade mark refrains from issuing a prohibition of further infringement solely on the grounds that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

#### **The third and fourth questions**

36. It is convenient to consider these questions together.

37. By its third question, which arises only if the second question is, as I suggest, answered in the negative, the referring court asks whether specific measures, by which a prohibition is for example coupled with a penalty, must be taken to ensure that the prohibition is complied with, even where (i) further infringement is covered by a statutory general prohibition of infringement under national law and (ii) a penalty may be

imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

38. By its fourth question, which it puts if the third question is answered in the affirmative, the referring court asks whether that is so even where the conditions for adopting such a specific measure in the case of a corresponding infringement of a national trade mark would not be regarded as fulfilled.

39. Nokia, the French Government and the Commission submit that the third and fourth questions should be answered in the affirmative. I agree.

40. Mr Wårdell takes the contrary view. He refers to Article 14(1) of the Regulation, which states that ‘infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark’, and submits that if national law provides for a general prohibition of infringement with the possibility of a penal sanction, there are sufficient measures to ensure compliance with the prohibition of continuing infringement.

41. Article 14(1), however, concludes with the words ‘in accordance with the provisions of Title X’. Title X includes Article 98(1). As I have already emphasised, that provision is mandatory. It requires a court which has found infringement of a Community trade mark not only to issue an order prohibiting the defendant from further infringement but also to ‘take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with’. That formulation clearly requires that national law should make available specific measures to back up such a prohibition and thus ensure that it is complied with. (13) Thus, a general statutory prohibition on infringement under national law would not, in my view, be sufficient. Likewise, a penalty that can be applied only (i) at the national court’s option; (ii) on application by the trade mark holder; and (iii) to a defendant who commits a further infringement intentionally or with negligence, is insufficient to satisfy the requirement.

42. While the detail of the measures is a matter for national law, they must be not only specific but also effective for the purpose. That follows from the principle that, although in the absence of Community legislation governing the matter, it is for the domestic legal system of each Member State to lay down the detailed procedural rules governing court actions for safeguarding rights which individuals derive from Community law, such rules must not be less favourable than those governing similar domestic actions (principle of equivalence) and must not render virtually impossible or excessively difficult the exercise of rights conferred by Community law (principle of effectiveness). (14) Clearly a prohibition with no teeth is unlikely to satisfy the latter principle. That does not however in my view necessarily require that the prohibition on infringement should be immediately combined with some other sanction or penalty. Rather, the consequences of breaching the prohibition must be clearly laid down, either specifically by the national court in question or more generally by national law.

43. With regard to the fourth question, it seems to me that it makes no difference to the above analysis whether in a given case the conditions for adopting a specific measure such as envisaged by Article 98(1) would not be regarded as fulfilled in the case of a corresponding infringement of a national trade mark. Article 98(1) imposes a specific requirement, the details of which are to be fleshed out by national law, which applies where there has been an infringement of a Community trade mark. The principle of equivalence does not require that where Community law confers a high level of protection on a right derived from Community law, equivalent rights derived from national law (even harmonised national law) necessarily enjoy the same level of protection.

#### **Conclusion**

44. For the above reasons I consider that the questions referred by the Högsta Domstolen (Supreme Court), Sweden, should be answered as follows:

#### **Questions 1 and 2**

– The condition relating to special reasons in Article 98(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark is not satisfied if a court which finds that the defendant has infringed a Community trade mark refrains from issuing a specific prohibition of further infringement (1) solely on the ground that it considers that the risk of further infringement is not obvious or is otherwise merely limited or (2) solely on the grounds that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

#### **Questions 3 and 4**

– It is for national law to determine the details of the specific measures which Article 98(1) of Regulation No 40/94 requires a court which prohibits a defendant from continuing to infringe a Community trade mark to take to ensure that that prohibition is complied with. Such measures must be effective. The requirement in Article 98(1) is not satisfied on the sole grounds that (i) further infringement is covered by a statutory general prohibition of infringement under national law and (ii) a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence. Specific measures must be taken to ensure that the prohibition is complied with even where the conditions for adopting such measures would not be regarded as fulfilled in the case of a corresponding infringement of a national trade mark.

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1 – Original language: English.

2 – Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

3 – Annex 1C to the Agreement establishing the World Trade Organisation; approved on behalf of the Community, in respect of those areas for which it has

jurisdiction, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1). The TRIPs Agreement is at OJ 1994 L 336, p. 213.

4 – Case C-245/02 Anheuser-Busch [2004] ECR I-10989, paragraph 55. Member States are now required by Article 11 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45) to ‘ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement’. Directive 2004/48 required implementation by 29 April 2006.

5 – Varumärkeslagen (1960:644).

6 – This and the following points are taken from the order for reference, which gives no further relevant detail of the factual background.

7 – 15th recital.

8 – Similarly, since the national court does not ask for examples of what may constitute ‘special reasons’, and since there has been no exploration of that question in the pleadings before the Court, I do not consider that it would be appropriate in the present case, the first in which the Court has been asked for an interpretation of Article 98(1), to give such examples.

9 – First recital in the preamble.

10 – Cf. Article 3(2) of Directive 2004/48, cited in footnote 4, which states that the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by the directive ‘shall also be effective, proportionate and dissuasive and 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’ (emphasis added). The second sentence of Article 41(1) of the TRIPs Agreement is to similar effect.

11 – Second recital in the preamble.

12 – Seventh recital in the preamble to, and Article 9(1)(a) of, the Regulation.

13 – The French text is even clearer: ‘Il prend également, conformément à la loi nationale, les mesures propres à garantir le respect de cette interdiction’.

14 – See e.g. Case C-472/99 Clean Car Autoservice (II) [2001] ECR I-9687, paragraph 28.