

Court of Justice EU, 16 July 2015, Diageo v Simiramida



#### LITIGATION – PRIVATE INTERNATIONAL LAW – TRADEMARK LAW

That a judgment given in a Member State is contrary to EU law does not justify that a judgment is not being recognised on the grounds that it infringes public policy in a Member State, where the error of law relied on does not constitute a manifest breach of a rule of law regarded as essential in the EU legal order.

- In the light of all the foregoing considerations, the answer to the first and second questions is that Article 34(1) of Regulation No 44/2001 must be interpreted as meaning that the fact that a judgment given in a Member State is contrary to EU law does not justify that judgment's not being recognised in another Member State on the grounds that it infringes public policy in that latter State where the error of law relied on does not constitute a manifest breach of a rule of law regarded as essential in the EU legal order and therefore in the legal order of the Member State in which recognition is sought or of a right recognised as being fundamental in those legal orders.

An error in affecting the application of Article 5(3) Trade Marks Directive is not a manifest breach of a rule of law regarded as essential in the EU legal order.

- That is not the case of an error affecting the application of a provision such as Article 5(3) of Directive 89/104.

51. As the Advocate General has observed in [point 52 of his Opinion](#), the provision of substantive law at issue in the main proceedings, namely, Article 5(3) of Directive 89/104, is part of a directive seeking to achieve minimal harmonisation whose purpose is in part to approximate the different trade mark laws of the Member States. Although it is true that the enforcement of the rights conferred by Article 5 of that directive on the proprietor of a trade mark, and the proper

application of the rules relating to the exhaustion of those rights, laid down in Article 7 of that directive, have a direct effect on the functioning of the internal market, it cannot be inferred from this that an error in the implementation of those provisions would be at variance to an unacceptable degree with the EU legal order inasmuch as it would infringe a fundamental principle of that legal order.

**When determining whether there is a breach of public policy, the court of a State must take into account if all legal remedies have been exhausted**

- When determining whether there is a manifest breach of public policy in the State in which recognition is sought, the court of that State must take account of the fact that, save where specific circumstances make it too difficult, or impossible, to make use of the legal remedies in the Member State of origin, the individuals concerned must avail themselves of all the legal remedies available in that Member State with a view to preventing such a breach before it occurs.

Directive 2004/48 applies to legal costs incurred by parties that concern the recognition of a judgment given in another Member State in which it is established that seizure to prevent an infringement of intellectual property rights is unjustified

- In the light of all the foregoing considerations, the answer to the third question is that Article 14 of Directive 2004/48 must be interpreted as applying to the legal costs incurred by the parties in the context of an action for damages, brought in a Member State, to compensate for the injury caused as a result of a seizure carried out in another Member State, which was intended to prevent an infringement of an intellectual property right, when, in connection with that action for damages, a question arises concerning the recognition of a judgment given in that other Member State declaring that seizure to be unjustified.

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#### Court of Justice EU, 16 July 2015

(A. Tizzano, S. Rodin, E. Levits, M. Berger (Rapporteur) and F. Biltgen,)

JUDGMENT OF THE COURT (First Chamber)

16 July 2015 (\*)

*(Reference for a preliminary ruling - Judicial cooperation in civil matters - Regulation (EC) No 44/2001 - Recognition and enforcement of judgments - Grounds for refusing enforcement - Infringement of public policy in the State in which recognition is sought - Judgment given by a court in another Member State contrary to EU law on trade marks - Directive 2004/48/EC - Enforcement of intellectual property rights - Legal costs)*

In Case C-681/13,

REQUEST for a preliminary ruling under Article 267 TFEU from the Hoge Raad der Nederlanden

(Netherlands), made by decision of 20 December 2013, received at the Court on 23 December 2013, in the proceedings

Diageo Brands BV

v

Simiramida04

EOOD,

THE COURT (First Chamber),

composed of A. Tizzano, President of the Chamber, S. Rodin, E. Levits, M. Berger (Rapporteur) and F. Biltgen, Judges,

Advocate General: M. Szpunar,

Registrar: M. Ferreira, Principal Administrator, having regard to the written procedure and further to the hearing on 9 December 2014, after considering the observations submitted on behalf of:

– Diageo Brands BV, by F. Vermeulen, C. Gielen and A. Verschuur, advocaten,

– Simiramida04

EOOD, by S. Todorova Zhelyazkova, advokat, and by M. Gerritsen and

A. Gieske, advocaten,

– the German Government, by T. Henze and J. Kemper, acting as Agents,

– the Latvian Government, by I. Kalniņš and I. Ņesterova, acting as Agents,

– the European Commission, by A.M.

RouchaudJoët

and G. Wils, acting as Agents,

after hearing [the Opinion of the Advocate General](#) at the sitting on 3 March 2015,

gives the following

### Judgment

1. This request for a preliminary ruling concerns the interpretation of Article 34(1) of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ 2001 L 12, p. 1), and of Article 14 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).

2. The request has been made in proceedings between Diageo Brands BV ('Diageo Brands') and Simiramida04 EOOD ('Simiramida') concerning a claim for damages made by Simiramida for the injury caused to it by a seizure carried out at the request of Diageo Brands of goods which were intended for it.

### Legal context

#### Regulation No 44/2001

3. According to recital 16 in the preamble to Regulation No 44/2001, '[m]utual trust in the administration of justice in the [European Union] justifies judgments given in a Member State being recognised automatically without the need for any procedure except in cases of dispute'.

4. Chapter III of Regulation No 44/2001, which is entitled 'Recognition and Enforcement', is divided into three sections. Section 1, itself entitled 'Recognition', includes, inter alia, Articles 33, 34 and 36 of that regulation.

5. Article 33(1) of Regulation No 44/2001 provides:

*'A judgment given in a Member State shall be recognised in the other Member States without any special procedure being required.'*

6. Under Article 34 of that regulation:

*'A judgment shall not be recognised: 1. if such recognition is manifestly contrary to public policy in the Member State in which recognition is sought; ...'*

7. Article 36 of the regulation states:

*'Under no circumstances may a foreign judgment be reviewed as to its substance.'*

#### Directive 89/104/EEC

8. 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'), 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 (Codified version) (OJ 2008 L 299, p. 25). Nevertheless, having regard to the date of the facts, Directive 89/104 is still applicable to the dispute in the main proceedings.

9. Article 5 of that directive 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;*

*...*

*3. The following, inter alia, may be prohibited under paragraphs 1 and 2:*

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

*(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;*

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

*...*

10. Article 7 of Directive 89/104, entitled 'Exhaustion of the rights conferred by a trade mark', stated in paragraph 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 a Contracting Party [of the European Economic Area] under that trade mark by the proprietor or with his consent.'*

#### Directive 2004/48

11. Recital 10 in the preamble to Directive 2004/48 states that the objective of the directive is to approximate the legislative systems of the Member States 'so as to ensure a high, equivalent and homogeneous level of protection in the internal market'.

12. Recital 22 in the preamble to the same directive states that, among the measures which the Member States must provide, '[i]t is also essential to provide for

*provisional measures for the immediate termination of infringements, without awaiting a decision on the substance of the case ... and providing the guarantees needed to cover the costs and the injury caused to the defendant by an unjustified request*'.

13. According to Article 1, Directive 2004/48 concerns *'the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights'*, it being made clear that, under that same provision, the term *'intellectual property rights'* includes *'industrial property rights'*.

14. Article 2(1) of that directive states that the measures, procedures and remedies provided for by the directive are to apply *'to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned'*.

15. In accordance with Article 3(2) of that directive, the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights which the Member States are required to adopt must 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'*.

16. To that end, Article 7(1) of Directive 2004/48 requires Member States to ensure that the competent judicial authorities may, in certain circumstances, *'order prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement'*. That provision states that those measures may include *'the physical seizure of the infringing goods'*. According to Article 9(1)(b) of that directive, Member States must ensure that the judicial authorities may, at the request of the applicant, *'order the seizure or delivery up of the goods suspected of infringing an intellectual property right'*. Articles 7(4) and 9(7) of that directive provide that, *'where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right', the judicial authorities are to have the authority 'to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures'*.

17. With regard to legal costs, Article 14 of Directive 2004/48 provides:

*'Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.'*

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

18. Diageo Brands, which has its registered office in Amsterdam (Netherlands), is the proprietor of the trade mark 'Johnny Walker'. It places that brand of whisky on the market in Bulgaria through a local exclusive importer.

19. Simiramida, established in Varna (Bulgaria), trades in alcoholic beverages.

20. On 31 December 2007, a container holding 12 096 bottles of whisky of the 'Johnny Walker' brand, intended for Simiramida, arrived from Georgia in the port of Varna.

21. Taking the view that the importation into Bulgaria of that consignment of bottles without authorisation constituted an infringement of the trade mark of which it is the proprietor, Diageo Brands requested and obtained, by order of 12 March 2008, permission from the Sofiyski gradski sad (Sofia City Court, Bulgaria) to have it seized.

22. On 9 May 2008, ruling on an appeal lodged by Simiramida, the Sofiyski apelativen sad (Court of Appeal, Sofia) annulled that order.

23. By judgments of 30 December 2008 and 24 March 2009, the Varhoven kasatsionen sad (Bulgarian Supreme Court) dismissed, on formal grounds, the appeal in cassation brought by Diageo Brands.

24. The seizure of the consignment of bottles of whisky carried out at the request of Diageo Brands was lifted on 9 April 2009.

25. In the substantive proceedings brought by Diageo Brands against Simiramida for infringement of the trade mark of which it is the proprietor, the Sofiyski gradski sad dismissed Diageo Brands' claims by judgment of 11 January 2010. That court held that it followed from an interpretative decision delivered by the Varhoven kasatsionen sad on 15 June 2009 that the import into Bulgaria of goods placed on the market outside the European Economic Area (EEA) with the permission of the proprietor of the trade mark does not infringe the rights conferred by the trade mark. The Sofiyski gradski sad considered itself bound by that interpretative decision by virtue of Bulgarian procedural law.

26. Diageo Brands did not bring any appeal against the judgment of the Sofiyski gradski sad of 11 January 2010, which has become final.

27. In the case in the main proceedings, Simiramida requests the Netherlands courts to order Diageo Brands to pay it, by way of compensation for the damage it claims to have suffered as a result of the seizure carried out at the request of the latter company, a sum that it assesses at over EUR 10 million. Simiramida bases its claim on the judgment given on 11 January 2010 by the Sofiyski gradski sad, in that that judgment held that seizure to be unlawful. In its defence, Diageo Brands submits that that judgment cannot be recognised in the Netherlands on the ground that it is manifestly contrary to public policy in the Netherlands, within the meaning of Article 34(1) of Regulation No 44/2001. Diageo Brands claims that, in that judgment, the Sofiyski gradski sad manifestly misapplied EU law by basing its ruling on the interpretative decision of the Varhoven kasatsionen sad of 15 June 2009, which is vitiated by a substantive error and, moreover, had been adopted in breach of the obligation incumbent on the latter court to refer a question for a preliminary ruling pursuant to Article 267 TFEU.

28. By judgment of 2 March 2011, the Rechtbank Amsterdam (District Court, Amsterdam) upheld the

arguments advanced by Diageo Brands and dismissed Simiramida's claim.

29. Ruling on an appeal brought by Simiramida, by judgment of 5 June 2012 the Gerechtshof te Amsterdam (Court of Appeal, Amsterdam) overturned the judgment of the Rechtbank Amsterdam and ruled that the judgment of 11 January 2010 of the Sofijski gradski sad had to be recognised in the Netherlands, but did not give a ruling on the claim for damages.

30. It was in those circumstances that the Hoge Raad der Nederlanden (Supreme Court), to which Diageo Brands appealed on a point of law against the judgment of the Gerechtshof te Amsterdam, decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

*'1. Must Article 34(1) of Regulation (EC) No 44/2001 be interpreted as meaning that that ground for refusal is also applicable in a case where the decision of the court of the Member State of origin is manifestly contrary to EU law, and that fact has been recognised by that court?*

*2(a). Must Article 34(1) of Regulation No 44/2001 be interpreted as meaning that successful reliance on that ground for refusal is precluded by the fact that the party which has recourse to that ground for refusal failed to make use of the legal remedies available in the Member State of origin of the decision?*

*2(b). If the answer to Question 2(a) is in the affirmative, would the position be different if the use of the legal remedies in the Member State of origin of the decision was pointless because it has to be assumed that it would not have led to any different decision?*

*3. Must Article 14 of Directive 2004/48/EC be interpreted as meaning that that provision is also applicable to the costs incurred by the parties in the context of proceedings for damages brought in a Member State if the claim and the defence relate to the alleged liability of the defendant by reason of the seizures which it made and the notices which it served with a view to enforcing its trade mark rights in another Member State, and in that connection a question arises concerning the recognition in the former Member State of a decision of the court in the latter Member State?'*

#### **The request seeking the reopening of the oral part of the procedure**

31. After the oral part of the procedure was closed on 3 March 2015 following the presentation of the Advocate General's Opinion, Diageo Brands requested the reopening of that oral part by letter of 6 March 2015, lodged at the Court Registry on 20 March 2015.

32. In support of that request, Diageo Brands submits, in the first place, that, in point 27 et seq. of his Opinion, the Advocate General called into question the accuracy of the assumptions upon which the Hoge Raad der Nederlanden based its order for reference, namely, first, that a manifest and conscious breach of a fundamental principle of EU law follows from the interpretative decision of the Varhoven kasatsionen sad of 15 June 2009, confirmed by a second decision of 26 April 2012, and from the judgment of the Sofijski gradski sad and,

secondly, that the use of a legal remedy before the Varhoven kasatsionen sad was pointless for Diageo Brands. According to Diageo Brands, in the event that the Court should consider that the accuracy of those assumptions may still be the subject of a debate between the parties, that debate should meet the requirements of the fundamental principle *audi alteram partem* laid down in Article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms, signed in Rome on 4 November 1950, and in Article 47 of the Charter of Fundamental Rights of the European Union.

33. In the second place, Diageo Brands maintains that it had no opportunity to submit observations on certain documents lodged by the European Commission at the hearing.

34. In that regard, it must be recalled that, under Article 83 of the Rules of Procedure, the Court may at any time, after hearing the Advocate General, order the reopening of the oral part of the procedure, in particular where it considers that it lacks sufficient information, where a party has, after the close of that part of the procedure, submitted a new fact which is of such a nature as to be a decisive factor for the decision of the Court, or where the case must be decided on the basis of an argument which has not been debated between the parties or the persons referred to in Article 23 of the Statute of the Court of Justice of the European Union (see judgment in *Commission v Parker Hannifin Manufacturing and ParkerHannifin*, C-434/13 P, EU:C:2014:2456, paragraph 27 and the caselaw cited).

35. In the present case, the Court considers, having heard the Advocate General, that it has sufficient information to give a ruling and that the present case does not need to be decided on the basis of arguments which have not been debated between the parties. The assumptions of the referring court's reasoning to which Diageo Brands refers were mentioned and were the subject of an exchange of arguments at the hearing.

36. As for the documents submitted by the Commission at the hearing, they have not been lodged and do not form part of the casefile.

37. In addition, it should be borne in mind that, pursuant to the second paragraph of Article 252 TFEU, it is the duty of the Advocate General, acting with complete impartiality and independence, to make, in open court, reasoned submissions on cases which, in accordance with the Statute of the Court of Justice, require the Advocate General's involvement. However, the Court is not bound either by the Advocate General's Opinion or by the reasoning on which it is based (see judgment in *Commission v Parker Hannifin Manufacturing and ParkerHannifin*, C-434/13 P, EU:C:2014:2456, paragraph 29 and the caselaw cited).

38. The request seeking the reopening of the oral part of the procedure must therefore be dismissed.

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

##### **The first and second questions**

39. By those questions, which it is appropriate to examine together, the referring court asks, in essence, whether the fact that a judgment of a court of a

Member State is manifestly contrary to EU law and was delivered in breach of procedural safeguards constitutes a ground for refusal of recognition under Article 34(1) of Regulation No 44/2001. The referring court also seeks to ascertain whether, in such a context, the court of the Member State in which recognition is sought must take account of the fact that the person opposing that recognition failed to make use of the legal remedies provided for by the law of the State of origin.

#### **Preliminary observations**

40. It should be noted at the outset that the principle of mutual trust between the Member States, which is of fundamental importance in EU law, requires, particularly with regard to the area of freedom, security and justice, each of those States, save in exceptional circumstances, to consider all the other Member States to be complying with EU law and particularly with the fundamental rights recognised by EU law (see, to that effect, Opinion 2/13, EU:C:2014:2454, paragraph 191 and the case law cited). As is stated in recital 16 in the preamble to Regulation No 44/2001, the rules of recognition and enforcement laid down by that regulation are based, precisely, on mutual trust in the administration of justice in the European Union. Such trust requires, inter alia, that judicial decisions delivered in one Member State should be recognised automatically in another Member State (see judgment in *flyLAL-Lithuanian Airlines*, C-302/13, EU:C:2014:2319, paragraph 45).

41. In that system, Article 34 of Regulation No 44/2001, which sets out the grounds on which the recognition of a judgment may be opposed, must be interpreted strictly, inasmuch as it constitutes an obstacle to the attainment of one of the fundamental objectives of that regulation. With regard, more specifically, to the public policy clause in Article 34(1) of the regulation, it may be relied on only in exceptional cases (see judgment in *Apostolides*, C-420/07, EU:C:2009:271, paragraph 55 and the case law cited).

42. In accordance with the Court's settled caselaw, while the Member States in principle remain free, by virtue of the proviso in Article 34(1) of Regulation No 44/2001, to determine, according to their own national conceptions, what the requirements of their public policy are, the limits of that concept are a matter of interpretation of that regulation. Consequently, while it is not for the Court to define the content of the public policy of a Member State, it is none the less required to review the limits within which the courts of a Member State may have recourse to that concept for the purpose of refusing recognition of a judgment emanating from a court in another Member State (see judgment in *flyLAL-Lithuanian Airlines*, C-302/13, EU:C:2014:2319, paragraph 47 and the case law cited).

43. In that connection, it should be observed that, by disallowing any review of a judgment delivered in another Member State as to its substance, Article 36 of Regulation No 44/2001 prohibits the court of the State in which recognition is sought from refusing to

recognise that judgment solely on the ground that there is a discrepancy between the legal rule applied by the court of the State of origin and that which would have been applied by the court of the State in which recognition is sought had it been seised of the dispute. Similarly, the court of the State in which recognition is sought may not review the accuracy of the findings of law or fact made by the court of the State of origin (see judgment in *flyLAL-Lithuanian Airlines*, C-302/13, EU:C:2014:2319, paragraph 48 and the case law cited).

44. Recourse to the public policy clause in Article 34(1) of Regulation No 44/2001 may therefore be envisaged only where recognition of the judgment given in another Member State would be at variance to an unacceptable degree with the legal order of the State in which recognition is sought, inasmuch as it would infringe a fundamental principle. In order for the prohibition of any review of the substance of a judgment of another Member State to be observed, the infringement would have to constitute a manifest breach of a rule of law regarded as essential in the legal order of the State in which recognition is sought or of a right recognised as being fundamental within that legal order (see judgment in *flyLAL-Lithuanian Airlines*, C-302/13, EU:C:2014:2319, paragraph 49 and the case law cited).

45. It is in the light of those considerations that it is necessary to examine whether the matters indicated by the referring court are such as to prove that the recognition of the judgment of the *Sofiyski gradski sad* of 11 January 2010 constitutes a manifest breach of public policy in the Netherlands, within the meaning of Article 34(1) of Regulation No 44/2001.

46. Those matters concern the breach, in that judgment, of a rule of substantive law and the breach, in the procedure which led to that judgment, of procedural safeguards. Breach of the rule of substantive law in Article 5 of Directive 89/104

47. In the case in the main proceedings, the referring court starts from the premiss that, by ruling, in its judgment of 11 January 2010, that the import into Bulgaria of goods placed on the market outside the EEA with the permission of the proprietor of the trade mark concerned does not infringe the rights conferred by that trade mark, the *Sofiyski gradski sad* manifestly misapplied Article 5(3) of Directive 89/104.

48. In that regard, it should be noted first of all that the fact that the alleged manifest error which was made by the court of the State of origin concerns, as in the case in the main proceedings, a rule of EU law, and not a rule of national law, does not alter the conditions for reliance upon the public policy clause for the purpose of Article 34(1) of Regulation No 44/2001. It is for the national court to ensure with equal diligence the protection of rights established in national law and rights conferred by EU law (see, to that effect, [judgment in Renault, C-38/98, EU:C:2000:225](#), paragraph 32).

49. It must next be recalled that the court of the State in which recognition is sought may not, without challenging the aim of Regulation No 44/2001, refuse

recognition of a judgment emanating from another Member State solely on the ground that it considers that national or EU law was misapplied in that judgment. On the contrary, it must be considered that, in such cases, the system of legal remedies established in every Member State, together with the preliminary ruling procedure provided for in Article 267 TFEU, affords a sufficient guarantee to individuals (see, to that effect, judgment in *Apostolides*, C-420/07, EU:C:2009:271, paragraph 60 and the caselaw cited).

50. Consequently, the publicpolicy clause would apply only where that error of law means that the recognition of the judgment concerned in the State in which recognition is sought would result in the manifest breach of an essential rule of law in the EU legal order and therefore in the legal order of that Member State.

51. As the Advocate General has observed in [point 52 of his Opinion](#), the provision of substantive law at issue in the main proceedings, namely, Article 5(3) of Directive 89/104, is part of a directive seeking to achieve minimal harmonisation whose purpose is in part to approximate the different trade mark laws of the Member States. Although it is true that the enforcement of the rights conferred by Article 5 of that directive on the proprietor of a trade mark, and the proper application of the rules relating to the exhaustion of those rights, laid down in Article 7 of that directive, have a direct effect on the functioning of the internal market, it cannot be inferred from this that an error in the implementation of those provisions would be at variance to an unacceptable degree with the EU legal order inasmuch as it would infringe a fundamental principle of that legal order.

52. It must, on the contrary, be held that the mere fact that the judgment given on 11 January 2010 by the *Sofiyski gradski sad* is, according to the court of the State in which recognition is sought, vitiated by an error as regards the application to the circumstances in the main proceedings of the provisions governing the rights of the proprietor of a trade mark, as laid down in Directive 89/104, cannot justify that judgment's not being recognised in the State in which recognition is sought, where that error does not constitute a breach of an essential rule of law in the EU legal order and therefore in the legal order of the Member State in which recognition is sought.

#### **Breach of procedural safeguards**

53. In the present case, the referring court states that the error made, in its opinion, by the *Sofiyski gradski sad* originates in the interpretative decision delivered on 15 June 2009 by the *Varhoven kasatsionen sad*, in which the latter court gave an interpretation to Article 5(3) of Directive 89/104 which was manifestly erroneous, but binding on lower courts. The referring court adds that, in all likelihood, the *Varhoven kasatsionen sad* could not have been unaware of the manifestly erroneous nature of that interpretation, since several members of that court expressed, by means of dissenting opinions, their disagreement with that interpretation.

54. In that regard, it should be observed that the mere fact that, in accordance with the procedural rules in

force in Bulgaria, several members of the *Varhoven kasatsionen sad* issued, in the interpretative decision at issue, a dissenting opinion from that of the majority cannot be regarded as evidence of a deliberate intention of that majority to infringe EU law, but must be regarded as the reflection of the debate to which the examination of a complex point of law could reasonably have given rise.

55. Furthermore, it must be observed that, in the written observations which it submitted to the Court, the Commission stated that it had examined, in the context of an infringement procedure which it had opened in respect of the Republic of Bulgaria, the compatibility with EU law of the interpretative decisions delivered by the *Varhoven kasatsionen sad* on 15 June 2009 and 26 April 2012. The Commission added that, following that examination, it concluded that those two decisions were consistent with EU law and terminated that infringement procedure.

56. Those differences of opinion, on which it is not for the Court to rule in the context of the present case, show, at the very least, that it may not be alleged that the *Varhoven kasatsionen sad* committed, and imposed on the lower courts, a manifest breach of a provision of EU law.

57. As the referring court states, *Diageo Brands* also contends that the Bulgarian courts infringed the principle of cooperation between the national courts and the Court of Justice, a principle which, according to *Diageo Brands*, takes the form of an obligation to make use of the preliminary ruling procedure and is a specific expression of the principle of sincere cooperation between the Member States, enshrined in Article 4(3) TEU.

58. In that regard, it is important to note, first, that the *Sofiyski gradski sad*, which gave the judgment in respect of which recognition is sought, is a court of first instance, whose judgments may be subject to a judicial remedy under national law. Therefore, in accordance with the second paragraph of Article 267 TFEU, that court may, but need not, request the Court to rule on a question referred for a preliminary ruling.

59. Next, it should be noted that the system established by Article 267 TFEU with a view to ensuring that EU law is interpreted uniformly throughout the Member States institutes direct cooperation between the Court of Justice and the national courts by means of a procedure completely independent of any initiative by the parties. The system of references for a preliminary ruling is thus based on a dialogue between one court and another, the initiation of which depends entirely on the national court's assessment as to whether a reference is appropriate and necessary (see judgment in *Kelly*, C-104/10, EU:C:2011:506, paragraphs 62 and 63 and the caselaw cited).

60. It follows that, even if the question of the interpretation of Article 5(3) of Directive 89/104 had been raised before the *Sofiyski gradski sad*, that court was not required to refer to the Court a question on this point.

61. In that context, it should be observed that, according to the information provided to the Court, the judgment of the Sofiyski gradski sad of 11 January 2010 was capable of being the subject of an appeal, which could have been followed, if necessary, by an appeal to the Varhoven kasatsionen sad.

62. However, it is apparent from the order for reference that Diageo Brands did not use, against that judgment, the legal remedies available to it under national law. Diageo Brands justifies its failure to act by the fact that that exercise would have been pointless, because it could not have resulted in a different judgment by the higher courts, a claim which the referring court considers not to be unfounded.

63. In that respect, as was noted in paragraph 40 of this judgment, the rules on recognition and enforcement laid down by Regulation No 44/2001 are based on mutual trust in the administration of justice in the European Union. It is that trust which the Member States accord to one another's legal systems and judicial institutions which permits the inference that, in the event of the misapplication of national law or EU law, the system of legal remedies in each Member State, together with the preliminary ruling procedure provided for in Article 267 TFEU, affords a sufficient guarantee to individuals (see paragraph 49 of this judgment).

64. It follows that Regulation No 44/2001 must be interpreted as being based on the fundamental idea that individuals are required, in principle, to use all the legal remedies made available by the law of the Member State of origin. As the Advocate General has observed in [point 64 of his Opinion](#), save where specific circumstances make it too difficult or impossible to make use of the legal remedies in the Member State of origin, the individuals concerned must avail themselves of all the legal remedies available in that Member State with a view to preventing a breach of public policy before it occurs. That rule is all the more justified where the alleged breach of public policy stems, as in the main proceedings, from an alleged infringement of EU law.

65. As regards the circumstances relied upon by Diageo Brands in the main proceedings in order to justify its failure to exercise the legal remedies available to it, it should be noted, in the first place, that it is apparent from the file that it cannot be excluded that, in its judgment of 11 January 2010, the Sofiyski gradski sad misapplied the interpretative decision adopted on 15 June 2009 by the Varhoven kasatsionen sad. However, if Diageo Brands had brought an appeal against that judgment, such an error, assuming that it was made, could have been corrected by the appeal court. In any event, Diageo Brands would have had the right, in case of doubt as to the merits of the legal ruling of the Varhoven kasatsionen sad, to refer to the Court a question of interpretation of the point of EU law concerned by that legal ruling (see, to that effect, judgment in *Elchinov*, C-173/09, EU:C:2010:581, paragraph 27).

66. In the second place, if an appeal had then been brought before the Varhoven kasatsionen sad, that court, as a national court against whose decisions there is no judicial remedy under national law within the meaning of the third paragraph of Article 267 TFEU, would, in principle, have been required to make a reference to the Court of Justice if a doubt as to the interpretation of Directive 89/104 had arisen (see, to that effect, judgment in *Köbler*, C-224/01, EU:C:2003:513, paragraph 35). An unjustified failure on the part of that court to fulfil that requirement would have resulted in rendering the Republic of Bulgaria liable in accordance with the rules established in this respect by the caselaw of the Court of Justice (judgment in *Köbler*, C-224/01, EU:C:2003:513, paragraphs 50 and 59).

67. In those circumstances, it is not apparent that the Bulgarian courts manifestly infringed the principle of cooperation between the national courts and the Court of Justice or that Diageo Brands was deprived of the protection guaranteed by the system of legal remedies in that Member State, as supplemented by the preliminary ruling procedure provided for in Article 267 TFEU.

68. In the light of all the foregoing considerations, the answer to the first and second questions is that Article 34(1) of Regulation No 44/2001 must be interpreted as meaning that the fact that a judgment given in a Member State is contrary to EU law does not justify that judgment's not being recognised in another Member State on the grounds that it infringes public policy in that latter State where the error of law relied on does not constitute a manifest breach of a rule of law regarded as essential in the EU legal order and therefore in the legal order of the Member State in which recognition is sought or of a right recognised as being fundamental in those legal orders. That is not the case of an error affecting the application of a provision such as Article 5(3) of Directive 89/104.

When determining whether there is a manifest breach of public policy in the State in which recognition is sought, the court of that State must take account of the fact that, save where specific circumstances make it too difficult, or impossible, to make use of the legal remedies in the Member State of origin, the individuals concerned must avail themselves of all the legal remedies available in that Member State with a view to preventing such a breach before it occurs.

#### **The third question**

69. By that question, the referring court asks, in essence, whether Article 14 of Directive 2004/48, according to which the unsuccessful party must, as a general rule, bear the expenses incurred by the successful party, must be interpreted as applying to the legal costs incurred by the parties in the context of an action for damages, brought in a Member State, to compensate for the injury caused as a result of a seizure carried out in another Member State, intended to prevent an infringement of an intellectual property right, when, in connection with that action for damages, a question arises concerning the recognition of a

judgment given in that other Member State declaring that seizure to be unjustified.

70. In order to answer that question, it must be determined whether the main proceedings fall within the scope of Directive 2004/48.

71. As stated in recital 10 in the preamble thereto, the objective of Directive 2004/48 is to approximate the legislative systems of the Member States as regards the means of enforcing intellectual property rights so as to ensure a high, equivalent and homogeneous level of protection in the internal market.

72. For that purpose, and in accordance with Article 1 thereof, Directive 2004/48 concerns all the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. Article 2(1) of that directive states that those measures, procedures and remedies apply to any infringement of those rights as provided for by EU law and/or by the national law of the Member State concerned.

73. The Court has held that the provisions of Directive 2004/48 are not intended to govern all aspects of intellectual property rights, but only those aspects inherent, first, in the enforcement of those rights and, secondly, in infringement of them, by requiring that there must be effective legal remedies designed to prevent, terminate or rectify any infringement of an existing intellectual property right (see judgment in [ACI Adam BV and Others, C-435/12, EU:C:2014:254](#), paragraph 61 and the caselaw cited).

74. It is apparent from the measures, procedures and remedies provided for in Directive 2004/48 that the legal remedies designed to ensure the protection of intellectual property rights are supplemented by actions for damages which are closely linked to them. Thus, whereas Articles 7(1) and 9(1) of that directive provide for provisional and precautionary measures intended, in particular, to prevent any imminent infringement of an intellectual property right, which include, inter alia, the seizure of goods suspected of infringing such a right, Articles 7(4) and 9(7) of that directive provide, for their part, for measures enabling the defendant to claim compensation where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right. As is apparent from recital 22 in the preamble to that directive, those compensation measures constitute guarantees which the legislature deemed necessary as a counterweight to the prompt and effective provisional measures for which it made provision.

75. In the present case, the procedure at issue in the main proceedings, which concerns compensation for the injury caused as a result of a seizure at first ordered by the judicial authorities of a Member State for the purpose of preventing an imminent infringement of an intellectual property right, then annulled by those same authorities on the grounds that the existence of an infringement had not been established, is the corollary of the action brought by the proprietor of the intellectual property right for the purpose of obtaining the imposition of a measure with immediate effect which enabled it, without awaiting a decision on the

substance of the case, to prevent any possible infringement of its right. Such an action for compensation corresponds to the guarantees laid down by Directive 2004/38 in favour of the defendant, as a counterweight to the adoption of a provisional measure which affected its interests.

76. It follows that a procedure such as that at issue in the main proceedings must be considered to fall within the scope of Directive 2004/48.

77. As regards Article 14 of Directive 2004/48, the Court has already held that that provision aims to strengthen the level of protection of intellectual property, by avoiding the situation in which an injured party is deterred from bringing legal proceedings in order to protect his rights (see judgment in [Realchemie Nederland, C-406/09, EU:C:2011:668](#), paragraph 48).

78. Having regard to that objective and the broadly framed and general wording of Article 14 of Directive 2004/48, which refers to the ‘successful party’ and the ‘unsuccessful party’, without providing detail or setting a limitation on the type of procedure to which the rule laid down therein must be applied, it must be held that that provision is applicable to the legal costs incurred in the context of any procedure falling within the scope of that directive.

79. In that regard, the fact that, in the case in the main proceedings, the assessment of the justified or unjustified nature of the seizure at issue raises the question of the recognition or the refusal of recognition of a judgment given in another Member State is irrelevant. Such a question is ancillary in nature and does not alter the subjectmatter of the dispute.

80. In the light of all the foregoing considerations, the answer to the third question is that Article 14 of Directive 2004/48 must be interpreted as applying to the legal costs incurred by the parties in the context of an action for damages, brought in a Member State, to compensate for the injury caused as a result of a seizure carried out in another Member State, which was intended to prevent an infringement of an intellectual property right, when, in connection with that action for damages, a question arises concerning the recognition of a judgment given in that other Member State declaring that seizure to be unjustified.

#### **Costs**

81. 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 34(1) of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters must be interpreted as meaning that the fact that a judgment given in a Member State is contrary to EU law does not justify that judgment’s not being recognised in another Member State on the grounds that it infringes public policy in that State

where the error of law relied on does not constitute a manifest breach of a rule of law regarded as essential in the EU legal order and therefore in the legal order of the Member State in which recognition is sought or of a right recognised as being fundamental in those legal orders. That is not the case of an error affecting the application of a provision such as Article 5(3) of 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.

When determining whether there is a manifest breach of public policy in the State in which recognition is sought, the court of that State must take account of the fact that, save where specific circumstances make it too difficult, or impossible, to make use of the legal remedies in the Member State of origin, the individuals concerned must avail themselves of all the legal remedies available in that Member State with a view to preventing such a breach before it occurs.

2. Article 14 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights must be interpreted as applying to the legal costs incurred by the parties in the context of an action for damages, brought in a Member State, to compensate for the injury caused as a result of a seizure carried out in another Member State, which was intended to prevent an infringement of an intellectual property right, when, in connection with that action, a question arises concerning the recognition of a judgment given in that other Member State declaring that seizure to be unjustified.

[Signatures]

\* Language of the case: Dutch.

## OPINION OF ADVOCATE GENERAL SZPUNAR

delivered on 3 March 2015 (1)

Case C-681/13

Diageo Brands BV

v

Simiramida-04 EOOD

(Request for a preliminary ruling from the Hoge Raad der Nederlanden (Netherlands))

*(Judicial cooperation in civil matters - Regulation (EC) No 44/2001 - Recognition and enforcement of judgments - Grounds for refusal - Infringement of public policy in the State in which recognition is sought - Public policy in the European Union - Judgment on trade marks contrary to EU law given by a court in another Member State - Enforcement of intellectual property rights - Directive 2004/48/EC - Legal costs)*

### I – Introduction

1. In the present case, the Hoge Raad der Nederlanden (Netherlands) has referred to the Court for a preliminary ruling several questions primarily concerning the interpretation of Article 34(1) of Regulation (EC) No 44/2001, (2) which provides that a judgment is not to be recognised if such recognition is

manifestly contrary to public policy in the State in which recognition is sought. More specifically, the key question is whether the fact that a judgment given in the State of origin is contrary to EU law justifies that judgment's not being recognised in the State in which recognition is sought, on the grounds that it infringes public policy in that Member State. This case offers the Court the opportunity of refining the criteria to be taken into account by the court of the State in which recognition is sought, criteria most recently formulated in the judgment in *Apostolides*, (3) with a view to assessing whether there is a manifest breach of its public policy, when that breach stems from the infringement of rules of EU law.

### II – Legal context

#### A – Regulation No 44/2001

2. Recitals 6, 16 and 17 in the preamble to Regulation No 44/2001 read as follows:

*'(6) In order to attain the objective of free movement of judgments in civil and commercial matters, it is necessary and appropriate that the rules governing jurisdiction and the recognition and enforcement of judgments be governed by a Community legal instrument which is binding and directly applicable.*

...

*(16) Mutual trust in the administration of justice in the Community justifies judgments given in a Member State being recognised automatically without the need for any procedure except in cases of dispute.*

*(17) By virtue of the same principle of mutual trust, the procedure for making enforceable in one Member State a judgment given in another must be efficient and rapid. To that end, the declaration that a judgment is enforceable should be issued virtually automatically after purely formal checks of the documents supplied, without there being any possibility for the court to raise of its own motion any of the grounds for non-enforcement provided for by this Regulation.'*

3. Articles 33(1), 34(1) and (2) and 36 of Regulation No 44/2001 are contained in Chapter III of that regulation, which is entitled 'Recognition and enforcement'.

4. Article 33(1) of that regulation reads as follows:

*'1. A judgment given in a Member State shall be recognised in the other Member States without any special procedure being required.'*

5. Article 34(1) and (2) of that regulation provides:

*'A judgment shall not be recognised:*

*1. if such recognition is manifestly contrary to public policy in the Member State in which recognition is sought;*

*2. where it was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defence, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so;'*

6. In accordance with Article 36 of the same regulation: *'Under no circumstances may a foreign judgment be reviewed as to its substance.'*

**B – Directive 2004/48/EC**

7. Article 1 of Directive 2004/48/EC (4) provides that that directive concerns ‘the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights’, it being specified that that expression includes ‘industrial property rights’.

8. Article 2(1) of that directive states that the measures, procedures and remedies laid down by the directive are to apply ‘to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned’.

9. Pursuant to Article 3(2) of that directive, the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights which the Member States are required to adopt must 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’.

10. To that end, Article 7(1) of Directive 2004/48 requires Member States to ensure that the competent judicial authorities may, in certain circumstances, ‘order prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement’. That provision states that those measures may include ‘the physical seizure of the infringing goods’. Similarly, Article 9 of that directive, entitled ‘Provisional and precautionary measures’, at point (b) of paragraph 1, requires the Member States to ensure that the judicial authorities may, at the request of the applicant, ‘order the seizure or delivery up of the goods suspected of infringing an intellectual property right’. Articles 7(4) and 9(7) of the same directive provide that, ‘where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right’, the judicial authorities are to have the authority ‘to order the applicant, upon the request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures’.

11. With regard to the legal costs, Article 14 of Directive 2004/48 provides:

*‘Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.’*

**III – The facts of the case in the main proceedings, the questions referred for a preliminary ruling and the procedure before the Court**

12. Diageo Brands BV (‘Diageo Brands’), which has its registered office in Amsterdam (Netherlands), is the proprietor of, inter alia, the trade mark ‘Johnny Walker’. It places that brand of whisky on the market in Bulgaria through a local exclusive importer.

13. Simiramida-04 EOOD (‘Simiramida’), established in Varna (Bulgaria), trades in alcoholic beverages.

14. On 31 December 2007, a container holding 12 096 bottles of whisky of the ‘Johnny Walker’ brand, intended for Simiramida, arrived from Georgia in the port of Varna (Bulgaria). Taking the view that the

importation into Bulgaria of that consignment of bottles without authorisation constituted an infringement of the trade mark of which it is the proprietor, Diageo Brands requested and obtained on 12 March 2008 permission from the Sofiyski gradski sad (Sofia City Court, Bulgaria) to have the consignment of whisky at issue seized.

15. On 9 May 2008, ruling on an appeal lodged by Simiramida, the Sofiyski apelativen sad (Court of Appeal, Sofia) annulled the decision of 12 March 2008 authorising the seizure. 16. By judgments of 30 December 2008 and 24 March 2009, the Varhoven kasatsionen sad (Bulgarian Supreme Court) dismissed the appeal in cassation brought by Diageo Brands on formal grounds.

17. The seizure of the consignment of whisky carried out at the request of Diageo Brands was lifted on 9 April 2009.

18. In the substantive trade mark infringement proceedings brought by Diageo Brands against Simiramida, the Sofiyski gradski sad dismissed Diageo Brands’ claims by judgment of 11 January 2010. According to the order for reference, the Sofiyski gradski sad, without examining the facts of the case, held that it followed from an interpretative decision delivered by the Varhoven kasatsionen sad on 15 June 2009 that the import into Bulgaria of goods which, with the permission of the proprietor of the trade mark, have been placed on the market outside the European Economic Area (EEA) does not infringe the rights conferred by the trade mark. The Sofiyski gradski sad considered itself bound by that interpretative decision by virtue of Bulgarian procedural law.

19. Diageo Brands did not bring any appeal against that judgment of the Sofiyski gradski sad of 11 January 2010, which has become final.

20. In the case in the main proceedings, Simiramida claims, before the Netherlands courts, payment of a sum amounting to over EUR 10 million as compensation for the damage it claims to have suffered as a result of the seizure carried out at the request of Diageo Brands. Simiramida bases its claim on the judgment given on 11 January 2010 by the Sofiyski gradski sad, in that that judgment held that seizure to be unlawful. In its defence, Diageo Brands submits that that judgment cannot be recognised in the Netherlands on the ground that it is manifestly contrary to public policy within the meaning of Article 34 (1) of Regulation No 44/2001. It is clear from the order for reference that, in its judgment of 11 January 2010, the Sofiyski gradski sad manifestly misapplied EU law by basing its ruling on an interpretative decision, itself vitiated by an error, that had been adopted by the Varhoven kasatsionen sad in breach of its obligation to refer a question for a preliminary ruling pursuant to Article 267 TFEU.

21. By judgment of 2 March 2011, the Rechtbank Amsterdam (District Court, Amsterdam) upheld the arguments advanced by Diageo Brands and dismissed Simiramida’s claim.

22. Ruling on an appeal brought by Simiramida, by judgment of 5 June 2012 the Gerechtshof te Amsterdam (Court of Appeal, Amsterdam) overturned the judgment of the Rechtbank Amsterdam and ruled that the judgment of 11 January 2010 of the Sofiyski gradski sad had to be recognised in the Netherlands. It did, however, decide to stay the proceedings concerning the claim for damages.

23. An appeal in cassation having been brought before it by Diageo Brands, the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) held that ‘the parties are in agreement that the interpretative decision of the Varhoven kasatsionen sad of 15 June 2009 is contrary to EU law’, and that ‘Diageo Brands produced ... a new interpretative decision of [the Varhoven kasatsionen sad] of 26 April 2012, in which the interpretative decision of 15 June 2009 is expressly confirmed’.

24. It is in those circumstances that, by judgment of 20 December 2013, received at the Court Registry on 23 December 2013, the Hoge Raad der Nederlanden decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

*‘1. Must Article 34(1) of Regulation (EC) No 44/2001 be interpreted as meaning that that ground for refusal is also applicable in a case where the decision of the court of the Member State of origin is manifestly contrary to EU law, and that fact has been recognised by that court?’*

*2. (a) Must Article 34(1) of Regulation (EC) No 44/2001 be interpreted as meaning that successful reliance on that ground for refusal is precluded by the fact that the party which has recourse to that ground for refusal failed to make use of the legal remedies available in the Member State of origin of the decision?’*

*(b) If the answer to Question 2(a) is in the affirmative, would the position be different if the utilisation of the legal remedies in the Member State of origin of the decision was pointless because it has to be assumed that it would not have led to any different decision?’*

*3. Must Article 14 of Directive 2004/48/EC be interpreted as meaning that that provision is also applicable to the costs incurred by the parties in the context of proceedings for damages brought in a Member State if the claim and the defence relate to the alleged liability of the defendant by reason of the seizures which it made and the notices which it served with a view to enforcing its trade mark rights in another Member State, and in that connection a question arises concerning the recognition in the former Member State of a decision of the court in the latter Member State?’*

25. In addition to the parties to the main proceedings, the German and Latvian Governments and the European Commission have submitted written observations.

26. In the course of the hearing held on 9 December 2014, oral argument was presented on behalf of the parties to the main proceedings and the Commission.

#### **IV – Analysis**

27. As a preliminary point, I shall examine the assumptions upon which the referring court bases its decision, before analysing the crucial aspects of the questions referred for a preliminary ruling by that court.

#### **A – Preliminary considerations**

28. It should be recalled, first of all, that it is for the national court to ascertain the facts that have given rise to the dispute before it and to establish the consequences they have for the judgment it is required to deliver. (5)

29. In the context of the division of jurisdiction between the Courts of the European Union and the national courts, it is in principle for the national court to determine whether the factual conditions giving rise to the application of a rule of EU law are satisfied in the case pending before it. However, the Court, when giving a preliminary ruling, may, if appropriate, provide clarification to guide the national court in its interpretation. (6)

30. In these circumstances, the Court is required to answer the questions concerning the interpretation of EU law which have been referred for a preliminary ruling, whilst leaving to that court the task of establishing the specific elements of the case before it. (7)

31. In that regard, I would point out, as is made clear in the order for reference, that the questions in that order are based on several assumptions, namely that the judgment of the Sofiyski gradski sad of 11 January 2010 and the interpretative decision of the Varhoven kasatsionen sad of 15 June 2009, on which the judgment of the Sofiyski gradski sad is based, are contrary to EU law. (8) Moreover, the referring court states that the second interpretative decision given by the Varhoven kasatsionen sad on 26 April 2012, in which the first interpretative decision was expressly confirmed, is also contrary to EU law.

32. In addition, as is clear from the written observations of the Commission, confirmed at the hearing, in the context of the infringement proceedings initiated by it regarding the compatibility of the case-law of the Varhoven kasatsionen sad with Article 5 of Directive No 2008/95/EC, (9) the Commission examined the two interpretative decisions of that court. On completion of that examination, the Commission came to the conclusion that both the interpretative decision of 15 June 2009 and the more detailed interpretative decision of 26 April 2012 are consistent with EU law. It was able to terminate the infringement proceedings on the basis of that analysis. Thus, in the Commission’s view, the assertion contained in the order for reference to the effect that the interpretative decision of the Varhoven kasatsionen sad of 15 June 2009 is contrary to EU law is incorrect. I therefore find it not inconceivable that, in short, the Sofiyski gradski sad applied that decision incorrectly. 33. With regard to the judgment of the Sofiyski gradski sad of 11 January 2010, the order for reference states that the parties seem to be in agreement, in essence, that that judgment is contrary to Article 5 of Directive 89/104. (10) That article allows

the trade mark proprietor to prevent all third parties, inter alia, from importing goods bearing that trade mark, offering the goods, putting them on the market or stocking them for these purposes. (11) In accordance with the Court's case-law, that article must be interpreted to the effect that the proprietor of a trade mark may prevent original goods bearing that mark from being put on the market in the EEA for the first time without its consent. (12)

34. In the light of those preliminary remarks, and in view of the connections between some of the questions put by the referring court, the first and second questions, which relate to the interpretation of Article 34(1) of Regulation No 44/2001, will be examined together and in the first place. The question relating to the interpretation of Article 14 of Directive 2004/48 will be dealt with subsequently.

### **B – The first and second questions**

35. The referring court asks the Court, in essence, whether the fact that a judgment given in the State of origin is contrary to EU law is justification for that judgment's not being recognised in the State in which recognition is sought, on the grounds that the judgment infringes public policy in the latter State. The referring court further seeks to ascertain whether the court before which enforcement is sought may, or must, take account of the fact that the person opposing the recognition of the judgment in the State in which recognition is sought failed to make use of the legal remedies available to him in the State of origin. 36. In order to answer those questions, it is necessary, first of all, to determine the criteria in the light of which the court of the State in which recognition is sought must assess whether there is a manifest breach of its public policy. That involves, in essence, establishing the factors necessary for that assessment within the framework of case-law established by the Court concerning recourse to the concept of 'public policy' within the meaning of Regulation No 44/2001.

#### **1. Preliminary observation on the concept of 'public policy'**

37. In the present case, a question has been raised before the Court relating to the interpretation of the concept of 'public policy' within the meaning of Article 34(1) of Regulation No 44/2001, that is to say, at the stage of the recognition of the judgment by the State in which recognition is sought.

38. With regard to the concept of 'public policy', the Court has consistently held that, while the Member States in principle remain free, by virtue of the proviso in Article 34(1) of Regulation No 44/2001, to determine, according to their own national conceptions, what the requirements of their public policy are, the limits of that concept are a matter of interpretation of that regulation. Consequently, while it is not for the Court to define the content of the 'public policy' of a Member State, it is none the less required to review the limits within which the courts of a Member State may have recourse to that concept for the purpose of refusing recognition of a judgment emanating from a court in another Member State. (13)

39. In the case in the main proceedings, the referring court notes the infringement, by the court of the State of origin, of a rule of substantive EU law, namely: Article 5 of Directive 89/104. It is clear from the order for reference that the breach of public policy does indeed relate to the infringement of EU law. It follows that the breach at issue concerns not national public policy at the stage of recognition, but the public policy of the European Union, which itself forms an integral part of national public policy. (14) Thus, certain provisions essential to the accomplishment of the tasks entrusted to the European Union and, in particular, to the functioning of the internal market (15) justify, inter alia, the refusal to recognise an arbitration award. Indeed, although every Member State is to determine the requirements of its own public policy, there is still within national public policy a core set of values, principles and fundamental rules of the European Union, with the same legislative content, that every Member State must take into account.

#### **2. The framework of case-law concerning the concept of 'public policy' within the meaning of Article 34(1) of Regulation No 44/2001**

40. In accordance with recital 6 in the preamble thereto, Regulation No 44/2001 contributes to the creation of a European area of justice within which the free movement of judgments in civil and commercial matters, one of the fundamental objectives laid down in that regulation, must be ensured. It is clear from recitals 16 and 17 in the preamble to Regulation No 44/2001 that the rules on recognition and enforcement laid down by it are based on mutual trust in the administration of justice in the European Union. Such trust not only requires judicial decisions delivered in one Member State to be recognised automatically in another Member State, but also requires the procedure for making those decisions enforceable in that Member State to be efficient and rapid. Such a procedure, according to the terms of recital 17 in the preamble to that regulation, may involve only a purely formal check of the documents required for enforceability in the State in which enforcement is sought. (16)

41. In so far as the Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, as amended by the successive conventions relating to the accession of the new Member States to that convention ('the Brussels Convention'), (17) was replaced by Regulation No 44/2001 (18) in relations between the Member States, an interpretation of the Convention given by the Court continues to apply to the corresponding provisions of that regulation. (19) This is the case with Article 34(1) of Regulation No 44/2001, which replaced Article 27(1) of the Brussels Convention. (20) In accordance with that article, a judgment is not to be recognised if such recognition is manifestly contrary to public policy in the State in which recognition is sought. The grounds of challenge that may be relied upon are expressly set out in Articles 34 and 35 of that regulation. That list, the items of which must be interpreted restrictively, is exhaustive in nature. (21) In particular, Article 34(1) of

Regulation No 44/2001 must be interpreted strictly, since it constitutes an obstacle to the attainment of one of the fundamental objectives of that regulation. (22) The public policy clause contained in that provision may therefore be relied on only in exceptional cases. (23)

42. Indeed, as I have stated in point 38 of this Opinion, although public policy is a national concept, the Court does, however, subject that concept to close scrutiny and interpret it strictly. (24) That requirement of strict interpretation had previously appeared in the report produced by Mr P. Jenard (25) on the Brussels Convention, being known to national legal systems too. (26) Indeed, the adverb ‘manifestly’, added in the course of transformation of the Convention into the regulation, gives concrete expression, in the regulation, to the expectation of a manifest conflict between the recognition of judgments and public policy. (27) As is clear from the explanatory memorandum in relation to Article 41 of the proposal for a Council regulation, that change was intended to underscore the ‘exceptional nature of the public policy ground’ with a view to ‘improv[ing] the free movement of judgments’. (28)

43. In that connection, the Court has held that, by disallowing any review of the judgment given in another Member State as to its substance, Articles 36 and 45(2) of Regulation No 44/2001 prohibit the court of the State in which enforcement is sought from refusing to recognise or enforce that judgment solely on the ground that there is a discrepancy between the legal rule applied by the court of the State of origin and that which would have been applied by the court of the State in which enforcement is sought had it been seised of the dispute. As a general rule, the court of the State in which enforcement is sought may not review the accuracy of the findings of law or fact made by the court of the State of origin. (29)

44. It follows from the foregoing that recourse to the public policy clause in Article 34(1) of Regulation No 44/2001 can be envisaged only when recognition of the judgment given in another Member State would run unacceptably foul of the legal order of the State in which enforcement is sought, inasmuch as it would infringe a fundamental principle. In order for the prohibition of any review as to substance of the judgment given in another Member State to be observed, the infringement would have to constitute a manifest breach of a rule of law regarded as essential in the legal order of the State in which enforcement is sought or of a right recognised as being fundamental within that legal order. (30) It is for the national court to ensure with equal diligence the protection of rights conferred by national law and rights conferred by EU law. (31)

### **3. Legal assessment**

#### **a) Breach of an essential rule, of a right recognised as fundamental or of a fundamental principle of EU law**

45. As I have made clear in point 33 of this Opinion, in the case in the main proceedings the referring court

mentions only the infringement, by the court of the State of origin, of Article 5 of Directive 89/104.

46. In that connection, the German Government and the Commission argue that it is difficult to see how the infringement of Article 5 of Directive 89/104 alleged to have been committed by the Sofijski gradski sad in its judgment of 11 January 2010 may be regarded as a breach of a fundamental principle of EU law.

47. I share their view.

48. I note, first of all, that public policy within the meaning of Article 34(1) of Regulation No 44/2001 must be assessed in concreto, that is to say, on the basis of the seriousness of the effects produced by recognition of the judgment at issue. Thus, consideration must likewise be given to the relationship between the case in the main proceedings and the legal order of the State in which recognition is sought. (32)

49. In this case, as I have indicated in my preliminary remarks, although the assertion made in the order for reference to the effect that the interpretative decision of the Varhoven kasatsionen sad of 15 June 2009 is contrary to EU law is incorrect, the possibility remains, in the light of the Commission’s observations on the matter, that the Sofijski gradski sad applied that decision incorrectly.

50. In accordance with the case-law of the Court, the court of the State in which enforcement is sought may not, without undermining the aim of Regulation No 44/2001, refuse recognition of a judgment emanating from another Member State solely on the ground that it considers that national or EU law was misapplied in that judgment. (33)

51. The exceptional nature of recourse to public policy leads me to take the view that, in principle, a potential error of law, such as that at issue in the main proceedings, cannot in itself be regarded as a breach of public policy or justify a refusal to recognise (34) the judgment emanating from the Sofijski gradski sad. Indeed, on the one hand, the refusal to recognise its judgment does not satisfy the criteria set out in the case-law of the Court, recalled in point 44 of this Opinion. Grounds for refusal exist when the effects of the recognition of a judgment are contrary to public policy in the State in which recognition is sought, (35) which covers both national law and EU law, and those effects must reach a certain level of seriousness, that is to say, they must manifestly infringe a rule of law regarded as essential in the legal order of the State in which enforcement is sought or a right recognised as fundamental within that legal order. (36) On the other hand, recognition of the judgment of the Sofijski gradski sad does not run unacceptably foul of the legal order of the State in which enforcement is sought, inasmuch as it does not infringe a fundamental principle. To rule otherwise would run the risk, as the Commission has observed, of reintroducing the power of review prohibited by Articles 36 and 45 of Regulation No 44/2001. In the Commission’s view, such a ruling would also, first, challenge the mutual trust in the administration of justice in the European Union on which the system of recognition and

enforcement laid down in Regulation No 44/2001 is based and, secondly, create an obstacle to the efficient and rapid recognition and enforcement of judicial decisions.

52. Nevertheless, it is conceivable that, as a result of such an error, the recognition of a judgment could manifestly breach essential rules or fundamental principles, including those of EU law. Furthermore, it is to be emphasised that there must be a breach of those rules or of those principles (37) of European Union public policy. Moreover, like the Commission, I am not even convinced that, in the case in the main proceedings, the incorrect application or interpretation of a provision inserted into a directive seeking to achieve minimal harmonisation which sought to achieve the approximation of the trade mark laws of the Member States, while affording the Member States quite considerable freedom in relation to the directive's transposition, (38) may be regarded as constituting a breach of essential rules or of fundamental principles. (39)

53. The answer given by the Court in the judgment in *Eco Swiss* (40) regarding the enforceability of an arbitration award does not alter that assessment. Indeed, in that judgment, the Court held that Article 101 TFEU is a fundamental provision which is essential for the accomplishment of the tasks entrusted to the European Union and, in particular, for the functioning of the internal market. (41) It concluded from this that that provision of EU law is a matter of public policy within the meaning of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, signed in New York on 10 June 1958, (42) which cannot be the case in relation to Article 5 of Directive 89/104, for the purpose of Article 34(1) of Regulation No 44/2001.

54. That that judgment is irrelevant for the purposes of the case in the main proceedings follows likewise from a series of other differences. In the first place, Article 34(1) of Regulation No 44/2001 allows Member States to refuse to recognise, not an arbitration award, but a judgment given in another Member State. However, the judgments of the national courts enjoy a presumption of legality. That presumption of legality warrants the public policy criterion applied by the Court being less strict for judgments than for arbitration awards. In the second place, judgments given by the courts of the Member States are subject to the system of judicial protection established by EU law and, in particular, to the preliminary ruling procedure, which is not the case for arbitration awards. (43) In that connection, the Court has made it clear that an arbitration tribunal constituted pursuant to an agreement between the parties is not a 'court or tribunal of a Member State' within the meaning of Article 267 TFEU, because arbitrators, unlike national courts and tribunals, are not in a position to request that the Court give a preliminary ruling on questions of interpretation of EU law. (44) Indeed, the mutual trust between the Member States in their judgments and the system of judicial protection established by EU law go a long way

towards explaining why different solutions were adopted in *Eco Swiss* and in *Renault*. (45) In addition, it should be borne in mind that EU law requires Member States to afford reparation of damage caused to individuals as a result of an infringement of EU law for which they are responsible, including where that damage stems from a decision of a court adjudicating at last instance. (46) In addition to State liability, there is also the option of bringing an action for a declaration of a failure to fulfil obligations pursuant to Article 258 TFEU.

#### **b) Breach of the principle of sincere cooperation**

55. *Diageo Brands* claims that both the *Sofiyski gradski sad* and the *Varhoven kasatsionen sad* breached the obligation to refer a question to the Court for a preliminary ruling.

56. With regard, in the first place, to the obligation to make a reference incumbent on the *Sofiyski gradski sad*, I would point out that the Court has already held that the system established by Article 267 TFEU with a view to ensuring that EU law is interpreted uniformly throughout the Member States instituted direct cooperation between the Court of Justice and the national courts. (47)

57. In that regard, the system of references for a preliminary ruling is based on a dialogue between one court and another, the initiation of which depends entirely on the national court's assessment as to whether that reference is appropriate and necessary. (48) Thus, in so far as no appeal lies against the decisions of a national court, such a court is, in principle, obliged to make a reference to the Court of Justice under the third paragraph of Article 267 TFEU where a question relating to the interpretation of the Treaty on the functioning of the European Union is raised before it. (49)

58. In the case in the main proceedings, it is difficult to claim that the court of the State of origin committed a manifest breach of an obligation to refer the matter to the Court. Indeed, the *Sofiyski gradski sad* is a court of first instance whose judgment was open to appeal, or yet an appeal on a point of law before the Bulgarian court of last instance. It was therefore not required to refer a question for a preliminary ruling under the second paragraph of Article 267 TFEU. (50)

59. With regard, in the second place, to the interpretative decision of the *Varhoven kasatsionen sad* of 15 June 2009, which served as the basis for the judgment of the *Sofiyski gradski sad* of 11 January 2010, I shall simply state that the dispute in the main proceedings relates solely to the recognition of the judgment of the *Sofiyski gradski sad* of 11 January 2010.

#### **c) The failure to exhaust legal remedies**

60. It is apparent from the order for reference that, in the proceedings concerning it, *Diageo Brands* did not have recourse to the legal remedies available to it under national law. In that connection, it submits that it refrained from so doing because making use of the legal remedies available before the Bulgarian courts

would have been pointless, for it would not have resulted in those courts coming to a different decision.

61. I am not persuaded by that argument.

62. I have made it clear, in point 50 of this Opinion, that a mere error of national or EU law cannot justify a refusal of recognition based on Article 34(1) of Regulation No 44/2001. (51) The Court has held that, in such cases, the system of legal remedies in each Member State, together with the preliminary ruling procedure provided for in Article 267 TFEU, affords individuals a sufficient guarantee. (52)

63. It is true that, with regard to the legal remedies established at national level, Article 34(1) of Regulation No 44/2001 does not require the legal remedies in the Member State of origin to have been exhausted. Nevertheless, the Commission observes that Regulation No 44/2001 is based on the fundamental idea that the measures adopted in the context of substantive proceedings, including the correction of substantive errors, must be concentrated in the Member State of origin. (53)

64. Obviously, I endorse that approach. The exceptional nature of the public policy proviso is in fact also based on the assumption that the defendants will use all the legal remedies made available by the law of the Member State of origin in order to ensure that the errors of law are corrected. It is true that Article 34(1) of Regulation No 44/2001 does not require the legal remedies available in the Member State of origin to have been exhausted. Nevertheless, the view must be taken that, as a general rule and, quite clearly, save where specific circumstances make it too difficult or impossible to make use of the legal remedies in the Member State of origin, the individuals concerned must avail themselves of all the legal remedies available in that Member State with a view to preventing a breach of public policy before it occurs. This is particularly important where the alleged breach of public policy stems from the infringement of EU law. Accordingly, there is a particular obligation for every court and tribunal of a Member State to comply with the public policy of the European Union. (54)

65. In that regard, it appears to me that the spirit and purpose of Regulation No 44/2001 support the taking into account, by the court of the State in which recognition is sought, of the fact that the person opposing the recognition of the judgment emanating from the State of origin has not used the legal remedies available to him under national law. (55) Accordingly, the existence in the legal order of the State of origin of mechanisms for obtaining redress for infringements of EU law committed by a national court must indeed be taken into account by the court of the State in which recognition is sought in order to assess whether there is a manifest breach of its public policy justifying a refusal to recognise a judgment within the context of Regulation No 44/2001. (56) However, this must be taken into account case by case, according to the specific circumstances of the situation in question. (57) As I have stated in point 39 of this Opinion, if the breach at issue relates to the public policy of the

European Union, as opposed to national public policy, the obligation for all the Member States to take that breach into account follows from their duty to ensure that EU law is applied correctly. (58)

66. In the case in the main proceedings, if Diageo Brands had exhausted the legal remedies available to it under Bulgarian law, it would have been possible for it to argue before the Bulgarian court of last instance that it was necessary to refer a question for a preliminary ruling.

67. At all events, it should be borne in mind that, if, on the one hand, Diageo Brands had exhausted the legal remedies available to it before the Bulgarian courts and, on the other, the higher courts had misconstrued EU law, it would have been possible for Diageo Brands to bring proceedings seeking to have the Bulgarian State held liable. In the Commission's view, although the system of judicial protection established by EU law cannot guarantee that no errors are made, it does, nevertheless, offer the parties the possibility of obtaining compensation in the event of the misapplication of EU law. In that regard, the Court has held, as I also stated in point 54 of this Opinion, that the principle that the Member States are liable to afford reparation of damage caused to individuals as a result of infringements of Community law for which they are responsible is also applicable when the alleged infringement stems from a decision of a court adjudicating at last instance. (59)

#### **4. Interim conclusion**

68. In the light of all the foregoing considerations, the first and second questions should be answered to the effect that, on a proper construction of Article 34(1) of Regulation No 44/2001, the fact that a judgment given in the State of origin is contrary to EU law does not justify that judgment's not being recognised in the State in which recognition is sought on the grounds that it infringes public policy in the latter State. A mere error of national or EU law such as that at issue in the case in the main proceedings, inasmuch as it does not constitute a manifest breach of an essential rule of law within the legal system of the State in which recognition is sought, cannot justify a refusal of recognition based on Article 34(1) of Regulation No 44/2001.

69. When determining whether there is a manifest breach of public policy stemming from the infringement of the fundamental rules of EU law, the court of the State in which recognition is sought must take account of the fact that the person opposing the recognition of the judgment in that State failed to make use of the legal remedies available to him in the State of origin.

#### **C – The third question**

70. By its third question, the referring court asks, in essence, whether the legal costs associated with the main proceedings brought in a Member State, proceedings which relate to a claim for damages in respect of injury caused as a result of a seizure, in the course of which a question was raised concerning the recognition of a judgment given in another Member

State in proceedings seeking to enforce an intellectual property right, are covered by Article 14 of Directive 2004/48.

71. In accordance with Article 1 thereof, Directive 2004/48 concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. Furthermore, Article 2(1) of that directive provides that those measures, procedures and remedies apply, in accordance with Article 3 of that directive, to any infringement of intellectual property rights as provided for, *inter alia*, by the national law of the Member State concerned. Thus, the general objective of Directive 2004/48 is to approximate the legislative systems of the Member States so as to ensure a high, equivalent and homogeneous level of protection in the internal market. (60)

72. Moreover, Directive 2004/48 is intended to govern only the aspects of intellectual property rights related, first, to the enforcement of those rights and, secondly, to infringement of them, by requiring there to be effective legal remedies designed to prevent, terminate or rectify any infringement of an existing intellectual property right. (61)

73. In that connection, actions for damages are closely linked to proceedings brought to ensure the protection of intellectual property rights. Thus, on the one hand, Article 7 of Directive 2004/48 provides for measures which allow the seizure of goods suspected of infringing intellectual property rights. (62) On the other hand, Article 9(7) of that directive provides for measures which allow an action for damages to be brought in respect of injury caused by an unjustified seizure. In the Commission's view, those measures constitute a guarantee which the legislature deemed necessary as a counterweight to the prompt and effective provisional measures for which it made provision. (63)

74. With regard to Article 14 of Directive 2004/48, the Court has held that that provision is intended to strengthen the level of protection of intellectual property, by avoiding the situation in which an injured party is deterred from bringing legal proceedings in order to protect his rights. (64)

75. I share the Commission's opinion that the broadly framed and general wording of Article 14 of Directive 2004/48, which refers to the 'successful party' and the 'unsuccessful party', without specifying the kind of procedure concerned provided for by that directive, permits the inference that that provision is applicable in the case of an unsuccessful party who is not the proprietor of an intellectual property right and is in fact suspected of having infringed such a right.

76. In the light of all the foregoing considerations, the third question is to be answered to the effect that the legal costs associated with the main proceedings brought in the Netherlands, proceedings which relate to a claim for damages in respect of injury caused as a result of a seizure, in the course of which a question was raised concerning the recognition of a judgment given in another Member State in proceedings seeking

to enforce an intellectual property right, are covered by Article 14 of Directive 2004/48.

#### V – Conclusion

77. In the light of all the foregoing considerations, I propose that the Court should answer the questions referred by the Hoge Raad der Nederlanden for a preliminary ruling as follows:

1) On a proper construction of Article 34(1) of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, the fact that a judgment given in the State of origin is contrary to EU law does not justify that judgment's not being recognised in the State in which recognition is sought on the grounds that it infringes public policy in the latter State. A mere error of national or EU law such as that at issue in the main proceedings, inasmuch as it does not constitute a manifest breach of an essential rule of law within the legal system of the State in which recognition is sought, cannot justify refusal of recognition based on Article 34(1) of Regulation No 44/2001. When determining whether there is a manifest breach of public policy stemming from the infringement of the fundamental rules of EU law, the court of the State in which recognition is sought must take account of the fact that the person opposing the recognition of the judgment in that State failed to make use of the legal remedies available to him in the State of origin.

2) The legal costs associated with the main proceedings brought in a Member State, proceedings which relate to a claim for damages in respect of injury caused as a result of a seizure, in the course of which a question was raised concerning the recognition of a judgment given in another Member State in proceedings seeking to enforce an intellectual property right, are covered by Article 14 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

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1 – Original language: French.

2 – Council Regulation of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ 2001 L 12, p. 1).

3 – Judgment in Case C-420/07 (EU:C:2009:271, paragraph 60).

4 – Directive 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).

5 – See, *inter alia*, judgments in WWF and Others (C-435/97, EU:C:1999:418, paragraph 32) and Danosa (C-232/09, EU:C:2010:674, paragraph 33).

6 – See, to that effect, judgments in Haim (C-424/97, EU:C:2000:357, paragraph 58); Vatsouras and Koupatantze (C-22/08 and C-23/08, EU:C:2009:344, paragraph 23), and Danosa (EU:C:2010:674, paragraph 34).

7 – Judgment in Danosa (EU:C:2010:674, paragraph 36).

8 – It follows from the oral argument presented by Simiramida at the hearing that an interpretative decision of the Varhoven kasatsionen sad is binding on all the lower courts.

9 – Directive 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 repealed and replaced 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, and corrigendum OJ 1989 L 207, p. 44).

10 – In its oral argument, Simiramida signalled its disagreement with that assertion contained in the order for reference. It is, however, clear from its written submissions and oral argument that it takes the view that the Sofiyski gradski sad incorrectly applied Article 5 of Directive 89/104.

11 – The conditions governing the exhaustion of that right were subsequently defined by the caselaw of the Court. See, *inter alia*, order in Honda Giken Kogyo Kabushiki Kaisha (C-535/13, EU:C:2014:2123).

12 – See, *inter alia*, judgment in Class International (C-405/03, EU:C:2005:616, paragraph 58) and order in Canon (C-449/09, EU:C:2010:651, paragraphs 19 and 26).

13 – Judgments in Krombach (C-7/98, EU:C:2000:164, paragraphs 22 and 23); Renault (C-38/98, EU:C:2000:225, paragraphs 27 and 28); Apostolides (EU:C:2009:271, paragraphs 56 and 57), and flyLAL-Lithuanian Airlines (C-302/13, EU:C:2014:2319, paragraph 47). Advocate General Alber was very clear on this point in his Opinion in Renault: ‘[t]he spirit and purpose of such interpretation by the Court is to avoid differing interpretations of the Convention’ (judgment in Renault, EU:C:1999:325, point 58).

14 – See Fallon, M., ‘Les conflits de lois et de juridictions dans un espace économique intégré - l’expérience de la Communauté européenne’, *Recueil des cours*, 1995, p. 255: ‘Comme tout système juridique le droit [de l’Union] produit un corps de règles d’ordre public auquel il n’est pas permis de déroger en raison de leur caractère fondamental. De telles normes sont qualifiées d’essentielles en fonction de leur importance tantôt pour le fonctionnement du marché, tantôt pour la personne dont elles cherchent à assurer la protection’. (‘Like any legal system, the law [of the European Union] produces a body of rules of public policy from which there may be no derogation on account of their fundamental nature. Such rules are deemed to be essential on the basis of their importance both for the functioning of the market and for the person for whom they seek to guarantee protection’.

15 – See judgment in Eco Swiss (C-126/97, EU:C:1999:269, paragraph 36).

16 – Judgments in Prism Investments (C-139/10, EU:C:2011:653, paragraphs 27 and 28) and flyLAL-Lithuanian Airlines (EU:C:2014:2319, paragraph 45).

17 – OJ 1972 L 299, p. 32.

18 – See Article 68(1) of Regulation No 44/2001.

19 – Judgments in Draka NK Cables and Others (C-167/08, EU:C:2009:263, paragraph 20); SCT Industri (C-111/08, EU:C:2009:419, paragraph 22); German Graphics Graphische Maschinen (C-292/08, EU:C:2009:544, paragraph 27); Realchemie Nederland (C-406/09, EU:C:2011:668, paragraph 38); Sapir and Others (C-645/11, EU:C:2013:228, paragraph 31), and Sunico and Others (C-49/12, EU:C:2013:545, paragraph 32).

20 – It is in the context of Article 27(1) of the Convention, under which a judgment was not to be recognised if it was ‘contrary to public policy in the State in which recognition is sought’, that the judgments in Krombach (EU:C:2000:164), Renault (EU:C:2000:225) and Gambazzi (C-394/07, EU:C:2009:219) were given by the Court.

21 – Judgments in Apostolides (EU:C:2009:271, paragraph 55 and the case-law cited); Prism Investments (EU:C:2011:653, paragraph 33), and flyLAL-Lithuanian Airlines (EU:C:2014:2319, paragraph 46).

22 – See, to that effect, judgments in Solo Kleinmotoren (C-414/92, EU:C:1994:221, paragraph 20); Krombach (EU:C:2000:164, paragraph 21); Renault (EU:C:2000:225, paragraph 26); Apostolides (EU:C:2009:271, paragraph 55), and Prism Investments (EU:C:2011:653, paragraph 33).

23 – See, to that effect, judgments in Hoffmann (145/86, EU:C:1988:61, paragraph 21); Krombach (EU:C:2000:164, paragraph 21); Renault (EU:C:2000:225, paragraph 26), and Apostolides (EU:C:2009:271, paragraph 55).

24 – See also Gaudemet-Tallon, H., ‘De la définition de l’ordre public faisant obstacle à l’exequatur’, *Cour de justice des Communautés européennes — 11 mai 2000, Régie nationale des usines Renault SA c. Mexicar SpA et Orazio Formento*, *Revue critique de droit international privé*, 2000, p. 497.

25 – Report on the Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters (OJ 1979 C 59, p. 44). See commentary on Article 27 (1) of the Convention: ‘[r]ecognition may be refused if it is contrary to public policy in the State in which the recognition is sought. In the opinion of the Committee this clause ought to operate only in exceptional cases.’

26 – With regard to the ‘mitigated effect’, see Gaudemet-Tallon, H., *Compétence et exécution des jugements en Europe. Règlement n°44/2001. Conventions de Bruxelles et de Lugano*, 4th edition, L.G.D.J., 2010, p. 412, and Francq, S., ‘Article 34’, *russels I Regulation*, Ulrich Magnus and Peter Mankowski (eds.), p. 554 to 600, p. 566.

27 – This was included from the very inception of the Brussels Convention. See, to that effect, Francq, S., *op. cit.*, p. 566.

28 – Proposal for a Council Regulation (EC) on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (COM/99/0348 final). When Regulation No 44/2001 was revised, the Commission proposed the removal of

the enforcement procedure and the publicpolicy clause as a ground for refusal to enforce a judgment. However, that proposal was not accepted. It is true that the rules governing enforcement were eased, but the public-policy clause remained unchanged. See, in this regard, the Proposal for a Regulation of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (COM/2010/0748 final) as well as Article 45 of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ 2012 L 351, p. 1).

29 – See judgments in *Krombach* (EU:C:2000:164, paragraph 36); *Renault* (EU:C:2000:225, paragraph 29); *Apostolides* (EU:C:2009:271, paragraph 58), and *flyLAL-Lithuanian Airlines* (EU:C:2014:2319, paragraph 48).

30 – Judgments in *Renault* (EU:C:2000:225, paragraph 30); *Gambazzi* (EU:C:2009:219, paragraph 27); *Apostolides* (EU:C:2009:271, paragraph 59), and *flyLAL-Lithuanian Airlines* (EU:C:2014:2319, paragraph 49). It may relate to procedural public policy as well as to substantive public policy, but the mechanism must remain exceptional. See, to that effect, *Gaudemet-Tallon*, H., op. cit., p. 424.

31 – Judgment in *Renault* (EU:C:2000:225, paragraph 32).

32 – See *Francq*, S., op. cit., p. 566, and *Moitinho de Almeida*, J. C., ‘Refus de la reconnaissance ou de l’exécution des jugements étrangers: l’ordre public’, *L’Europe des droits fondamentaux*, under the direction of *Luc Weitzel*, A. Pedone, 2013, p. 153 to 164, p. 155.

33 – Judgments in *Renault* (EU:C:2000:225, paragraph 33) and *Apostolides* (EU:C:2009:271, paragraph 60).

34 – According to Advocate General Alber, erroneous rulings can also be handed down and acquire res judicata in the State in which recognition is sought. In other words, those judgments would also have to be recognised in that State despite their errors. Recognition of foreign judgments thus cannot in itself constitute a breach of the public policy of the State in which recognition is sought. See Opinion of Advocate General Alber in *Renault* (EU:C:1999:325, point 66).

35 – *Jenard Report*, p. 44.

36 – Judgments in *Renault* (EU:C:2000:225, paragraph 30) and *Apostolides* (EU:C:2009:271, paragraph 59). In that connection, legal literature supports the view that, when the court of origin has, erroneously, given a ruling applying a national law that is contrary to EU law, it thereby infringes a substantive provision of EU law which may, depending on the circumstances, be of greater or lesser importance, but above all it infringes a fundamental principle of EU law, namely, the principle of the primacy of that law over national law. See *Gaudemet-Tallon*, H., ‘De la définition ...’, loc. cit., p. 497.

37 – See, by analogy, Opinion of Advocate General Alber in *Renault* (EU:C:1999:325, point 67).

38 – See recitals 3 to 5 in the preamble to Directive 89/104.

39 – In addition, in accordance with mainstream legal literature, in matters relating to Regulation No 44/2001, it is rare for a judgment given in one Member State of the European Union to conflict with the public policy of another Member State. With regard to ‘civil and commercial matters’, the substantive concepts which prevail in the various Member States are expressions of the same guiding principles and are not delicate matters, having regard to public policy, in the way that family law, in particular, could be. See, to that effect, *Gaudemet-Tallon*, H., op. cit., p. 414.

40 – EU:C:1999:269.

41 – Paragraph 36.

42 – United Nations Treaty Series, Vol. 330, p. 3. See judgment in *Eco Swiss* (EU:C:1999:269, paragraph 39).

43 – See *Francq*, S., op. cit., p. 570.

44 – EU:C:1999:269, paragraphs 34 and 40.

45 – See, to that effect, *Francq*, S., op. cit., p. 571.

46 – Judgment in *Köbler* (C-224/01, EU:C:2003:513, paragraph 50).

47 – Judgments in *Cartesio* (C-210/06, EU:C:2008:723, paragraph 90); *Kelly* (C-104/10, EU:C:2011:506, paragraph 6), and *Consiglio nazionale dei geologi and Autorità garante della concorrenza e del mercato* (C-136/12, EU:C:2013:489, paragraph 28).

48 – Judgments in *Cartesio* (EU:C:2008:723, paragraph 91) and *Kelly* (EU:C:2011:506, paragraph 63).

49 – See judgments in *Parfums Christian Dior* (C-337/95, EU:C:1997:517, paragraph 26) and *Consiglio nazionale dei geologi and Autorità garante della concorrenza e del mercato* (EU:C:2013:489, paragraph 25).

50 – I also note that the documents before the Court do not indicate whether the question of the interpretation of Article 5 of Directive 89/104 was raised before the *Varhoven kasatsionen sad*.

51 – Judgments in *Renault* (EU:C:2000:225, paragraph 33) and *Apostolides* (EU:C:2009:271, paragraph 60).

52 – Judgment in *Renault* (EU:C:2000:225, paragraph 33).

53 – See, to that effect, inter alia, Article 46 of Regulation No 44/2001.

54 – See *Fallon*, M., op. cit., p. 255.

55 – *Francq*, S., op. cit., p. 567 to 568.

56 – *Ibid.*, p. 573. See also *Hess*, B., *Pfeiffer*, T., and *Schlosser*, P., *The Brussels I Regulation* (EC) No 44/2001, Beck, Munich, 2008, p. 145: ‘... the control of the foreign judgment should at least be retained when the Member State of origin does not provide for an efficient remedy’.

57 – For example, depending upon whether or not the person concerned had the funds necessary to make use of the legal remedies or received appropriate legal aid.

58 – Within the judicial sphere, the concept of ‘mutual trust’ within the European Union means that the court of the State of origin retains control over the conduct and conclusion of the proceedings. Any irregularities (whether procedural or substantive) must likewise be

raised by the person concerned before a court of that State. The person concerned cannot rely on the possibility of raising those irregularities before a court of the State in which recognition is sought, since the rules relating to judicial protection are comparable in the two States. See Grzegorzczuk, P., 'Automatyczna wykonalność orzeczeń sądowych w sprawach cywilnych w Unii Europejskiej - geneza, stan obecny i perspektywy', Europejskie prawo procesowe cywilne i kolizyjne, P. Grzegorzczuk, K. Weitz (ed.), Warsaw, 2012, p. 37. I would add that, in the case of breaches of the public policy of the European Union stemming from a failure to have regard to EU law, the level of protection must be regarded as being identical in all the Member States of the European Union.

59 – Judgment in Köbler (C-224/10, EU:C:2003:513, paragraph 50).

60 – See recitals 10 and 11 in the preamble to Directive 2004/48.

61 – Judgment in Bericap Záródástechnikai (C-180/11, EU:C:2012:717, paragraph 75).

62 – Article 7(4) of Directive 2004/48 states that 'where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures'.

63 – Article 7(1) of Directive 2004/48.

64 – Judgment in Realchemie Nederland (EU:C:2011:668, paragraph 48).