

Court of Justice EU, 19 September 2013, Martin Y Paz v Fabriek Maroquinerie Gauquie



## TRADE MARK LAW

National court may not limit exclusive right in a manner which exceeds limitations arising from Articles 5 to 7

- Consequently, save for the specific cases governed by Article 8 et seq. of that directive, a national court may not, in a dispute relating to the exercise of the exclusive right conferred by a trade mark, limit that exclusive right in a manner which exceeds the limitations arising from Articles 5 to 7 of the directive.

Upon lapse of trade mark proprietor's consent to shared use with a third party, proprietor should be able to assert the exclusive right conferred upon it by those marks against that third party and exercise that exclusive right in respect of the goods

- Article 5 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, precludes a proprietor of trade marks which, in a situation where there has been use shared with a third party, had consented to the use by that third party of signs which are identical to its marks in respect of certain goods in classes for which those marks are registered and which no longer consents to that use, from being deprived of any possibility of asserting the exclusive right conferred upon it by those marks against that third party and of itself exercising that exclusive right in respect of goods which are identical to those of that third party.

- If, which it is for the referring court to examine, Gauquie is to be regarded, since the expression by Martin Y Paz of its wish to exercise its exclusive right against it, as using signs which are identical to Martin Y Paz's trade marks without its consent, it is a matter for that court, in accordance with what has been stated in paragraph 58 of the present judgment, to assess whether, in the circumstances of the present case, that use adversely affects or is liable adversely to affect one of the functions of those marks. If it were established that such a detriment or risk of detriment exists, it would have to be held that depriving Martin Y Paz of the possibility of exercising its exclusive right against

that use by Gauquie exceeds the limitations arising from Articles 5 to 7 of Directive 89/104.

Complete harmonization of trade mark rules in Articles 5 to 7 of Trademarks Directive

- It is important to bear in mind, at the outset, that Articles 5 to 7 of Directive 89/104 effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the European Union

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Court of Justice EU, 19 september 2013

(E. Jarašiūnas, A. Ó Caoimh, C.G. Fernlund,)

JUDGMENT OF THE COURT (Third Chamber)

In Case C-661/11,

Request for a preliminary ruling under Article 267 TFEU,

from the Cour de cassation (Belgium), made by decision of 2 December 2011,

received at the Court on 23 December 2011, in the proceedings

Martin Y Paz Diffusion SA

v

David Depuydt,

Fabriek van Maroquinerie Gauquie NV,

THE COURT (Third Chamber),

composed of M. Ilešič (Rapporteur), President of the Chamber, K. Lenaerts, Vice-President of the Court, acting as Judge of the Third Chamber, E. Jarašiūnas, A. Ó Caoimh and C.G. Fernlund, Judges,

Advocate General: P. Cruz Villalón,

Registrar: V. Tourrès, Administrator,

having regard to the written procedure and further to the hearing on 10 January 2013,

after considering the observations submitted on behalf of:

– Martin Y Paz Diffusion SA, by R. Byl, avocat,

– Mr Depuydt and Fabriek van Maroquinerie Gauquie NV, by P. Maeyaert and S. Lens, avocats,

– the Polish Government, by B. Majczyna, acting as Agent,

– the European Commission, by F.W. Bulst, T. van Rijn and J. Hottiaux, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 18 April 2013,

gives the following

### Judgment

1 This request for a preliminary ruling concerns the interpretation of Articles 5 and 8 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), as amended by the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3) ('Directive 89/104').

2 The request has been made in proceedings between, on the one hand, Martin Y Paz Diffusion SA ('Martin Y Paz'), a company governed by Belgian law, and, on the other, Mr Depuydt and Fabriek van Maroquinerie

Gauquie NV ('Fabriek van Maroquinerie Gauquie'), also a company governed by Belgian law, concerning the use of trade marks of which Martin Y Paz is the proprietor.

#### Legal context

3 The sixth recital in the preamble to Directive 89/104 provided that that directive 'does not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection'.

4 Article 5 of Directive 89/104, headed 'Rights conferred by a trade mark', provided:

*'1. The registered 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 trade mark in relation to goods or services which are identical with those for which the trade mark is registered;*

*[...]*

5 Article 6 of Directive 89/104, headed 'Limitation of the effects of a trade mark', provided:

*'1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,*

*(a) his own name or address;*

*(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;*

*(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts; provided he uses them in accordance with honest practices in industrial or commercial matters.*

*2. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.'*

6 Article 7 of Directive 89/104 in its original version, headed 'Exhaustion of the rights conferred by a trade mark', provided:

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

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

7 In accordance with Article 65(2) of the Agreement on the European Economic Area of 2 May 1992, read in conjunction with Annex XVII, Point 4, to that agreement, the original version of Article 7(1) of Directive 89/104 was amended for the purposes of that agreement, with the expression 'in the Community' being replaced by the words 'in a Contracting Party'.

8 Article 8 of Directive 89/104 provided:

*'1. A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.*

*2. The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract [...]*'.

9 Directive 89/104 was repealed by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25), which came into force on 28 November 2008. Having regard to the date of the facts, however, the dispute in the main proceedings continues to be governed by Directive 89/104.

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

10 By a contract concluded on 6 June 1990, Mr Baquet, a leather goods manufacturer and the owner of a business deriving from a company governed by Belgian law declared insolvent in 1989, sold the name of that company, namely 'Nathan', to Martin Y Paz 'with a view to the production of a line of small leather goods'.

11 That contract stipulated that Mr Baquet retained 'property in the name for the manufacture of handbags'. Martin Y Paz undertook not to create unfair competition as regards the manufacture and distribution of such goods, whereas Mr Baquet guaranteed Martin Y Paz the exclusive use of the name 'Nathan' as regards the manufacture and distribution of small leather goods.

12 By a contract of 2 May 1995, Mr Baquet sold his handbags business to Mr Depuydt, the manager of Fabriek van Maroquinerie Gauquie.

13 That contract stated that the business concerned included the Benelux word mark Nathan ('the word mark Nathan'), which Mr Baquet had had registered in 1991 for goods in Classes 18 and 25 of the Nice Agreement concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks of 15 June 1957, as revised and amended ('the Nice Agreement'). Those goods include leather items (Class 18) and clothing and shoes (Class 25).

14 Mr Depuydt therefore became the proprietor of that word mark.

15 That contract of 2 May 1995 referred, moreover, to the undertaking given by Mr Baquet, with regard to Martin Y Paz, not to manufacture or distribute small leather goods under the name 'Nathan'.

16 Following the conclusion of that contract, Mr Depuydt began to put on the market, through Fabriek van Maroquinerie Gauquie and under the word mark Nathan, handbags to which is affixed a horizontally stretched letter N.

17 Since a date regarding which the parties to the main proceedings are in disagreement, Martin Y Paz has also been affixing a horizontally stretched letter N to its goods.

18 By fax of 18 July 1998, Martin Y Paz complained to Fabrick van Maroquinerie Gauquie of a lack of cooperation between those two companies. It suggested collaboration as regards the materials and colours for the goods and also an exchange of customer lists.

19 On 14 August 1998, Martin Y Paz had a Benelux figurative mark consisting of the letter N stretch horizontally ('the mark N') and a Benelux figurative mark consisting of a stylised version of the word sign 'Nathan' ('the figurative mark Nathan') registered for goods in inter alia Classes 18 and 25 of the Nice Agreement.

20 Since 2002, both Martin Y Paz and Fabrick van Maroquinerie Gauquie have also been using the word sign 'Nathan Baume'. On 24 January 2002, Martin Y Paz had that sign registered as a Benelux trade mark for goods in Classes 18 and 25 of the Nice Agreement ('the mark Nathan Baume').

21 Those two companies sold their goods (the handbags and shoes manufactured by Fabrick van Maroquinerie Gauquie and the other leather items manufactured by Martin Y Paz) to each other and displayed them in their respective shops.

22 Relations between the two companies deteriorated progressively.

23 On 24 May 2005, Mr Depuydt and Fabrick van Maroquinerie Gauquie (together 'Gauquie') sued Martin Y Paz before the tribunal de commerce de Nivelles (Commercial Court, Nivelles) (Belgium) seeking to have the mark N, the figurative mark Nathan and the mark Nathan Baume declared invalid or, in the alternative, seeking a ruling that those marks are valid only with respect to small leather goods.

24 By judgment of 19 October 2006, the tribunal de commerce de Nivelles dismissed the action which had been brought before it.

25 On 11 January 2007, Martin Y Paz requested the President of the tribunal de commerce de Nivelles to order Gauquie to stop using signs which are identical or similar to the marks N and Nathan Baume for goods in Classes 18 and 25 of the Nice Agreement. Gauquie counterclaimed before that court for an order to prohibit Martin Y Paz from using those marks and any sign which is identical or similar to the word mark Nathan for leather goods other than small leather goods.

26 By judgment of 9 May 2007, Martin Y Paz's application was dismissed and that company was ordered not to manufacture or put on the market, under the sign 'N', 'Nathan' or 'Nathan Baume', handbags which are identical or similar to those distributed by Gauquie.

27 Martin Y Paz appealed to the cour d'appel de Bruxelles (Court of Appeal, Brussels) against the judgment of 9 May 2007, while Gauquie cross-appealed to the same court against that judgment and also appealed to that court against the judgment of 19 October 2006 referred to in paragraph 24 above.

28 By judgment of 8 November 2007, that court held that Gauquie could not use signs which are identical or similar to the marks N or Nathan Baume for goods

other than handbags and shoes and that Martin Y Paz could not use the mark N, the figurative mark Nathan and the mark Nathan Baume for handbags and shoes. As to the remainder, it dismissed Gauquie's appeal against the judgment of 19 October 2006.

29 As regards the rights which the marks N and Nathan Baume conferred on their proprietor Martin Y Paz, the cour d'appel de Bruxelles held that that company had, until the submission of its application for an injunction to the President of the tribunal de commerce de Nivelles, always recognised that Gauquie could use signs which are identical to those marks for handbags and shoes. That recognition was, moreover, highlighted by Martin Y Paz's repeated proposals for joint management of the marketing of its goods and those of Gauquie.

30 The cour d'appel de Bruxelles concluded from those facts that there was 'irrevocable consent' on the part of Martin Y Paz to the use, by Gauquie, of those signs in respect of handbags and shoes. It held, first, that by seeking a prohibition of that use in particularly stringent terms, Martin Y Paz had abused the exclusive right conferred by its marks, and, secondly, that the marketing by Martin Y Paz of handbags or shoes under those marks constitutes an act of unfair competition since it takes unfair advantage of the investments which Gauquie has made in order to make its high quality goods known and is also liable to cause confusion in consumers' minds.

31 Martin Y Paz appealed on a point of law against the judgment of 8 November 2007 referred to in paragraph 28 of the present judgment.

32 While admitting that it had consented, for an indeterminate period, to the use by Gauquie of signs which are identical to the mark N and the mark Nathan Baume in respect of handbags and shoes, Martin Y Paz submits that the Cour d'appel de Bruxelles erred in law in categorising its consent as 'irrevocable'. That company takes the view that that consent could be withdrawn unilaterally at any time. As it had ceased to consent to Gauquie's use of signs which are identical or similar to its marks, its application for Gauquie to be prohibited from using those signs at all is in no way abusive, but is a legitimate exercise of the exclusive right conferred upon it by the marks of which it is the proprietor.

33 The cour d'appel de Bruxelles is also claimed to have erred in law in holding that Martin Y Paz could not manufacture and market handbags and shoes under the marks N and Nathan Baume. In that regard, Martin Y Paz states that the marks concerned were registered for classes of goods covering, among other things, handbags and shoes. To prohibit that company from using its own trade marks for those goods would therefore deprive it of its exclusive right.

34 In a judgment delivered on 2 December 2011, the Cour de cassation (Court of Cassation) rejected Martin Y Paz's argument that its application for an injunction was only an expression of the exclusive right conferred by its marks and could not therefore be categorised as abusive. In this respect, that court states that the

finding, by the cour d'appel de Bruxelles, that Martin Y Paz had committed an abuse was based not only on the consent which that company had given, but also on the terms in which it had formulated its application for an injunction and on the underlying motivation of retaliation.

35 By contrast, the Cour de cassation questions whether the cour d'appel de Bruxelles could, without erring in law, have deprived Martin Y Paz of the possibility of invoking its marks against Gauquie and of the possibility of itself using its marks in respect of handbags and shoes. It therefore decided, in that judgment of 2 December 2011, to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

*'1(a) Must Article 5(1) and Article 8(1) of [Directive 89/104] be interpreted as meaning that the exclusive right conferred by the registered mark can definitively no longer be asserted by its proprietor against a third party, in respect of all goods covered by it at the time of registration:*

*– where, for an extended period, the proprietor has shared the use of that mark with that third party in a form of co-ownership for part of the goods covered;*

*– where, when that sharing was agreed, the proprietor gave the third party its irrevocable consent to use of that mark by the third party in respect of those goods?*

*(b) Must those articles be interpreted as meaning that application of a national rule, such as that according to which the proprietor of a right cannot exercise that right in a wrongful or abusive manner, can lead to a definitive prohibition on the exercise of that exclusive right for part of the goods covered or as meaning that that application must be restricted to penalising the wrongful or abusive exercise of that right in another way?*

*2(a) Must Article 5(1) and Article 8(1) of [Directive 89/104] be interpreted as meaning that, where the proprietor of a registered mark ends its undertaking to a third party not to use that mark for certain goods and thus intends to recommence that use itself, the national court can none the less definitively prohibit it from recommencing that use of the mark on the ground that it amounts to unfair competition because of the resulting advantage to the proprietor of the publicity previously made for the mark by the third party and possible confusion in customers' minds, or must they be interpreted as meaning that the national court must adopt a different penalty which does not definitively prohibit the proprietor from recommencing use of the mark?*

*(b) Must those articles be interpreted as meaning that a definitive prohibition on use by the proprietor is justified where the third party has, over a number of years, made investments in order to bring to the attention of the public the goods in respect of which the proprietor has authorised it to use the mark?'*

**Admissibility of the request for a preliminary ruling**

36 Gauquie submits that the questions referred are inadmissible or must at the very least be reformulated.

37 It maintains that the dispute between it and Martin Y Paz is governed not by Directive 89/104, but by the national law transposing that directive. As the Court has no jurisdiction to interpret national law, the present request for a preliminary ruling may not be examined.

38 In any event, according to Gauquie, an answer to the questions referred would be irrelevant to the resolution of the dispute in the main proceedings. In that regard, Gauquie states that Article 5 of Directive 89/104 concerns the scope of the exclusive right conferred by the mark where there is no consent, whereas the present reference for a preliminary ruling is based on the existence of 'irrevocable consent'. Article 8 of that directive, which relates to licences, does not, moreover, have any connection with the dispute in the main proceedings as no licensing contract was concluded between Martin Y Paz and Gauquie.

39 Furthermore, the questions as formulated by the Cour de cassation suggest that the cour d'appel de Bruxelles prohibited Martin Y Paz from any exercise of the exclusive right conferred by its marks, whereas, in actual fact, the company was only prohibited from exercising that right in respect of handbags and shoes.

40 The European Commission is in agreement with Gauquie's argument alleging that Article 8 of Directive 89/104 is irrelevant to the resolution of the dispute in the main proceedings. As regards, by contrast, Article 5 of that directive, it takes the view that that provision may be relevant, even if, according to that institution, the dispute in the main proceedings will, above all, have to be resolved on the basis of Belgian civil law and the rules on fair competition.

41 Martin Y Paz and the Polish Government have not disputed the admissibility of the request for a preliminary ruling.

42 As regards, first, Gauquie's argument that the referring court is in actual fact seeking an interpretation of the national law transposing Directive 89/104, it must be stated that that company does not dispute that the application of the national or Benelux law concerning marks must be consistent with the directive to approximate the laws of the Member States relating to trade marks. The referring court is seeking an interpretation of Directive 89/104 precisely in order to ascertain whether the cour d'appel de Bruxelles could, without infringing that directive, prohibit Martin Y Paz from using its marks in respect of handbags and shoes and from invoking the exclusive right conferred by those marks against Gauquie. In those circumstances, it cannot be maintained that the purpose of the request for a preliminary ruling is anything other than the interpretation of European Union law (see, by analogy, Case C-6/01 Anomar and Others [2003] ECR I-8621, paragraph 38).

43 So far as concerns, secondly, the argument that Articles 5 and 8 of Directive 89/104 are irrelevant to the resolution of the dispute in the main proceedings, it is apparent from settled case-law that such an argument can succeed only where it is quite obvious that the interpretation that is sought bears no relation to the actual facts of that dispute or to its purpose (see, inter

alia, Case C-379/98 PreussenElektra [2001] ECR I-2099, paragraph 39; [Joined Cases C-94/04 and C-202/04 Cipolla and Others \[2006\] ECR I-11421](#), paragraph 25; and Case C-414/11 Daiichi Sankyo and Sanofi-Aventis Deutschland [2013] ECR I-0000, paragraph 35).

44 Although it is true, as stated by Gauquie, that Article 5 of Directive 89/104 concerns the use of signs which are identical or similar to a mark without the consent of the proprietor of that mark, it does not by contrast necessarily follow from the reference, by the referring court, to the existence of ‘irrevocable consent’, that Martin Y Paz consents to the use, by Gauquie, of signs which are identical to its marks and that one of the fundamental elements for the purposes of the application of the rule set out in Article 5 of Directive 89/104, namely the absence of consent, is therefore lacking in the case in the main proceedings.

45 It may, on the contrary, follow from the facts summarised in paragraph 25 of the present judgment that Martin Y Paz no longer consents to the affixing of its marks to Gauquie’s goods.

46 It is, moreover, apparent from the order for reference that by using the expression ‘irrevocable consent’, the Cour de cassation reproduced the terminology which the cour d’appel de Bruxelles used to show, first, that Martin Y Paz had, in a situation where there was shared use of an indeterminate duration, undertaken as regards Gauquie not to oppose Gauquie’s use of signs which are identical to its marks in respect of handbags and shoes and, secondly, that that undertaking could not be rescinded unilaterally or, at least, not abusively as in the present case. The use of that expression in the request for a preliminary ruling therefore seems to indicate that Martin Y Paz withdrew its consent unlawfully and does not lead to the conclusion that Article 5 of Directive 89/104 obviously bears no relation to the purpose of the case in the main proceedings.

47 Nor does the fact that the formulation of the questions referred suggests that the dispute in the main proceedings concerns a measure prohibiting a proprietor of trade marks from any exercise of the exclusive right conferred by those marks, whereas, in actual fact, that proprietor was only prohibited from exercising that right in respect of certain goods, mean that the request for a preliminary ruling is inadmissible. As regards that point, it is sufficient for the questions referred to be reformulated.

48 However, as regards Article 8 of Directive 89/104, it must be stated that an interpretation of that provision, which relates to licences, is irrelevant in regard to the resolution of the dispute in the main proceedings. The fact, highlighted by Gauquie and by the Commission, that relations between the parties to the main proceedings were never governed by a licence, is referred to in the order for reference and was confirmed by Martin Y Paz in answer to a question put by the Court during the oral procedure. In that regard, while it submitted that the shared use with Gauquie of the

‘Nathan’ goods and of the marks relating to those goods was similar to a contractual relationship in the nature of a licence, Martin Y Paz acknowledged that that use did not really have the characteristics of such a relationship.

49 It follows from the foregoing that the request for a preliminary ruling is inadmissible in so far as it relates to the interpretation of Article 8 of Directive 89/104 and that it must be held to be admissible as to the remainder.

#### **Consideration of the questions referred**

50 By its questions, which it is appropriate to examine together, the referring court asks, in essence, whether Article 5 of Directive 89/104 precludes a proprietor of trade marks which, in a situation where there has been use shared with a third party, had consented to the use by that third party of signs which are identical to its marks in respect of certain goods in classes for which those marks are registered, and which now seeks to prohibit that use, from being deprived of any possibility of asserting the exclusive right conferred upon it by those marks against that third party and of itself exercising that exclusive right in respect of goods which are identical to those of that third party.

51 Martin Y Paz takes the view that Article 5 of Directive 89/104 precludes such deprivation, which has, it submits, the effect of rendering the exclusive right conferred by the marks in question meaningless. The only permissible limitations on that exclusive right are those set out in Articles 6 and 7 of Directive 89/104.

52 Gauquie, by contrast, submits that the exclusive right conferred by a trade mark is also limited by the principle, recognised in the national legal system, that the proprietor of a right may not exercise that right abusively or in an unfair manner. That deprivation is therefore compatible with Article 5 of Directive 89/104.

53 The Polish Government and the Commission submit that that principle limits the exclusive right conferred by the mark, but that it may not lead to a definitive prohibition on the exercise of that exclusive right. Furthermore, that government submits that, in a dispute such as that in the main proceedings, it is necessary to examine whether the use which the proprietor of the trade mark seeks to prohibit may adversely affect one of the functions of that mark.

54 It is important to bear in mind, at the outset, that Articles 5 to 7 of Directive 89/104 effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the European Union (see, inter alia, [Joined Cases C-414/99 to C-416/99 Zino Davidoff and Levi Strauss \[2001\] ECR I-8691, paragraph 39](#); [Case C-127/09 Coty Prestige Lancaster Group \[2010\] ECR I-4965, paragraph 27](#); and [Case C-482/09 Budějovický Budvar \[2011\] ECR I-8701, paragraph 32](#)).

55 Consequently, save for the specific cases governed by Article 8 et seq. of that directive, a national court

may not, in a dispute relating to the exercise of the exclusive right conferred by a trade mark, limit that exclusive right in a manner which exceeds the limitations arising from Articles 5 to 7 of the directive.

56 As regards those limitations, it is, first, common ground that none of the limitations set out in Article 6 of Directive 89/104 is relevant in a situation such as that at issue in the case in the main proceedings.

57 Secondly, it must be pointed out that consent, such as that allowing Gauquie to use signs which are identical to Martin Y Paz's trade marks in respect of handbags and shoes, does indeed result in the exhaustion of the exclusive right within the meaning of Article 7 of Directive 89/104, but only in respect of the individual items of the product which were first put on the market in the European Economic Area (EEA) by the party who received the consent (see, to that effect, [Case C-173/98 Sebago and Maison Dubois \[1999\] ECR I-4103, paragraphs 19 and 20](#), and [Coty Prestige Lancaster Group, paragraph 31](#)). It is apparent from that case-law and from the actual wording of Article 7 of Directive 89/104 that the third party who receives that consent and who may therefore invoke the exhaustion of the exclusive right in respect of all the individual items of the goods covered by that consent which it puts on the market in the EEA, may no longer invoke such exhaustion once the consent is withdrawn.

58 Thirdly, as regards the limitations on the exclusive right which inherently follow from Article 5 of Directive 89/104 as such, it is settled case-law that the exclusive right under that provision was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor of that mark, that is, to ensure that the trade mark can fulfil its functions. Therefore, the exercise of that right must be reserved to cases in which another party's use of the sign adversely affects or is liable adversely to affect one of the functions of the trade mark. Those functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services in question, but also its other functions, in particular that of guaranteeing the quality of those goods or services or those of communication, investment or advertising (see, to that effect, [Budějovický Budvar, paragraph 71](#) and the case-law cited, and [Case C-323/09 Interflora and Interflora British Unit \[2011\] ECR I-8625, paragraphs 32 to 41](#)).

59 In the present case, the exclusive right conferred by its trade marks which Martin Y Paz now wishes to exercise may be covered by the situation referred to in Article 5(1)(a) of Directive 89/104, namely that where the proprietor of a mark opposes the use, without his consent, by a third party of a sign which is identical with that trade mark in relation to goods which are identical with those for which the trade mark is registered.

60 If, which it is for the referring court to examine, Gauquie is to be regarded, since the expression by Martin Y Paz of its wish to exercise its exclusive right

against it, as using signs which are identical to Martin Y Paz's trade marks without its consent, it is a matter for that court, in accordance with what has been stated in paragraph 58 of the present judgment, to assess whether, in the circumstances of the present case, that use adversely affects or is liable adversely to affect one of the functions of those marks. If it were established that such a detriment or risk of detriment exists, it would have to be held that depriving Martin Y Paz of the possibility of exercising its exclusive right against that use by Gauquie exceeds the limitations arising from Articles 5 to 7 of Directive 89/104.

61 It is true, as borne out by the reference by the sixth recital in the preamble to Directive 89/104 to the national law on civil liability, that a national court may impose a penalty on the proprietor of a trade mark or order it to pay compensation for the damage suffered if it finds that that proprietor has unlawfully withdrawn the consent by which it allowed a third party to use signs which are identical to its marks. However, as was stated by the Polish Government and by the Commission, as well as by the Advocate General in points 78 to 83 of his Opinion, a finding that there has been such conduct cannot have the effect of prolonging, by a court decision and for an unspecified period, the shared use of those marks where the companies concerned no longer have the joint intention of sharing their use.

62 In the light of the foregoing, the answer to the questions referred is that Article 5 of Directive 89/104 precludes a proprietor of trade marks which, in a situation where there has been use shared with a third party, had consented to the use by that third party of signs which are identical to its marks in respect of certain goods in classes for which those marks are registered and which no longer consents to that use, from being deprived of any possibility of asserting the exclusive right conferred upon it by those marks against that third party and of itself exercising that exclusive right in respect of goods which are identical to those of that third party.

#### **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 (Third Chamber) hereby rules:**

Article 5 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, precludes a proprietor of trade marks which, in a situation where there has been use shared with a third party, had consented to the use by that third party of signs which are identical to its marks in respect of certain goods in classes for which those marks are registered and which no longer consents to that use, from being deprived of any possibility of asserting the

exclusive right conferred upon it by those marks against that third party and of itself exercising that exclusive right in respect of goods which are identical to those of that third party.

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## OPINION OF ADVOCATE GENERAL

CRUZ VILLALÓN

delivered on 18 April 2013 (1)

Case C-661/11

Martin y Paz Diffusion SA

v

David Depuydt

and

Fabriek van Maroquinerie Gauquie SA

[Request for a preliminary ruling from the Cour de cassation (Belgium)]

1. Can the owner of a trade mark be permanently prevented from exercising its exclusive rights and from using the trade mark for certain goods because a third party has used the mark for these goods with the consent of the owner over an extended period of time? This is the gist of the questions that the Court is asked to resolve in the present case.

2. The questions arise in a rather unusual factual situation. Both parties of the main proceedings – Martin y Paz Diffusion ('MyP') on the one hand and Fabriek van Maroquinerie Gauquie ('Gauquie') together with its director, David Depuydt, on the other – are active in the industry of leather fashion items. They have used the same trade mark, but each with respect to different goods. The parties initially cooperated, changing the trade mark they used over time. At one point MyP registered some of those trade marks. Later, the relationship of the parties deteriorated, resulting in several legal proceedings.

### I – Legal framework

#### A – European Union law

3. First Council Directive 89/104/EEC of 21 December 1988 ('the Directive'), (2) which is applicable in this case, was adopted to approximate the trade mark laws of Member States.

4. The sixth recital of the Directive reads: 'this Directive does not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection'.

5. The seventh recital of the Directive states in part that 'the grounds for refusal or invalidity concerning the trade mark itself, for example, the absence of any distinctive character, or concerning conflicts between the trade mark and earlier rights, are to be listed in an exhaustive manner'.

6. Article 3 of the Directive lists grounds for refusal or invalidity. Under Article 3(2)(d) of the Directive where and to the extent that 'the application for registration of the trade mark was made in bad faith by the applicant', a Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid. Article 4 names further grounds for

refusal or invalidity concerning conflicts with earlier rights.

7. Article 5(1) of the Directive provides:

*'1. The registered 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 trade mark in relation to goods or services which are identical with those for which the trade mark is registered;*

*(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.'*

8. Article 8 of the Directive governs licensing.

9. The Directive was repealed by Article 17 of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks, (3) which came into force on 28 November 2008. Recital 7 of the new directive takes up recital 6 of the old one and Article 5(1) of the new directive is, but for minor changes, identical to Article 5(1) of the old one. Because of the dates of the events at issue, the old directive is applicable.

#### B – National law

10. The referring court has to apply Articles 2.20.1 and 2.32.1 of the Benelux Convention on Intellectual Property (Trade Marks and Designs) ('BCIP'), signed at The Hague on 25 February 2005, which transpose Articles 5(1) and 8(1) of the Directive. The Convention entered into force on 1 February 2007 and has since been modified.

11. Article 2.20.1 provides:

*'1. A registered trade mark shall provide its owner with an exclusive right. Without prejudice to the possible application of ordinary law in matters of civil liability, the exclusive right to a trade mark shall permit the owner to prevent any third party, without its consent, from:*

*(a) using in business a sign that is identical to the trade mark for goods or services that are identical to those for which the trade mark is registered;*

*(b) using in business a sign in respect of which, because it is identical or similar to the trade mark and because the goods or services covered by the trade mark and the sign are identical or similar, there is a risk of confusion in the mind of the public which includes the risk of association between the sign and the trade mark;*

*(c) [...]*

12. Article 2.32.1 reads: '1. A trade mark may be the subject of a license for all or some of the goods or services in respect of which the trade mark was filed or registered.'

### II – Facts and the main proceedings

#### A – Facts

13. The case at hand concerns the scope of the exclusive rights of MyP under, at this stage, two trade

marks registered by it with the Benelux Office for Intellectual Property ('BOIP'): a stretched 'N' filed as a figurative mark on 14 August 1998 (No 636308) for all goods in classes 18 (leather) and 25 (clothing) of the Nice Classification (4) and the word mark 'NATHAN BAUME' (No 712962) filed for goods in classes 18 and 25 on 24 January 2002.

14. However, the roots of the conflicts lie in the previous shared use of MyP and Gauquie of a third trade mark, 'NATHAN', which goes back to Nathan Svitckenbaum, who started to produce leather fashion items in the 1930s under the name Nathan Baum. In 1990 the rights to the name 'Nathan' were held by Paul Baquet, another producer of leather fashion items.

15. On 6 June 1990 Mr Baquet sold the name 'NATHAN' to MyP. According to the contract the sale was conducted 'with a view to producing a line of small leather goods'. Mr Baquet 'retains property in the name for the manufacture of handbags'. MyP 'undertakes not to engage in unfair competition as regards the manufacture and distribution of bags using the models and the name NATHAN'.

16. Five years later, by contract of 2 May 1995, Mr Depuydt acquired Mr Baquet's remaining business, including 'the business name/trading name Paul Baquet "NATHAN"' as well as the word mark 'NATHAN', which Mr Baquet had registered with the BOIP for classes 18 and 25 in 1991. With a view to Mr Baquet's contract with MyP, Mr Depuydt agreed not to produce and distribute small leather goods under the name 'NATHAN'.

17. During 1995 Mr Depuydt placed handbags under the trade mark 'NATHAN' on the market, which displayed a letter N in a horizontally stretched design. (5) MyP has been using the stretched letter N at least since 1996 and claims to have been using it since the end of 1990 or the beginning of 1991, which Mr Depuydt and Gauquie deny.

18. The parties had to reconsider their trade mark use when in 1998 the (unrelated) company Natan charged that the trade mark 'NATHAN' was too close to its own trade mark 'NATAN'.

19. Since 2002 both MyP and Gauquie use the figurative mark 'N' and the new term 'NATHAN BAUME'. They share the use of these trade marks the same way that they shared 'NATHAN'. Thus, using the figurative mark 'N' and the word mark 'NATHAN BAUME' (the only two marks that remain relevant at this stage of the case) MyP distributes a catalogue with leather goods (including e.g. toilet bags, wallets, travelling bags, belts) and Gauquie produces and sells handbags and shoes. The parties sell their products to each other and display them in their respective shops.

20. On 14 August 1998 MyP filed both the 'N' trade mark at issue in the case and 'NATHAN' as a figurative mark with the BOIP. The trade mark 'NATHAN BAUME' was filed by MyP in 2002. Mr Depuydt and Gauquie state that MyP did not inform them about the filing. The transfer of the word mark 'NATHAN', originally registered by Mr Baquet, to

MyP and Mr Depuydt was registered on 17 August 1998 and 19 December 2000 respectively.

21. Despite the registration of these trade marks, the parties continued their relationship as before. However, eventually their relations started to deteriorate, according to the appellate decision because MyP started to put other products on the market and demanded consultations with Gauquie with respect to the choice of materials, colours and communication. Already in July 1998 MyP complained to Gauquie of a lack of cooperation between them to the detriment of the image of the mark, suggesting repeatedly (also in December 2001, June and December 2003) a closer collaboration. In December 2004 MyP complained, according to the referring court, 'that the rules of co-ownership of the mark "NATHAN BAUME" are violated'. An attempt to reach an agreement failed.

#### **B – Main proceedings**

22. On 24 May 2005 Mr Depuydt and Gauquie unsuccessfully sued MyP before the tribunal de commerce de Nivelles, seeking to have the figurative marks 'N', 'NATHAN' and the word mark 'NATHAN BAUME' declared null or at least valid only with respect to small leather goods.

23. In response to Mr Depuydt's and Gauquie's attempt to have the trade marks declared null, MyP decided to terminate the shared use of the marks and on 11 January 2007 filed a lawsuit against Mr Depuydt and Gauquie in the same tribunal to stop them from using the figurative mark 'N' and the word mark 'NATHAN BAUME' for products in classes 18 and 25. Mr Depuydt and Gauquie counterclaimed, asking for an order to enjoin MyP from using the trade marks 'N', 'NATHAN' and 'NATHAN BAUME' for leather products other than small leather products, particularly handbags. MyP's claim was rejected by the tribunal and MyP ordered to stop producing, putting on the market, selling or distributing handbags that are identical or similar to those of Mr Depuydt and Gauquie.

24. The two judgments were appealed. The Cour d'appel de Bruxelles ruled on the appeals on 8 November 2007

25. It ruled that the three registered trade marks at issue, namely the two figurative marks 'NATHAN' and 'N' as well as the word mark 'NATHAN BAUME' held by MyP are valid. In particular, the claim to have them annulled for registration in bad faith was time-barred.

26. Gauquie and Mr Depuydt were enjoined from using the three trade marks from all products except for handbags and shoes based on the exclusive rights granted by the trade mark. The court justified these exceptions with the doctrine of abuse of rights, namely a misuse of the procedure. It stated that MyP had raised its exclusive right in such a categorical manner as a matter of revenge. In the past MyP had always recognised Gauquie's right to use the trade marks 'N' and 'NATHAN BAUME' for handbags and shoes. The Court held that there was no (unlimited, tacitly renewable) licence between the parties. Rather, MyP

went so far as to recognise a form of co-ownership of the marks. The Court considered this to constitute 'irrevocable consent' with the use of the trade marks by Gauquie with respect to handbags and shoes.

27. On the other hand, MyP was enjoined from using the trade marks in the course of trade for handbags and shoes. The Court considered that such use would constitute unfair competition. Firstly, MyP had always recognised voluntarily that its obligation not to engage in unfair competition with Mr Baquet regarding the manufacture and distribution of bags with the name 'NATHAN' extended to the trade marks 'N' and 'NATHAN BAUME' for handbags and shoes. Secondly, Gauquie had, over a number of years, made significant investments in the publicity of its products that MyP would unfairly benefit from.

28. An interpretative judgment of 12 September 2008 further defined the terms 'handbags' and 'use in the course of trade'.

29. MyP appealed the judgment and the interpretative judgment of the Cour d'appel to the extent that they concern the trade marks 'N' and 'NATHAN BAUME' to the Cour de cassation. It raised two grounds for its appeal.

30. It argued in its first plea regarding the limitation of the injunctive relief granted against Gauquie and Mr Depuydt that only a licence constituting the necessary consent under Article 2.20.1 of the BCIP can permit a third party to use a trade mark. Irrevocable consent, i.e. an irrevocable obligation, does not exist as a matter of ordre public and would be contrary to the exclusive rights provided by a trade mark. The termination of consent and the exercise of trade mark rights cannot, according to MyP, constitute abuse of rights and even if it constituted such abuse, the correct remedy would be to reduce the exercise of the right to its normal level and to grant damages and not to prohibit the exercise of the trade mark.

31. As to being itself enjoined from using the trade marks in some respects, MyP submits with its second plea that the trade marks confer an exclusive right to prevent others from using the trade marks without its consent. That right implies, according to MyP, the right to use the trade marks itself, as the owner otherwise risks its revocation. Upon termination of a license (even if accompanied by a commitment of the owner of the trade mark not to use the trade mark itself) the trade mark holder recovers the full exercise of its rights. Any advantages the proprietor might gain from publicity made by the party it had authorised to use the trade mark, as well as any likelihood of confusion resulting from the recovery of the right are necessary consequences of the legal exercise of the exclusive rights. In the alternative, the court could not enjoin the use of the trade mark permanently and should have adopted a less restrictive remedy.

### **III – Questions referred for a preliminary ruling and procedure before the Court of Justice**

32. In its judgment of 2 December 2011 the referring court rejected MyP's argument that its attempt to enjoin Gauquie from using the trade marks was but an

exercise of its exclusive trade mark rights and hence could not be considered an abuse of rights as being based on a misreading of the appellate judgment. The court held that the appellate decision not only considered the long period of shared use, but also the motivation of revenge as well as the manner in which MyP's claim was formulated.

33. The referring court also considered that both pleas of MyP's appeal raise various questions of interpretation relating to Directive 89/104. The court hence decided to stay the proceedings and referred the following questions to the Court of Justice for a preliminary ruling:

*'1.1. Must Article 5(1) and Article 8(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks be interpreted as meaning that the exclusive right conferred by the registered mark can definitively no longer be asserted by its proprietor against a third party, in respect of all goods covered by it at the time of registration:*

*- where, for an extended period, the proprietor has shared the use of that mark with that third party in a form of co-ownership for part of the goods covered?*

*- where, on the occasion of that sharing, the proprietor gave the third party its irrevocable consent to use of that mark by the third party in respect of those goods?*

*1.2. Must those articles be interpreted as meaning that the application of a national rule, such as that according to which the proprietor of a right may not exercise that right in a wrongful or abusive manner, can lead to a definitive prohibition on the exercise of that exclusive right for part of the goods covered or as meaning that that application must be restricted to penalising the wrongful or abusive exercise of that right in another way?*

*2.1. Must Article 5(1) and Article 8(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks be interpreted as meaning that, where the proprietor of a registered mark ends its undertaking to a third party not to use that mark for certain goods and thus intends to recommence that use itself, the national court can none the less definitively prohibit it from recommencing that use of the mark on the ground that it amounts to unfair competition because of the resulting advantage to the proprietor of the publicity previously made for the mark by the third party and possible confusion in customers' minds, or must they be interpreted as meaning that the national court must adopt a different remedy which does not definitively prohibit the proprietor from recommencing use of the mark?*

*2.2. Must those articles be interpreted as meaning that a definitive prohibition on use by the proprietor is justified where the third party has, over a number of years, made investments in order to bring to the attention of the public the goods in respect of which the proprietor had authorised it to use the mark?'*

34. The order for reference was lodged at the Court on 3 January 2012.

35. Written observations were submitted by MyP, Mr Depuydt and Gauquie (jointly), the Republic of Poland and the Commission.

36. At the hearing on 10 January 2013 the parties to the main proceedings and the Commission made observations.

#### **IV – Assessment**

##### **A – Admissibility**

37. Mr Depuydt and Gauquie raise two arguments to challenge the admissibility of the questions posed by the referring court. Firstly, as the Directive has been transposed into national law, any question of interpretation is, according to them, one of national law. The same has to apply to the question whether national law can limit trade mark rights. The Commission, too, perceives only a remote relationship of the dispute with EU trade mark law.

38. Secondly, Mr Depuydt and Gauquie claim that the questions are not pertinent to the case. Article 5(1) of the Directive, according to them, does not cover the question whether national law may limit the exclusive rights of the owner of a trade mark. As the national courts explicitly held that there was no licence, Article 8(1) of the Directive is not pertinent, either. (6) Also, Mr Depuydt and Gauquie consider the first question to concern a measure that is unrelated to the facts of the case.

39. I am unconvinced by both arguments. Of course, under Article 267 TFEU the Court has jurisdiction to give preliminary rulings only concerning the interpretation of EU law and may not interpret national law. (7) However, the Cour de cassation has asked the Court to interpret the Directive and not the national law implementing the Directive. The fact that the Directive has been transposed into national law does not mean that national courts no longer have to take the Directive into account. Rather, they are under an obligation to interpret the national law in the light of the wording and purpose of the Directive. (8)

40. As to the pertinence of the questions posed by the national court, it is, according to the settled case-law of the Court, in principle for the national courts, before which the proceedings are pending, to determine the relevance of the questions which they refer to the Court. (9) Only where it is ‘quite obvious’ (10) that the interpretation of a rule of Union law is irrelevant to the case at hand will the Court proceed otherwise.

41. As to Article 8(1) of the Directive, the referring court itself has stated that there was no licence between the parties. As the Court is bound by this factual statement, it appears, indeed, that Article 8(1) of the Directive is not relevant to the solution of the case. Bearing that fact in mind and in order to provide the referring court with a useful answer, the questions must be reformulated in such a manner that they do not include a reference to Article 8(1) of the Directive. (11)

##### **B – Substantive analysis**

42. The referring court has stated a number of facts that are important for our case. As the Court is bound by them, some of these should be emphasised. First of all, MyP is the owner of the valid registered trade marks in

question for all goods in question. Secondly, ever since MyP has registered the trade marks, Gauquie and Mr Depuydt have been using them with MyP’s consent. Thirdly, it is undisputed that the parties did not conclude a licence. Fourthly, nothing indicates that Gauquie and Mr Depuydt also are owners of the trade marks in dispute. Even though the referring court mentions ‘a form of co-ownership’ it does not claim that they have registered the marks, nor that they own trade mark rights based on use. (12)

43. But for the absence of a licence, these facts are, at first sight, akin to a normal licensing situation with all of the consequences, namely the fact that a licence can be terminated. It is the particular history of the parties that puts this outcome into question: originally the parties had an equal claim to the signs. They have shared their use over an extended period of time. However, as already stated, MyP at one point registered the marks, allegedly ‘in secret’, albeit it has to be considered that trade marks are published and policing them is possible. The attempt to have the registrations annulled for bad faith failed because it was time-barred.

44. Despite finding the facts I mentioned above, the judgment of the Cour d’appel reinstated the shared use the parties have made of the marks over a long period of time. It achieved that result by limiting the trade mark rights on the one hand and enjoining the owner of the trade marks from using the signs for some goods on the other. Faced with this ruling the referring court wonders if and by what tools the situation of shared use can be maintained. As several of the suggested legal tools are based on national law, an important issue in the case is the question to what extent national law can limit EU trade mark law. It should be pointed out that the national rules are for the national courts to determine. The Court’s task in that respect is solely to define the limits imposed on national law by the Directive.

##### **1. The first question**

45. With its first question the referring court inquires about the limits to asserting exclusive trade mark rights in a situation such as the case at hand, in which the use of the trade mark has been shared over an extended period of time. The referring court has divided the question into two sub-questions.

##### **a) Subject-matter of the first sub-question**

46. The first sub-question is whether Article 5(1) of the Directive definitively bars the owner of a registered trade mark from asserting its exclusive rights against a third party with respect to all goods covered by the registration where the owner has shared the use for part of the goods covered with that third party ‘in a form of co-ownership’ and where the third party used the mark with the owner’s ‘irrevocable consent’.

47. From the decision of the referring court it is apparent that the court wants to know whether there is a basis in trade mark law to permanently bar the owner of a registered trade mark from exercising its rights against a third party with whom the owner has shared the use of the trade mark over an extended period of time. The court’s references to a ‘form of co-

ownership' and 'irrevocable consent' require some further explanation.

48. First of all, it appears to me that the term 'form of co-ownership' can easily be understood in the context of the judgment of the Cour d'appel quoted by the referring court. That court built its argument on the shared use of the trade marks made by the parties, mentioning that MyP went so far as to recognise a 'form of co-ownership', and arrived at the conclusion that MyP gave its 'irrevocable consent' to the use of the trade mark. It did not suggest that Mr Depuydt and Gauquie have registered the marks or own trade mark rights based on use. The term is thus not used in a legal sense. Rather, it is meant as a statement of facts referring back to the consensual shared use made of the trade marks.

49. The term 'irrevocable consent' used by the referring court – also in a quotation from the Cour d'appel – appears as a statement of facts, deduced from MyP's behaviour. At the hearing, Mr Depuydt and Gauquie have asserted that this finding of 'irrevocable consent' was up to the national court. The Commission has accepted the existence of irrevocable consent as a statement of fact. However, the factual statement that 'irrevocable consent' was given presupposes that the consent given by the owner of a trade mark can be irrevocable as a matter of law. Whether the consent mentioned in Article 5(1) of the Directive can be given irrevocably has to be answered by the Court.

50. The Court is undoubtedly not barred from answering this question. While it is up to the national court to determine the facts of the case – and thus, in this case, the question whether consent was given or not – the Court is not bound by the assumption of the existence of legal categories employed by the referring court. In the same vein, the national court determines the subject-matter it refers to the Court. However, the Court is not precluded from providing the referring court with all the elements for the interpretation of European Union law that may be of assistance in adjudicating the pending case, whether or not the referring court explicitly mentioned them. (13)

51. It was on this basis that when the Court was asked about the distinctive character of a specific colour as a trade mark in *Libertel*, it could determine whether a colour per se was capable of constituting a trade mark. (14) The same principle applies here.

52. The question that specifically needs to be answered by the Court hence is whether under Article 5(1) of the Directive the proprietor of a registered trade mark can give its consent to the use of its trade mark irrevocably, in the sense that the exclusive right conferred by the registered mark can definitively no longer be asserted against the party receiving said consent and with whom the proprietor shared the use of the trade mark over an extended period of time, both before and after the registration of the trade marks.

b) Analysis of the first sub-question

53. Thus put, the question first of all invites the Court to analyse the nature of 'consent' in the context of Article 5(1) of the Directive.

54. Needless to say, the Court can only accept this invitation if the term 'consent' used in Article 5(1) of the Directive is one of European Union law and its interpretation can hence not be left to national courts.

55. As a general rule the need for a uniform application of European Union law and the principle of equality require that terms of a provision of European Union law are interpreted autonomously with respect to the context of the provision and the purpose of the legislation in question, unless the provision refers expressly to the law of Member States. (15)

56. Surely, this rule loses much of its force with respect to directives that do not fully harmonise an area of law. However, although the Directive according to its third recital does not undertake a full-scale approximation of the trade mark laws of the Member States, it does harmonise some areas of that law. In that respect the ninth recital points out that registered trade marks need to enjoy the same protection under the legal systems of all Member States to facilitate the free circulation of goods. Accordingly, the Court has repeatedly held that Articles 5 to 7 of the Directive effect a complete harmonisation of the rules relating to the rights conferred by a trade mark. (16)

57. The concept of 'consent' employed in Article 5(1) of the Directive is hence one of European Union law.

58. The Court has had numerous opportunities to clarify various aspects of Article 5(1) of the Directive in its case-law. However, I do not find that case-law enlightening as to the nature of the 'consent' in Article 5(1).

59. Much can be learned, however, by the context of Article 5(1) of the Directive and the jurisprudence of the Court in that respect. The term 'consent' appears various times in the Directive: in Article 5(1) and (2) concerning the scope of the exclusive rights granted by trade marks, in Article 7(1) relating to exhaustion of the trade mark rights, in Article 10(3) treating the use requirement and in Article 12(2) in the context of grounds for revocation. The use of the term in the Directive is in no way extraordinary. The Council regulation on the Community trade mark refers to 'consent' in similar contexts, (17) and the term is also used in the TRIPS Agreement (18) and US trade mark law. (19)

60. The Court had to interpret the notion of consent in the context of exhaustion, i.e. Article 7(1) of the Directive. Under that provision (20) the owner of a trade mark cannot oppose the use of the trade mark with respect to goods put on the market in the European Economic Area ('EEA') under that mark either by the owner itself or with its consent.

61. In *Zino Davidoff and Levi Strauss* the owners of the relevant trade marks had put their goods on the market outside the EEA and the goods were then imported into that area by another person. The Court was asked under which circumstances the owner of the trade mark may be regarded as having given its 'consent' to the goods being put on the market in the EEA. It held that the term consent required a uniform interpretation by the Court. (21) Consent can,

according to the Court, be given explicitly, or it can be implied and can then be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside the EEA. Given the serious effects of the consent in the context of Article 7(1) of the Directive, namely the extinguishing of exclusive rights enabling the owner to control the initial marketing in the EEA, 'consent must be so expressed that an intention to renounce those rights is unequivocally demonstrated'. (22) Even though the consent in Article 7(1) refers to the placement of goods on the market (23) and the consent in Article 5(1) of the Directive relates to using the trade mark (or a confusingly similar one) in the course of trade, it appears to me that the statements of the Court on the nature of consent also apply with respect to the notion of consent in Article 5(1) of the Directive.

62. The statements of the Court suggest that consent requires the (unequivocal) expression of the intention to renounce the trade mark rights. It is a voluntary legal transaction between the owner and the person receiving the consent.

63. That interpretation is supported by reading Article 5(1) of the Directive in context with Article 8 governing licensing. A licence is the most common way in which consent to the use of the trade mark in the course of trade is given. In fact, circumstances such as those submitted to us in this case under which consent to the use of the trade mark is given, but there is no (explicit or implied) licence are rare.

64. Article 10(3) of the Directive further confirms my reading of the nature of consent. Under that provision use of the trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor and hence fulfil the use requirement. (24) The attribution of someone else's use to the proprietor is justified by a form of agency created by the consent of the proprietor. Such a legal construct is only justified if a legal transaction between the proprietor and the third party using the trade mark took place.

65. The distinction between 'acquiescence' used in Article 9(1) and 'consent' also is instructive. Whereas the first term implies passivity in the sense of not preventing the use of a later trade mark, the latter requires the expression of an intention to renounce the right. (25)

66. As a voluntary legal transaction between the proprietor and the user of the trade mark consent is subject to the general principles covering legal transactions. To a large extent those rules will be identical with the rules applicable to the most prominent form of consent, a licence. Consent can thus be given for a determined period of time or without the determination of such a period. Even in the latter case, termination of the consent is possible. (26) However, such termination must respect the legitimate expectations of the user of the trade mark and thus requires, for example, reasonable notice or cause. Irrevocable consent is not permissible.

67. Even though irrevocable consent does, hence, not exist, it could still be impermissible to exercise the exclusive trade mark rights against the person with whom use was shared over an extended period of time both prior and after the registration of the trade marks.

68. The proprietor of a trade mark cannot prevent all uses of the mark. The Court has deduced from the objective of trade mark law that only such uses of the trade mark by a third party can be prevented that affect or are liable to affect the function of the trade mark. (27)

69. Poland has submitted that prior shared use such as the one by MyP and Gauquie can lead to a situation where the trade mark function is no longer affected. It proposes that where use of the mark has been shared in such a way that the consumers have grown used to a particular group of products being produced not by the proprietor of the mark but by a third party, the consumer can expect such use to continue. The essential trade mark function of guaranteeing to consumers the origin of the goods might hence not be affected.

70. I am not convinced that this argument is applicable to our case. The continued use of the trade mark by Mr Depuydt and Gauquie after termination of MyP's consent would affect the essential trade mark function of guaranteeing to consumers the origin of the goods.

71. The case Budějovický Budvar illustrates the conditions under which an extended concurrent use of a trade mark results in a situation where the continuation of that use no longer affects the function of the trade mark of guaranteeing the origin of the goods. Even though the question was posed in the context of Article 4(1)(a) of the Directive in that case, the same principles apply to Article 5(1). (28)

72. The facts of the case were exceptional. Entirely independent from each other both Anheuser-Busch and Budvar had been selling beer under the word sign 'Budweiser' in the United Kingdom for almost 30 years before the registration of the marks. In 2000 both companies were authorised to register the trade marks jointly and concurrently. The particularity of the case had led consumers to be well aware of the differences between the two beers despite their common designation as 'Budweiser'. Under these circumstances the court found that the honest concurrent use of the two identical marks does not have an adverse effect on the function of guaranteeing the origin of the goods to consumers. (29)

73. The facts of this case differ significantly from those of Budějovický Budvar. Firstly, the referring court has not indicated in any way that consumers are aware of the shared use of the trade marks at issue by MyP and Gauquie and that hence the guarantee of origin might not be affected if such use continues.

74. More importantly, however, in Budějovický Budvar two non-related companies used the same trade mark. In this case, according to the referring court one party uses the valid trade marks of another with the proprietor's consent and wants to continue using it even after the termination of such consent. Under these

circumstances the suggestion that the trade mark function might not be affected by the continuation of the shared use misconceives the function of trade marks.

75. The main function of trade marks is to allow consumers to identify the origin of goods. (30) For these purposes, what is relevant as the origin of the goods, however, is the owner of the trade mark and not (necessarily) the real manufacturer. In a modern economy many products are manufactured under licence (or with the proprietor's consent) by third parties and/or in complex production chains. Consumers are usually not aware of these arrangements. Even though the change of the manufacturer may affect the quality of the good, consumers generally do not have a protected interest that arrangements made between the owner of the trade mark and the manufacturer continue. It is the owner's responsibility to organise the use of the trade mark. As part of this responsibility the owner can terminate licences and grant new ones and rearrange its manufacturing or sale processes. The guarantee of origin would hence be affected if a party continues using the mark even though it no longer enjoys the consent of the proprietor of the trade mark.

c) Analysis of the second sub-question

76. With the second sub-question the referring court asks whether a rule of national law such as the one precluding the wrongful or abusive exercise of rights by their proprietor may lead to a definitive prohibition of the exercise of exclusive trade mark rights for part of the goods for which the trade mark is registered or whether such a rule has to grant a different remedy.

77. Mr Depuydt and Gauquie argue in favour of the permissibility of a definitive prohibition of the exercise of exclusive trade mark rights by way of national law. On its part, MyP is of the opinion that such provisions of national law may only provide for remedies that would not definitively prevent the exercise of the exclusive trade mark rights. Both the Commission and Poland substantially agree.

78. As a general rule, according to the sixth recital of the Directive the application of national law other than trade mark law, such as the law of unfair competition and civil liability, is not excluded by the Directive. This is, as Mr Depuydt and Gauquie have rightly argued, also true for national law prohibiting the wrongful or abusive exercise of rights. (31)

79. However, there are limits to the application of national law in this context. National law may not hamper the full effectiveness of the Directive. It may not diverge from a full harmonisation made in the Directive. This is true both for the behaviour regarded as wrongful or abusive as well as the sanction for wrongful or abusive behaviour.

80. As to the behaviour regarded as wrongful, national law cannot regard the exercise of a right provided by EU law in and of itself as wrongful or abusive. As the Directive allows the termination of consent, such termination and the exercise of exclusive trade mark rights against the former beneficiary of consent by

themselves cannot be regarded as abusive. However, lack of notice and similar circumstances can be made the subject of sanctions under national law.

81. As to the sanction, the definitive prohibition of the exercise of exclusive trade mark rights for part of the goods for which the trade mark is registered also conflicts with the objectives of the Directive.

82. The Court has repeatedly held that Articles 5 to 7 of the Directive effect a complete harmonisation of the rights conferred by a trade mark. The Directive includes numerous grounds for refusal or invalidity of the registration of trade marks (Articles 3 and 4 of the Directive), limitations and exhaustion of rights (Articles 6 and 7 of the Directive) as well as the possibility of limitation of the rights in consequence of acquiescence (Article 9 of the Directive). (32) It has not been suggested that an exception to the exclusive rights provided for in the Directive applies.

83. If national laws were allowed to permanently prevent the proprietor of a trade mark from exercising its rights with respect to some of the goods for which the trade mark is registered for reasons not provided for in the Directive, part of that protected right would be taken away, defeating the purpose of harmonisation of rights under Article 5 of the Directive and sidestepping the conditions under which the provisions of the Directive limiting the rights apply. Such a consequence cannot be tolerated.

84. Advocate General Jacobs came to a similar conclusion when discussing national laws enacting protection additional to trade mark law in the context of the Community trade mark: 'If each Member State were free to enact the additional protection it chose, there would be a very great danger indeed of seeing the whole edifice of the Community trade mark system set at nought, together with the harmonising aim of the Directive itself, which is to prevent barriers to trade and distortion of competition in the interest of the internal market.' (33) The argument applies *mutatis mutandis* to the situation of the case at hand.

85. Thus, national law on the wrongful or abusive exercise of rights may not permanently prevent the proprietor of a trade mark from exercising its rights with respect to some of the goods for which the trade mark is registered.

86. That being said, nothing prevents national law from providing for a different remedy that complies with EU law such as damages or even an injunction, enjoining the proprietor of the trade mark from the exercise of the exclusive rights. However, such an injunction may only be temporary, respecting the rights of the owner of the trade mark. Given the complexity of the facts, the risks of protracted litigation and the prospect of damages, it is possible that the parties negotiate a licence.

## **2. Analysis of the second question**

87. By its second question, which the referring court divides into two sub-questions, but which should be considered together, the referring court is in substance asking whether Article 5(1) of the Directive allows national courts to definitively prevent the proprietor of a registered trade mark from recommencing the use of

the mark itself after terminating an undertaking to a third party not to use that mark for certain goods. Such a prohibition would be based on the prohibition of unfair competition, arguing that the proprietor unfairly benefits from the publicity and investments made for the mark by the third party and confusion of consumers. In the alternative, must national courts adopt a different remedy?

88. Mr Depuydt and Gauquie propose that the definitive prohibition of the use of the mark by the owner is an appropriate remedy for unfair competition. MyP, Poland and the Commission are of the opinion that national courts will have to provide for a different remedy.

89. Again, under the sixth recital of the Directive the application of national law other than trade mark law, such as the law of unfair competition and civil liability, generally is not excluded by the Directive. Such national law may not hamper the full effectiveness of the Directive or diverge from a full harmonisation made in the Directive.

90. The Directive does not harmonise undertakings by the proprietor of a trade mark not to use the mark. Also, trade mark law generally does not provide for a right of the owner to use the trade mark. (34) Trade mark rights are primarily negative rights to exclude others.

91. Nevertheless the proposed national measure would conflict with the Directive. The measure would be based on a perceived unfair benefit to the owner resulting from investments made by the third party in publicity for the trade mark and consumer confusion, arguably stemming from the fact that somebody else now produces the product at issue. Both of these consequences stem largely from the termination of consent and the rearrangement of the use of the trade mark. However, as I discussed above, Article 5(1) of the Directive creates a system in which the owner can revoke consent given to a third party to use the trade mark and then rearrange that use.

92. Again, however, nothing prevents national law from granting other remedies to the third party that comply with EU law.

#### **V – Conclusion**

93. In the light of the foregoing considerations, I am of the opinion that the Court should answer the questions referred to it as follows:

– Under Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks the proprietor of a registered trade mark cannot give its consent to the use of its trade mark irrevocably. After the revocation of such consent, the exclusive right conferred by a registered trade mark can be asserted against the party that used the mark with the consent of the proprietor, even though the proprietor and that party shared the use of the trade mark – each for different goods, for which the mark was registered – over an extended period of time.

– National law on the wrongful or abusive exercise of rights may not permanently prevent the proprietor of a trade mark from exercising its rights with respect to

some of the goods for which the trade mark is registered. This notwithstanding, Directive 89/104 does not prevent national law from providing for a different remedy.

– Article 5(1) of Directive 89/104 does not allow national courts to definitively prevent the proprietor of a registered trade mark from recommencing the use of the mark after terminating an undertaking to a third party not to use that mark for certain goods by way of the law of unfair competition based on benefits of the proprietor from and investments by the third party in the publicity of the trade mark as well as the confusion of consumers. This notwithstanding, Directive 89/104 does not prevent national law from providing for a different remedy.

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1 – Original language: English.

2 – First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) as amended.

3 – OJ 2008 L 299, p. 25.

4 – Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as amended.

5 – Mr Depuydt and Gauquie argue that the sign ‘N’ had already been used by Mr Baquet and part of the business they acquired.

6 – The Commission equally points out that at no point has a license agreement between the two parties been concluded.

7 – Case 24/64 Dingemans [1964] ECR 647.

8 – Case 14/83 von Colson and Kamann [1984] ECR 1891, paragraph 26.

9 – Case 83/78 Redmond [1978] ECR 2347, paragraph 25, and Case C-134/94 Esso Española [1995] ECR I-4223, paragraph 9.

10 – Case 126/80 Salonia [1981] ECR 1563, paragraph 6.

11 – See Case C-62/00 Marks & Spencer [2002] ECR I-6325, paragraph 32.

12 – As to those rights see recital 4 of the Directive and Article 16.1, sentence 3, of the Agreement on Trade-Related Aspects of Intellectual Property Rights (‘TRIPS Agreement’).

13 – Case C-321/03 Dyson [2007] ECR I-687, paragraph 24.

14 – C-104/01 Libertel [2003] ECR I-3793, paragraph 22, and Dyson, cited above in footnote 13, paragraphs 24 to 26.

15 – Case 327/82 Ekro [1984] ECR 107, paragraph 11; Case C-287/98 Linster [2000] ECR I-6917, paragraph 43; and Case C-482/09 Budějovický Budvar [2011] ECR I-0000, paragraph 29.

16 – Case C-355/96 Silhouette International Schmied [1998] ECR I-4799, paragraph 25; Joined Cases C-414/99 to C-416/99 ZinoDavidoff and Levi Strauss [2001] ECR I-8691, paragraph 39; Case C-59/08 Copad [2009] ECR I-3421, paragraph 40; Case C-127/09 Coty

Prestige Lancaster Group [2010] ECR I-4965, paragraph 27; and Budějovický Budvar, cited above in footnote 15, paragraph 32.

17 – As to rights conferred Article 9(1), as to exhaustion Article 13(1), as to use Article 15(2), and as to revocation Article 51(1)(c) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, OJ 2009 L 78, p. 1.

18 – Article 16.1 of the TRIPS Agreement on the rights conferred by trade marks uses the term in a similar context as Article 5(1) of the Directive.

19 – See Trademark Act of 1946 (Lanham Act), § 32, as amended, 15 U.S.C. § 1114 on remedies, infringement and innocent infringement by printers and publishers.

20 – As amended by Article 65(2), Annex XVII to the Agreement on the European Economic Area, OJ 1994 L 1, p. 3.

21 – Zino Davidoff and Levi Strauss, cited above in footnote 16, paragraph 43.

22 – Zino Davidoff and Levi Strauss, cited above in footnote 16, paragraphs 45 and 47; Copad, cited above in footnote 16, paragraph 42; and Case C-324/08 Makro Zelfbedieningsgroothandel [2009] ECR I-10019, paragraph 22.

23 – According to the Court the consent must relate to each individual item put on the market. Case C-173/98 Sebago and Maison Dubois [1999] ECR I-4103, paragraph 19, and Coty Prestige Lancaster Group, cited above in footnote 16, paragraph 31.

24 – The corresponding provision of the Community trade mark regulation was discussed in Case C-416/04 Sunrider v OHIM [2006] ECR I-4237.

25 – Budějovický Budvar, cited above in footnote 15, paragraphs 43 and 44.

26 – An identical position with respect to licenses for Community trade marks is taken by Schennen, D., in Eisenführ, G. and Schennen, D. (eds.), Gemeinschaftsmarkenverordnung, Carl Heymanns Verlag, 2nd ed. 2007, Art. 22, paragraph 18.

27 – Case C-206/01 Arsenal Football Club [2002] ECR I-10273, paragraph 51; Case C-487/07 L'Oréal and Others [2009] ECR I-5185, paragraph 58; Joined Cases C-236/08 to C-238/08 Google France and Google [2010] ECR I-2417, paragraph 76; Case C-278/08 BergSpechte [2010] ECR I-2517, paragraphs 29 to 37; Case C-323/09 Interflora and Interflora British Unit [2011] ECR I-0000, paragraph 37; and Budějovický Budvar, cited above in footnote 15, paragraph 71. The line of cases goes back to Case C-63/97 BMW [1999] ECR I-905, paragraph 38.

28 – Case C-291/00 LTJ Diffusion [2003] ECR I-2799, paragraphs 41 to 43, and Budějovický Budvar, cited above in footnote 15, paragraphs 69 and 70.

29 – Budějovický Budvar, cited above in footnote 15, paragraphs 63 to 84.

30 – Budějovický Budvar, cited above in footnote 15, paragraph 71.

31 – This is all the more true, as EU law itself frowns upon abuse of rights. Case C-367/96 Kefalas and Others [1998] ECR I-2843, paragraph 20, and Case C-

255/02 Halifax and Others [2006] ECR I-1609, paragraphs 68 and 69.

32 – Mr Depuydt and Gauquie seem to argue that the 11th recital allows for a broad principle of acquiescence beyond the bounds of the provisions of the Directive. This would circumvent the conditions of, e.g., Article 9(1) of the Directive.

33 – Opinion in Case C-292/00 Davidoff [2003] ECR I-389, point 63.

34 – However, the Directive imposes a use requirement in Article 10(1). It should also be pointed out that Article 20 of the TRIPS Agreement does not allow the unjustifiable encumbrance of the use of a trade mark by special requirements.