

Court of Justice EU, 19 October 2023, GSTT



TRADE MARK LAW – CRIMINAL LAW - TRIPS

Court of Justice has jurisdiction

- When Member States are discharging their obligations under the TRIPs Agreement, they must be considered to be implementing EU law, within the meaning of Article 51(1) of the Charter.
- if a Member State is discharging the obligation laid down in Article 61 of the TRIPS Agreement, that Member State is implementing EU law, with the result that the Charter is applicable.

45 In the present case, subject to verification by the referring court, Article 172b(1) and (2) of the Criminal Code appears to amount to an implementation by the Bulgarian law of the obligations under Article 61 of the TRIPS Agreement.

46 It follows that the Court has jurisdiction to reply to the third and fourth questions

**The principle of legalisation of offences and penalties (Article 49(1) Charter) does not preclude national rules under which trade mark infringement may constitute both an administrative offence and a criminal offence**

- provided that offences are clearly defined
- provided that general principles such as the principle of proportionality are observed
- Principle of legality does not require national (criminal) legislation to contain criteria by which the administrative offence may be delimited from the criminal offence

**The principle of proportionality for criminal offences and penalties (Article 49(3) Charter) precludes a provision of national law that punishes repeated trade mark infringement with at least five years' imprisonment**

**In accordance with the principle of proportionality:**

- the measures must be necessary
- where there is an accumulation of penalties, the competent authority must verify that the severity of

the measure does not exceed the gravity of the infringement

- the possibility for the national court to change the qualification in the charge must be taken into account
- Article 172b of the Bulgarian Penal Code is broadly defined and does not guarantee that the authorities can test each individual case whether severity measure exceeds the seriousness of the offence

84 By providing for a custodial sentence of a minimum of five years for all cases of unauthorised use of a mark in the course of trade, a national legal provision such as that covered by the fourth question referred for a preliminary ruling makes excessively difficult the competent authorities' task of setting, having regard to all of the relevant factors, a penalty with a degree of severity that does not exceed the seriousness of the offence identified.

85 The referring court stated that the possibility granted by Bulgarian criminal law of setting a penalty that is lower than the minimum penalty provided for in Article 172b(2) of the Criminal Code is limited to cases where the attenuating circumstances are either exceptional or numerous. That court also stated that the possibility of suspending a custodial sentence is available only if that sentence does not exceed three years. Having regard to the fact that Article 172b(2) of the Criminal Code sets a custodial sentence of a minimum of five years for all cases of unauthorised use of a mark in the course of trade, those limited possibilities of reducing and suspending the sentence can prove insufficient in order to moderate in each case the penalty to one which is proportionate to the seriousness of the offence.

Source: : [ECLI:EU:C:2023:356](#)

**Court of Justice EU, 19 October 2023**

(C. Lycourgos, O. Spineanu-Matei, J.-C. Bonichot, S. Rodin en L. S. Rossi)

JUDGMENT OF THE COURT (Fourth Chamber)

19 October 2023 (\*)

*(Reference for a preliminary ruling – Enforcement of intellectual property rights – Directive 2004/48/EC – Article 13 – Criminal procedure – Scope – Harm suffered by the trade mark proprietor as a constituent element of the offence – Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) – Article 61 – Charter of Fundamental Rights of the European Union – Article 51(1) – Implementation of EU law – Powers – Article 49(1) and (3) – Legality and proportionality of penalties)*

In Case C-655/21,

REQUEST for a preliminary ruling under Article 267 TFEU from the Rayonen sad – Nesebar (District Court, Nesebar, Bulgaria), made by decision of 14 October 2021, received at the Court on 27 October 2021, in the criminal proceedings against

**G. ST. T.,**

interested party:

**Rayonna prokuratura Burgas, TO Nesebar,**  
THE COURT (Fourth Chamber),  
composed of C. Lycourgos, President of the Chamber,  
O. Spineanu-Matei (Rapporteur), J.-C. Bonichot,  
S. Rodin and L.S. Rossi, Judges,  
Advocate General: G. Pitruzzella,  
Registrar: A. Calot Escobar,  
having regard to the written procedure,  
after considering the observations submitted on behalf  
of:

- – the Austrian Government, by A. Posch,  
J. Schmoll and A. Kögl, acting as Agents,
  - – the European Commission, by  
S.L. Kalèda and I. Zaloguin, acting as Agents,
- after hearing the Opinion of the Advocate General at  
the sitting on 27 April 2023,**

gives the following

### Judgment

1 This request for a preliminary ruling concerns the interpretation of Article 13 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), and of Article 49 of the Charter of Fundamental Rights of the European Union (‘the Charter’).

2 The request has been made in criminal proceedings brought against G. ST. T. concerning trade mark infringement.

### Legal context

#### *International law*

3 The Agreement on Trade-Related Aspects of Intellectual Property Rights (‘the TRIPS Agreement’), which constitutes Annex 1C to the Agreement establishing the World Trade Organisation (WTO), signed at Marrakesh on 15 April 1994 and approved by Council Decision 94/800/EC of 22 December 1994 concerning the conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay Round multilateral negotiations (1986-1994) (OJ 1994 L 336, p. 1), contains a Part III, entitled ‘Enforcement of intellectual property rights’.

4 Section 5 of Part III of the TRIPS Agreement is entitled ‘Criminal procedures’ and contains Article 61, which provides:

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

### *European Union law*

5 Recital 28 of Directive 2004/48 states:

*‘In addition to the civil and administrative measures, procedures and remedies provided for under this Directive, criminal sanctions also constitute, in appropriate cases, a means of ensuring the enforcement of intellectual property rights.’*

6 In accordance with Article 1 thereof, entitled ‘Subject matter’, that directive ‘concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights’.

7 Article 2 of that directive, entitled ‘Scope’, provides:

*‘1. Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be more favourable for rightholders, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned.*

*2. This Directive shall be without prejudice to the specific provisions on the enforcement of rights and on exceptions contained in Community legislation concerning copyright and rights related to copyright, notably those found in [Council] Directive 91/250/EEC [of 14 May 1991 on the legal protection of computer programs (OJ 1991 L 122, p. 42)] and, in particular, Article 7 thereof or in Directive 2001/29/EC [of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10)] and, in particular, Articles 2 to 6 and Article 8 thereof.*

*3. This Directive shall not affect:*

*...*

*(b) Member States’ international obligations and notably the TRIPS Agreement, including those relating to criminal procedures and penalties;*

*(c) any national provisions in Member States relating to criminal procedures or penalties in respect of infringement of intellectual property rights.’*

8 Article 13 of that directive, entitled ‘Damages’, provides:

*‘1. Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.*

*When the judicial authorities set the damages:*

*(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;*

*or*

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds [to] know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.’

9 Under Article 16 of that directive, entitled ‘Sanctions by Member States’:

‘Without prejudice to the civil and administrative measures, procedures and remedies laid down by this Directive, Member States may apply other appropriate sanctions in cases where intellectual property rights have been infringed.’

#### **Bulgarian law**

##### *The Criminal Code*

10 Article 172b of the Nakazatelen kodeks (Criminal Code), in the version applicable at the material time (‘the Criminal Code’), provides:

‘(1) A person who, without the consent of the holder of the exclusive right, uses in the course of trade a trade mark ... shall be punished by a term of imprisonment not exceeding five years and a fine not exceeding 5 000 Bulgarian leva (BGN).

(2) If the act referred to in paragraph 1 is repeated or causes significant harmful effects, it shall be punished by a term of imprisonment of five to eight years and a fine of BGN 5 000 to BGN 8 000.

(3) The object of the criminal offence shall be confiscated, irrespective of whose property it is, and destroyed.’

##### **The old ZMGO and the new ZMGO**

11 Article 13 of the Zakon za markite i geografските oznachenia (Law on trade marks and geographical indications, DV No 81 of 14 September 1999), in the version applicable to the dispute in the main proceedings (‘the old ZMGO’), provided:

‘(1) The right to a trade mark includes the right of its proprietor to use it, dispose of it, and prevent third parties not having his or her consent from using in the course of trade, any sign which:

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

2. on account of being identical with, or similar to, the trade mark and on account of the goods or services covered by the mark and by the sign being identical or similar, there exists a likelihood of confusion on the part of consumers, which includes the likelihood of association between the sign and the trade mark;

3. is identical with, or similar to, the trade mark in relation to goods or services which are not identical with or similar to those for which the trade mark is registered, where the [trade mark] has a reputation in the Republic of Bulgaria and use of the sign without due cause takes unfair advantage of, or is detrimental to, the

distinctive character or the reputation of the [trade mark].

(2) Use in the course of trade within the meaning of paragraph 1 shall consist in:

1. affixing the sign to the goods or to the packaging thereof;

2. offering the goods bearing that sign for sale or placing them on the market, or storing those goods to this end, and offering or providing services under that sign;

3. importing or exporting goods bearing that sign;

...’

12 Article 76b of that law, entitled ‘Specific cases of compensation’, provided:

‘(1) When the action is well founded but the information regarding the amount of the claim is insufficient, the applicant may claim by way of compensation:

1. BGN 500 to BGN 100 000, the determination of the specific amount being a matter for the court subject to the conditions laid down in Article 76a(2) and (3), or

2. the equivalent of the retail price of lawfully manufactured goods that are identical with, or similar to, the goods that are the object of the offence.

(2) When determining the compensation within the meaning of paragraph 1, the revenue generated as a result of the offence shall also be taken into account.’

13 Article 81 of that law, entitled ‘Administrative offences and penalties’, provided:

‘(1) A person who uses in the course of trade within the meaning of Article 13 goods or services which bear a sign that is identical with, or similar to, a registered trade mark, without the consent of its proprietor, shall be punishable by a fine of BGN 500 to BGN 1 500, and sole traders and legal persons shall be punishable by a financial penalty of BGN 1 000 to BGN 3 000.

(2) Where an offence for the purposes of paragraph 1 has been repeated, the person shall be punishable by a fine of BGN 1 500 to BGN 3 000, and sole traders and legal persons shall be punishable by a financial penalty of BGN 3 000 to BGN 5 000.

(3) An offence shall be considered to have been repeated where it is committed within one year after entry into force of the decision imposing an administrative penalty, penalising that person for the same type of offence.

...

(5) The goods referred to in paragraph 1, irrespective of whose property they are, shall be confiscated and handed over for destruction, the proprietor of the trade mark or a person authorised by that proprietor being allowed to be present at the destruction.

...’

14 The old ZMGO was repealed and replaced by the Zakon za markite i geografските oznachenia (Law on trade marks and geographical indications, DV No 98 of 13 December 2019; ‘the new ZMGO’). Article 13 of the new ZMGO has the same wording as Article 13 of the old ZMGO, now repealed.



15 Article 127 of the new ZMGO, entitled *'Administrative offences and penalties'*, provides, in paragraph 1 thereof:

*'A person who uses in the course of trade within the meaning of Article 13(1) and (2) goods or services which bear a sign that is identical with, or similar to, a registered trade mark, without the consent of its proprietor, shall be punished by a fine of BGN 2 000 to BGN 10 000, and sole traders and legal persons shall be punished by a financial penalty of BGN 3 000 to BGN 20 000.'*

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

16 G. ST. T. owns a sole-trader business, which is engaged in the sale of clothes.

17 In 2016, officials from the Bulgarian Ministry of the Interior conducted an inspection in a commercial establishment rented by that trader in the municipality of Nesebar (Bulgaria) and seized goods offered for sale there. The expert report ordered by the court stated that the signs affixed on those goods were similar to registered trade marks, and estimated the total value of those goods at BGN 1 404 590 (approximately EUR 718 000) 'as originals' and BGN 80 201 (approximately EUR 41 000) 'as imitations'.

18 The Rayonna prokuratura Burgas, TO Nesebar (Burgas District Public Prosecutor's Office, Nesebar division, Bulgaria) took the view that G. ST. T. had thus used in the course of trade, without the consent of the holders of the exclusive rights, marks covered by those exclusive rights and that that activity had caused 'significant harmful effects', with the result that the person concerned was charged before the Rayonen sad – Nesebar (District Court, Nesebar, Bulgaria), which is the referring court, with the offence of aggravated trade mark infringement, as provided for in Article 172b(2) of the Criminal Code.

19 None of the injured legal persons has submitted an application for compensation against G. ST. T. or has sought to join a civil action to those proceedings.

20 The referring court states, in essence, that, in the context of the freedom of the Member States, in accordance with recital 28 of Directive 2004/48, to provide for criminal sanctions where intellectual property rights have been infringed, the Republic of Bulgaria introduced Article 172b(1) and (2) of the Criminal Code. That provision, in paragraph 1 thereof, categorises as a criminal offence the use of a trade mark in the course of trade without the consent of the holder of the exclusive right and refers, in paragraph 2 thereof, to the case where that act has been committed repeatedly or has caused 'significant harmful effects'. That Member State also introduced, in Article 81(1) of the old ZMGO, which has since been replaced by Article 127(1) of the new ZMGO, an administrative offence intended to penalise the same facts.

21 In the first place, the referring court is uncertain whether a national provision, such as Article 172b(2) of the Criminal Code, according to which the harm suffered by the trade mark proprietor forms part of the constituent elements of the criminal offence which it lays down, is

consistent with the standards in relation to harm caused as a result of the unlawful exercise of intellectual property rights introduced by Directive 2004/48 and, if so, whether the mechanism for determining harm based on a presumption, that is to say, according to the value of the goods offered for sale calculated on the basis of the retail prices of lawfully manufactured goods, introduced by the Bulgarian legislation, is consistent with those standards.

22 In the second place, the referring court states that the principle of the legality of criminal offences and penalties, enshrined in Article 49(1) of the Charter, presupposes that legislation coming within the scope of EU law clearly lays down the limits of the conduct that constitutes a criminal offence and, in particular, determines the constituent elements of the offence in question. The Bulgarian legislation contains provisions which define the same conduct, namely use in the course of trade of a trade mark without the consent of the holder of the exclusive right, as an administrative offence (Article 81(1) of the old ZMGO and Article 127(1) of the new ZMGO) and as a criminal offence (Article 172b of the Criminal Code). Nevertheless, that legislation does not include any criterion to differentiate categorisation as a criminal offence and as an administrative offence. That absence of a clear and precise criterion leads to contradictory practice and unequal treatment of litigants who have committed practically the same acts.

23 In the third place, the referring court seeks clarification as to whether the principle of proportionality enshrined in Article 49(3) of the Charter precludes legislation such as the Bulgarian legislation, having regard to the severity of the penalties provided for with a view to punishing the offence under Article 172b(2) of the Criminal Code, namely a long term of imprisonment, together with a heavy fine. That court states, in that context, that the possibilities to reduce or suspend the sentence are limited and that those penalties are accompanied by the confiscation and destruction of the counterfeit goods.

24 In those circumstances, the Rayonen sad – Nesebar (District Court, Nesebar) decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

*'(1) Are the legislation and case-law in accordance with which the harm suffered by the trade mark proprietor forms part of the constituent elements of the offences referred to in Article 172b(1) and (2) of the [Criminal Code] consistent with the standards introduced by [Directive 2004/48] in relation to harm caused by the unlawful exercise of intellectual property rights?*

*(2) If the first question is answered in the affirmative, is the automatic presumption, introduced by case-law in the Republic of Bulgaria, for determining the harm – in the amount of the value of the goods offered for sale, calculated on the basis of the retail prices of lawfully manufactured goods – consistent with the standards of [Directive 2004/48]?*

(3) *Is legislation which does not distinguish between an administrative offence (Article 127(1) of the [new ZMGO] and Article 81(1) of [the old ZMGO]), the criminal offence under Article 172b(1) of the [Criminal Code] and, if the first question is answered in the negative, the criminal offence under Article 172b(2) of the [Criminal Code] compatible with the principle of legality of criminal offences [and penalties], as enshrined in Article 49 of the [Charter]?*

(4) *Are the penalties provided for in Article 172b(2) of the [Criminal Code] (custodial sentence of [five to eight] years and a fine of [BGN] 5 000 to BGN 8 000) consistent with the principle established in Article 49(3) of the [Charter] (the severity of penalties must not be disproportionate to the criminal offence)?*

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

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

25 By its first and second questions, which it is appropriate to examine together, the referring court asks, in essence, whether Article 13 of Directive 2004/48 must be interpreted as precluding national legislation and case-law pursuant to which the extent of the harm suffered forms part of the constituent elements of the criminal offence of aggravated trade mark infringement. If this is answered in the negative, the referring court is uncertain whether a mechanism for determining harm based on a presumption is consistent with the standards laid down by that directive.

26 In that regard, it must be noted that Article 2 of Directive 2004/48, relating to its scope, states, in paragraphs 1 and 2 thereof, that the measures, procedures and remedies provided for by that directive are to apply to any infringement of intellectual property rights as provided for by EU law or by the national law of the Member State concerned, and that that directive is without prejudice to the specific provisions on the enforcement of rights and on exceptions contained in EU legislation concerning copyright and rights related to copyright.

27 Nevertheless, Article 2 of Directive 2004/48 adds, in points (b) and (c) of paragraph 3 thereof, that that directive affects neither Member States' international obligations and notably the TRIPS Agreement, including those relating to criminal procedures and penalties, nor any national provisions relating to those procedures or penalties in respect of infringement of intellectual property rights.

28 Furthermore, Article 16 of that directive states that, without prejudice to the civil and administrative measures, procedures and remedies laid down by that directive, Member States may apply other appropriate sanctions in cases where intellectual property rights have been infringed.

29 Lastly, recital 28 of that directive states that criminal sanctions also constitute, in appropriate cases, a means of ensuring the enforcement of intellectual property rights, in addition to those civil and administrative measures, procedures and remedies provided for under that directive.

30 It is apparent from those provisions and that recital that Directive 2004/48 does not govern criminal

procedures and penalties in respect of infringement of intellectual property rights, whilst at the same time granting Member States the option of legislating pursuant to national or international law in order to provide for penalties, inter alia of a criminal nature, that they consider appropriate in respect of infringement of those rights.

31 According to settled case-law, the Court must examine the circumstances in which cases are referred to it by the national court in order to assess whether it has jurisdiction or whether the request submitted to it is admissible. In that regard, the Court has regularly pointed out that the procedure provided for in Article 267 TFEU is an instrument of cooperation between the Court of Justice and the national courts, by means of which the Court provides the national courts with the points of interpretation of EU law which they need in order to decide the disputes before them and that the justification for a reference for a preliminary ruling is not that it enables advisory opinions on general or hypothetical questions to be delivered, but rather that it is necessary for the effective resolution of a dispute. As is apparent from the actual wording of Article 267 TFEU, the question referred for a preliminary ruling must be 'necessary' to enable the referring court to 'give judgment' in the case before it (judgment of 22 March 2022, *Prokurator Generalny and Others (Disciplinary Chamber of the Supreme Court – Appointment)*, C-508/19, EU:C:2022:201, paragraphs 59 to 61 and the case-law cited).

32 As Directive 2004/48 does not apply to national rules relating to criminal procedures and criminal penalties where intellectual property rights have been infringed, the interpretation of that directive sought by the referring court by its first and second questions is not necessary for the resolution of the dispute in the main proceedings, which is a purely criminal procedure.

33 It follows that the first and second questions are inadmissible.

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

###### ***The jurisdiction of the Court***

34 By its third and fourth questions, the referring court seeks an interpretation of Article 49 of the Charter for the purpose of ascertaining whether that article is compatible with Article 172b(2) of the Criminal Code.

35 At the outset, it must be borne in mind that the Court has jurisdiction to reply to the questions referred for a preliminary ruling where the legal situation which gave rise to the main proceedings comes within the scope of EU law. In that regard, it is settled case-law that any provisions of the Charter relied upon cannot, of themselves, form the basis for such jurisdiction ([judgment of 24 February 2022, \*Viva Telecom Bulgaria\*, C-257/20, EU:C:2022:125, paragraph 128 and the case-law cited](#)).

36 The Austrian Government argues that the Court has no jurisdiction to reply to the third and fourth questions. According to that government, the criminal provisions at issue in the main proceedings do not amount to an implementation of EU law for the purposes of Article 51(1) of the Charter and they cannot,

therefore, be assessed in the light of Article 49 of the Charter.

37 In that regard, according to Article 51(1) of the Charter, the provisions of the Charter are addressed to the Member States only when they are implementing EU law. Accordingly, as follows from settled case-law, the fundamental rights guaranteed by the Charter are applicable in all situations governed by EU law, but not outside such situations (judgments of 26 February 2013, Åkerberg Fransson, C-617/10, EU:C:2013:105, paragraphs 17 and 19 and the case-law cited, and of 5 May 2022, BPC Lux 2 and Others, C-83/20, EU:C:2022:346, paragraphs 25 and 26).

38 The Court previously held that when Member States perform their obligations resulting from an international agreement entered into by the European Union, which forms an integral part of EU law from its entry into force, they must be considered to be implementing EU law, within the meaning of Article 51(1) of the Charter (see, to that effect, judgment of 6 October 2020, Commission v Hungary (Higher education), C-66/18, EU:C:2020:792, paragraphs 69 and 213).

39 The Agreement establishing the WTO, which includes the TRIPS Agreement, was entered into by the European Union and thus forms an integral part of EU law from its entry into force, namely from 1 January 1995 (see, to that effect, judgments of 15 March 2012, SCF, C-135/10, EU:C:2012:140, paragraphs 39 and 40, and of 6 October 2020, Commission v Hungary (Higher education), C-66/18, EU:C:2020:792, paragraphs 69 to 71).

40 The TRIPS Agreement has the objective, inter alia, of reducing distortions of international trade by ensuring, in the territory of each member of the WTO, the effective and adequate protection of intellectual property rights. Part II of that agreement contributes to attaining that objective by setting out, for each of the principal categories of intellectual property rights, rules which must be applied by every member of the WTO (judgment of 18 July 2013, Daiichi Sankyo and Sanofi-Aventis Deutschland, C-414/11, EU:C:2013:520, paragraph 58). Part III of that agreement, which also pursues that objective, relates to ‘enforcement of intellectual property rights’ and sets out, in particular, the procedures and measures that the members of the WTO are obliged, for the purposes of that objective, to introduce in their legislation.

41 Thus, under Section 5, entitled ‘Criminal procedures’, in Part III, Article 61 of the TRIPS Agreement states that ‘[members of the WTO] shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale’, that ‘remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity’, and that, ‘in appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements

the predominant use of which has been in the commission of the offence’.

42 It follows that, as the Advocate General noted in point 30 of his Opinion, when Member States are discharging their obligations under the TRIPS Agreement, including those arising from Article 61 thereof, they must be considered to be implementing EU law, within the meaning of Article 51(1) of the Charter.

43 The obligation under Article 61 of the TRIPS Agreement to provide for criminal procedures that are, at the very least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale, capable of resulting in effective, deterrent and proportionate penalties, binds each member of the WTO, including the European Union and its Member States, and forms part, as is apparent from the case-law referred to in paragraph 39 above, of EU law, irrespective of acts of internal harmonisation. The Court’s case-law according to which a Member State is implementing EU law, within the meaning of Article 51(1) of the Charter, where it is discharging an obligation, laid down in a provision of EU law, to provide for effective, proportionate and deterrent penalties against the persons responsible for the offences referred to by that provision (see, to that effect, judgment of 20 March 2018, Garlsson Real Estate and Others, C-537/16, EU:C:2018:193, paragraphs 22 and 23) applies to the case at hand. The fact that that obligation is laid down in an international agreement entered into by the European Union and not in internal EU legislation is, in that regard, irrelevant, as follows from the case-law referred to in paragraph 38 above.

44 Consequently, if a Member State is discharging the obligation laid down in Article 61 of the TRIPS Agreement, that Member State is implementing EU law, with the result that the Charter is applicable.

45 In the present case, subject to verification by the referring court, Article 172b(1) and (2) of the Criminal Code appears to amount to an implementation by the Bulgarian law of the obligations under Article 61 of the TRIPS Agreement.

46 It follows that the Court has jurisdiction to reply to the third and fourth questions.

#### **Substance**

##### **– The third question**

47 By its third question, the referring court asks, in essence, whether Article 49(1) of the Charter must be interpreted as meaning that the principle of the legality of criminal offences and penalties precludes national legislation which provides, where a mark is used in the course of trade without the consent of the holder of the exclusive right, that the same conduct may be categorised both as an administrative offence and as a criminal offence, without that legislation including criteria allowing a distinction to be drawn between, on the one hand, the administrative offence and, on the other, the criminal offence or the aggravated criminal offence.

48 The referring court states that, in accordance with the Bulgarian legislation, certain conduct may amount to both an administrative offence and a criminal offence.



That is the case where a mark is used in the course of trade without the consent of the holder of the exclusive right, an act which gives rise not only to the administrative offence referred to in Article 81(1) of the old ZMGO, applicable to the facts at issue in the main proceedings, but also to the criminal offence defined in Article 172b(1) of the Criminal Code. Furthermore, according to that court, the criminal offence laid down in Article 172b(2) of that code overlaps in part, as regards its constituent elements, with Article 172b(1) of that code, inasmuch as it also seeks to penalise that prohibited use.

49 In that regard, under the principle of the legality of criminal offences and penalties, enshrined in Article 49(1) of the Charter, criminal law provisions must comply with certain requirements of accessibility and predictability as regards both the definition of the offence and the sentencing (judgment of 11 June 2020, *Ji*, C-634/18, EU:C:2020:455, paragraph 48).

50 According to the Court's case-law, that principle constitutes a specific expression of the general principle of legal certainty and implies, inter alia, that legislation must clearly define offences and the penalties which they attract (see, to that effect, judgment of 8 March 2022, *Bezirkshauptmannschaft Hartberg-Fürstenfeld (Direct effect)*, C-205/20, EU:C:2022:168, paragraph 47 and the case-law cited).

51 This requirement is met where the individual is in a position, on the basis of the wording of the relevant provision and if necessary with the help of the interpretation made by the courts and a legal opinion, to know which acts or omissions will make him or her criminally liable (see, to that effect, judgments of 5 December 2017, *M.A.S. and M.B.*, C-42/17, EU:C:2017:936, paragraph 56, and of 5 May 2022, *BV*, C-570/20, EU:C:2022:348, paragraph 38 and the case-law cited).

52 In the present case, Article 172b of the Criminal Code provides that any use in the course of trade of a mark without the consent of the holder of the exclusive right is a criminal offence and leads to the imposition of the sentences referred to in that provision.

53 It is true that, pursuant to the Bulgarian law on trade marks, the ZMGO, that conduct is also categorised as an administrative offence and may lead to the imposition of an administrative fine.

54 Thus, it is apparent from those provisions that the same conduct, consisting in use in the course of trade of a mark without the consent of the holder of the exclusive right, is categorised as a criminal offence and as an administrative offence and, accordingly, may give rise to both criminal and administrative penalties.

55 Nevertheless, subject to observance of the general principles of EU law, including the principle of proportionality, which is the subject matter of the fourth question referred, the Member States may impose, for the same acts, a combination of administrative and criminal penalties (see, to that effect, judgments of 26 February 2013, *Åkerberg Fransson*, C-617/10, EU:C:2013:105, paragraph 34, and of 24 July 2023, *Lin*,

C-107/23 PPU, EU:C:2023:606, paragraph 84 and the case-law cited).

56 It follows that, provided that the criminal provision is, as such, consistent with the requirements deriving from the principle of the legality of criminal offences and penalties referred to in paragraphs 50 and 51 above, that principle does not preclude national legislation from categorising the same conduct as a criminal offence and as an administrative offence and thus defining the conduct sanctioned by those offences in similar, or identical, terms.

57 Use in the course of trade of a mark without the consent of the holder of the exclusive right is unambiguously presented, by Article 172b of the Criminal Code, as a criminal offence which gives rise to the sentences laid down therein. In those circumstances, in accordance with the case-law referred to in paragraphs 50 and 51 above, it must be considered, subject to verification by the referring court, that the principle of the legality of criminal offences and penalties laid down in Article 49(1) of the Charter has been observed.

58 As regards the circumstance, referred to by the national court, that the national legislation, in particular Article 81(1) of the old ZMGO and Article 172b of the Criminal Code, does not contain criteria allowing a distinction to be drawn between, on the one hand, the administrative offence and, on the other, the criminal offence, it must be noted that that principle does not give rise to a requirement for the national legislation to contain such criteria.

59 Having regard to the foregoing considerations, the answer to the third question is that Article 49(1) of the Charter must be interpreted as meaning that the principle of the legality of criminal offences and penalties does not preclude national legislation which provides, where a trade mark is used in the course of trade without the consent of the holder of the exclusive right, that the same conduct may be categorised both as an administrative offence and as a criminal offence, without that legislation including criteria allowing a distinction to be drawn between, on the one hand, the administrative offence and, on the other, the criminal offence, the offence being described in similar, or identical, terms, in the criminal law and the law on trade marks.

– *The fourth question*

60 By its fourth question, the referring court asks, in essence, whether Article 49(3) of the Charter must be interpreted as precluding a national legal provision that, where a mark is used in the course of trade without the consent of the holder of the exclusive right, provides for the imposition of criminal penalties which are both custodial and financial, the custodial sentence ranging from five to eight years of imprisonment where that use has occurred repeatedly or has caused significant harmful effects.

61 In that regard, the referring court states that the lower limit of that custodial sentence is extremely long and that that sentence is, moreover, combined with a fine of an equally high amount. Furthermore, the possibilities for the court to reduce or suspend the sentence are very

limited. Lastly, the additional measure of confiscation and destruction of the goods that are the object of the offence contribute to the increase in the overall severity of the penalties incurred.

62 In accordance with Article 49(3) of the Charter, which applies, as pointed out in paragraphs 44 and 45 above, provided that the national provision at issue in the main proceedings is implementing Article 61 of the TRIPS Agreement, the severity of penalties must not be disproportionate to the offence.

63 In that regard, it must be borne in mind that, while leaving the choice and detailed rules of the criminal procedures and the applicable penalties to the discretion of the members of the WTO, Article 61 of the TRIPS Agreement requires those members to impose criminal sanctions on at least some infringements of intellectual property rights, such as wilful trademark counterfeiting on a commercial scale. Furthermore, that article states that the remedies must include ‘imprisonment and/or monetary fines sufficient to provide a deterrent’ and must be ‘[consistent] with the level of penalties applied for crimes of a corresponding gravity’. In appropriate cases, the remedies available must ‘also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence’.

64 As the Advocate General stated in point 46 of his Opinion, in the absence of internal EU legislation in the field of the sanctions applicable, the Member States have the power to determine the nature and level of those penalties, subject, inter alia, to the principle of proportionality (see, to that effect, judgment of 11 February 2021, *K. M. (Sanctions imposed on the master of a vessel)*, C-77/20, EU:C:2021:112, paragraph 36 and the case-law cited).

65 According to the Court’s case-law, in accordance with that principle, the punitive measures permitted under national legislation must not go beyond what is necessary in order to attain the objectives legitimately pursued by that legislation. The severity of the sanctions must be commensurate with the seriousness of the infringements for which they are imposed, in particular by ensuring a genuinely deterrent effect, while not going beyond what is necessary to attain that objective (see, to that effect, judgments of 11 February 2021, *K. M. (Sanctions imposed on the master of a vessel)*, C-77/20, EU:C:2021:112, paragraphs 37 and 38 and the case-law cited, and of 14 October 2021, *Landespolizeidirektion Steiermark (Gaming machines)*, C-231/20, EU:C:2021:845, paragraph 45).

66 Thus, where the national legislation provides for the duplication of penalties of a criminal nature, such as the combination of financial penalties and custodial sentences, the competent authorities are under an obligation to ensure that the severity of all of the penalties imposed does not exceed the seriousness of the offence identified, failing which the principle of proportionality would not be observed (see, to that effect, judgment of 5 May 2022, *BV*, C-570/20, EU:C:2022:348, paragraphs 49 and 50).

67 The Court has further held that the principle of proportionality requires that the individual circumstances of the particular case are taken into account in determining the penalty and fixing the amount of the fine (see, to that effect, judgment of 4 October 2018, *Link Logistik N&N*, C-384/17, EU:C:2018:810, paragraph 45).

68 In order to assess the proportionality of penalties, account must be also be taken of the possibility for national courts to amend the categorisation as set out in the bill of indictment, that possibility being capable of leading to a less severe penalty, and of the possibility to vary the penalty depending on the seriousness of the offence identified (see, to that effect, judgments of 16 July 2015, *Chmielewski*, C-255/14, EU:C:2015:475, paragraph 26, and of 11 February 2021, *K. M. (Sanctions imposed on the master of a vessel)*, C-77/20, EU:C:2021:112, paragraph 51).

69 In the present case, in the first place, it is apparent from the order for reference that Article 172b(2) of the Criminal Code, on the basis of which criminal proceedings were brought against G. ST. T., seeks to penalise use in the course of trade of a mark without the consent of the holder of the exclusive right where that use is of a certain seriousness, either because it has been committed repeatedly or because it has caused significant harmful effects.

70 Inasmuch as it provides, by way of penalising such an act, for a custodial sentence of five to eight years and a fine of BGN 5 000 to BGN 8 000, that national legislation appears appropriate to attain the legitimate objectives pursued by Article 61 of the TRIPS Agreement, which requires sufficiently deterrent criminal sanctions, at the very least, for wilful trademark counterfeiting on a commercial scale.

71 In the present case, as regards the question of whether the measure goes beyond what is necessary in order to attain the objectives pursued, it is apparent from the order for reference that the custodial sentence laid down for the offence of aggravated trade mark infringement referred to in Article 172b(2) of the Criminal Code is set at a minimum threshold of five years, which the referring court considers to be ‘extremely long’.

72 Furthermore, that provision states that that custodial sentence is in addition to a fine of a criminal nature, amounting to BGN 5 000 to BGN 8 000, which that court also considers to be high.

73 Moreover, the referring court refers to the obligation, laid down in Article 172b(3) of the Criminal Code, to impose an additional measure consisting in confiscating the goods that are the object of the offence and destroying them. Those measures contribute, according to that court, to the increase in the severity of the overall penalty imposed.

74 In that regard, it is important to note, as has been pointed out in paragraph 63 above, that Article 61 of the TRIPS Agreement states that the remedies that the members of the WTO must provide for ‘include imprisonment and/or monetary fines sufficient to provide a deterrent’. By using the conjunctions ‘and’ and



'or', that article thus authorises those members to provide, in their legislation, for the combination of a custodial sentence and a fine for the purpose of sanctioning that conduct.

75 Furthermore, Article 61 of the TRIPS Agreement obliges the members of the WTO to provide that, in appropriate cases, the remedies available 'also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence'. Besides the financial consequences that they entail for the counterfeiter, such measures can contribute to the effectiveness of the penalty inasmuch as they prevent those goods infringing an intellectual property right from remaining on the market and being used in the future.

76 Thus, it is the very provisions of Article 61 of the TRIPS Agreement that require a sufficiently high degree of severity in order to prevent the conduct complained of from being adopted or repeated.

77 Consequently, it cannot be argued that criminal legislation introduced by a Member State in order to penalise trade mark infringements of a certain seriousness is disproportionate on account of the sole fact that it provides, in appropriate cases, in addition to the imposition of a fine and the destruction of the goods at issue and of the tools used in the commission of the offence, for the imposition of a custodial sentence.

78 However, as also follows from Article 61 of the TRIPS Agreement, which reflects in that regard the requirement of proportionality, which is also laid down in Article 49(3) of the Charter, any criminal penalty provided for by that legislation must be commensurate with the seriousness of the corresponding offence.

79 Subject to verification by the referring court, the unlawful conduct referred to in Article 172b of the Criminal Code, consisting in 'use' in the course of trade of a mark without the consent of the holder of the exclusive right, appears to cover all the acts referred to in Article 13(1) and (2) of both the old and new ZMGO. The latter provisions correspond, in essence, to Article 10(2) and (3) of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (OJ 2015 L 336, p. 1).

80 It thus appears that Article 172b of the Criminal Code is liable to concern any act of use, in the course of trade, of a mark without the consent of the holder of the exclusive right. Furthermore, pursuant to Article 172b(2) of that code, any act that corresponds to that description and has been committed repeatedly or has caused significant harmful effects is punished, *inter alia*, by a custodial sentence of a minimum of five years.

81 While such a penalty is not necessarily disproportionate in certain instances of trade mark infringements, it must nevertheless be stated that a provision such as Article 172b(2) of the Criminal Code, which links an especially broad description of an offence to a custodial sentence of a minimum of five years, does not guarantee that the competent authorities are able to ensure in each individual case, in accordance with the

obligation under Article 49(3) of the Charter, recalled in paragraph 66 above, that the severity of the penalties imposed does not exceed the seriousness of the offence identified.

82 Those authorities might have to examine acts of unauthorised use of a mark whose effect remains especially limited in the course of trade, even where those acts have been committed wilfully and repeatedly.

83 Those authorities might also have to, apart from specific instances relating to counterfeit goods, examine acts of unauthorised use of a mark which, while committed wilfully, repeatedly and involving significant effects in the course of trade, are not proved to be unlawful until after a complex assessment of the scope of the exclusive right is carried out.

84 By providing for a custodial sentence of a minimum of five years for all cases of unauthorised use of a mark in the course of trade, a national legal provision such as that covered by the fourth question referred for a preliminary ruling makes excessively difficult the competent authorities' task of setting, having regard to all of the relevant factors, a penalty with a degree of severity that does not exceed the seriousness of the offence identified.

85 The referring court stated that the possibility granted by Bulgarian criminal law of setting a penalty that is lower than the minimum penalty provided for in Article 172b(2) of the Criminal Code is limited to cases where the attenuating circumstances are either exceptional or numerous. That court also stated that the possibility of suspending a custodial sentence is available only if that sentence does not exceed three years. Having regard to the fact that Article 172b(2) of the Criminal Code sets a custodial sentence of a minimum of five years for all cases of unauthorised use of a mark in the course of trade, those limited possibilities of reducing and suspending the sentence can prove insufficient in order to moderate in each case the penalty to one which is proportionate to the seriousness of the offence.

86 In the light of the foregoing, the answer to the fourth question is that Article 49(3) of the Charter must be interpreted as precluding a national legal provision that provides for a custodial sentence of a minimum of five years where a trade mark is used, repeatedly or with significant harmful effects, in the course of trade without the consent of the holder of the exclusive right.

#### Costs

87 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the referring 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 (Fourth Chamber) hereby rules:**

**1. Article 49(1) of the Charter of Fundamental Rights of the European Union**

**must be interpreted as meaning that the principle of the legality of criminal offences and penalties does not preclude national legislation which provides,**

where a trade mark is used in the course of trade without the consent of the holder of the exclusive right, that the same conduct may be categorised both as an administrative offence and as a criminal offence, without that legislation including criteria allowing a distinction to be drawn between, on the one hand, the administrative offence and, on the other, the criminal offence, the offence being described in similar, or identical, terms, in the criminal law and the law on trade marks.

**2. Article 49(3) of the Charter of Fundamental Rights of the European Union must be interpreted as precluding a national legal provision that provides for a custodial sentence of a minimum of five years where a trade mark is used, repeatedly or with significant harmful effects, in the course of trade without the consent of the holder of the exclusive right.**

----

#### OPINION OF ADVOCATE GENERAL

PITRUZZELLA

delivered on 27 April 2023 ( 1 )

Case C-655/21

Criminal proceedings

against

G. ST. T.,

Other party:

Rayonna prokuratura Burgas, TO Nesebar

(Request for a preliminary ruling lodged by the Rayonen sad Nesebar (District Court, Nesebar, Bulgaria))

(Reference for a preliminary ruling – Enforcement of intellectual property rights – TRIPS Agreement – Criminal sanctions for trade mark infringements – Applicability of the Charter of Fundamental Rights of the European Union – Principles of legality and proportionality of criminal offences and penalties)

1.

In the case to which the present Opinion relates, the Rayonen sad Nesebar (District Court, Nesebar, Bulgaria) refers four questions to the Court for a preliminary ruling, the first two on the interpretation of Directive 2004/48/EC, ( 2 ) and the last two on the interpretation of Article 49 of the Charter of Fundamental Rights of the European Union ('the Charter'). Those questions are raised in connection with criminal proceedings brought against G. ST. T., who is charged with several offences of trade mark infringement.

I. Legal framework

A. European Union law

2.

With regard to primary law, Article 49 of the Charter is relevant in the order for reference from the point of view of both the legality and the proportionality of criminal offences and penalties, referred to in paragraphs 1 and 3 of that article respectively. With regard to Directive 2004/48, the referring court refers to recitals 26 and 28,

as well as to Article 13, concerning compensation for the prejudice suffered as a result of the infringement of intellectual property rights. To save space, I shall confine myself here to referring to the relevant wording of those provisions, reserving the right to draw attention to their content, where necessary, in the remainder of the present Opinion.

B. Bulgarian law

3.

The request for a preliminary ruling refers to Articles 13, 119 and 127 of the Zakon za markite i geografските oznacheniya (Law on trade marks and geographical indications; 'the ZMGO') and to Articles 13, 76b and 81 of the Zakon za markite i geografските oznacheniya (Law on trade marks and geographical indications, repealed, in force on 22 June 2016; 'the ZMGO 2016'). In particular, Article 127(1) of the ZMGO and Article 81(1) of the ZMGO 2016 provide for an administrative sanction to be imposed on a person who, in the course of trade, uses goods or services that bear a sign identical or similar to a registered trade mark without the consent of the proprietor thereof.

4.

The referring court further draws attention to Articles 55, 66 and 172b of the Nakazatelen kodeks (Criminal Code; 'the NK') and to Articles 84 to 88 and 247c of the Nakazateleno-protsesualen kodeks (Code of Criminal Procedure; 'the NPK'). For the purposes of the present case, Article 172b of the NK is of particular relevance; its wording, which it is appropriate to point out at this stage, reads as follows:

'(1) A person who, without the consent of the holder of the exclusive right, uses in the course of trade a trade mark, design, plant variety or animal breed which is the subject of that exclusive right, or who uses a geographical indication or an imitation thereof without a legal basis, shall be punished by a term of imprisonment not exceeding five years and a fine not exceeding 5000 Bulgarian leva (BGN).

(2) If the act referred to in paragraph 1 is repeated or causes significant harmful effects, it shall be punishable by a term of imprisonment of five to eight years and a fine of BGN 5000 to BGN 8000.

(3) The object of the offence shall be confiscated and destroyed irrespective of whose property it is.'

II. Main proceedings and procedure before the Court

5.

The accused, G. ST. T., a sole trader, is accused of having committed several offences involving the counterfeiting of registered trade marks in 2016, by offering for sale, without the consent of the holder of the corresponding right, items of clothing bearing signs that resembled those trade marks, for a total value of BGN 1404590 in the case of the original clothing and of BGN 80201 in the case of the counterfeit clothing. The goods in question, seized at the commercial establishment in which they were being offered for sale, were confiscated and subsequently destroyed.

6.

The referring court points out, in the first place, that the offences referred to in Article 172b(1) and (2) of the NK

were introduced in the Republic of Bulgaria within the scope of the discretion conferred by recital 28 of Directive 2004/48. They complement the administrative offence currently provided for in Article 81(1) of the ZMGO 2016. That court essentially states that the constituent elements of the offence under Article 172b(2) of the NK require an assessment of the magnitude of the harm caused to the right holder. To that end, the national case-law applies a presumption not provided for in Directive 2004/48, whereby the harm caused by that offence corresponds to the equivalent of the retail prices of lawfully manufactured goods that are identical or similar to the infringing goods, and is exclusive of both lost profit and non-material damage. In those circumstances, that court is unsure whether the Bulgarian legislation is compatible with Directive 2004/48.

7.

In the second place, having stated that the criminal offence under Article 172b of the NK and the administrative offence provided for in the ZMGO came within the scope of EU law because they were penalty-related provisions applicable to legal relationships that were regulated by EU law, the referring court has doubts as to whether the Bulgarian legislation, which categorises the same conduct as an administrative offence and as a criminal offence, without providing a clear and precise criterion for differentiating the two, is compatible with Article 49(1) of the Charter.

8.

Lastly, that court has doubts as to whether the custodial sentence provided for in Article 172b(2) of the NK, with a particularly high lower limit in terms of sentencing and an upper limit that cannot be regarded as low either, complies with the principle of proportionality set out in Article 49(3) of the Charter, also in the light of the fact that the practical possibilities for a reduction of the sentence are extremely limited.

9.

It is in this context that the Rayonen sad Nesebar (District Court, Nesebar) stayed the proceedings and referred the following questions to the Court of Justice for a preliminary ruling:

‘(1)

Are the legislation and case-law in accordance with which the harm suffered by the trade mark proprietor forms part of the constituent elements of the offences referred to in Article 172b(1) and (2) of the NK consistent with the standards introduced by [Directive 2004/48] in relation to harm caused by the unlawful exercise of intellectual property rights?

(2)

If the first question is answered in the affirmative, is the automatic presumption, introduced by case-law in the Republic of Bulgaria, for determining the harm – in the amount of the value of the goods offered for sale, calculated on the basis of the retail prices of lawfully manufactured goods – consistent with the standards of [Directive 2004/48]?

(3)

Is legislation which does not distinguish between an administrative offence (Article 127(1) of the [ZMGO] currently in force and Article 81(1) of the ZMGO in force in 2016), the criminal offence under Article 172b(1) of the NK and, if the first question is answered in the negative, the criminal offence under Article 172b(2) of the NK compatible with the principle of legality of criminal offences, as enshrined in Article 49 of the [Charter]?

(4)

Are the penalties provided for in Article 172b(2) of the NK (custodial sentence of 5 to 8 years and a fine of BGN 5000 to BGN 8000) consistent with the principle established in Article 49(3) of the [Charter] (the severity of penalties must not be disproportionate to the criminal offence)?

10.

The Republic of Austria and the European Commission submitted written observations under Article 23 of the Statute of the Court of Justice of the European Union. By way of a measure of organisation of procedure, the Court put to the interested parties, within the meaning of Article 23 of the Statute, certain questions, to be answered in writing, concerning Articles 49 and 51 of the Charter. The Republic of Austria and the Commission complied with that measure.

11.

In accordance with the Court’s request, the present Opinion will deal only with the third and fourth questions referred for a preliminary ruling.

### III. Analysis

#### A. Jurisdiction of the Court: preliminary observations

12.

The Court’s jurisdiction to answer the third and fourth questions referred for a preliminary ruling depends on whether the Charter is applicable to the main proceedings. That applicability depends in turn on whether, as required by Article 51(1) of the Charter, which delimits its own scope, the Bulgarian legislature, in defining the sanctions laid down in Article 172b of the NK, was implementing EU law. The answer to that question would clearly be in the affirmative if it were to be held, as the referring court holds, that Article 172b of the NK constitutes a penalty-related provision adopted as part of the transposition into Bulgarian law of Directive 2004/48. The Court will have to rule on that point in the answer to be given to the first two questions referred for a preliminary ruling.

13.

The present Opinion, which, as has been said, does not deal with those questions, aims instead to examine the applicability of the Charter from a different angle and therefore starts from the premiss of a Court ruling that the criminal legislation whose compatibility with Directive 2004/48 the referring court seeks to assess falls outside the scope of that directive. More precisely, I will examine below whether the application of the Charter, and thus the jurisdiction of the Court to answer those questions, may follow from the fact that the national legislation at issue implements an undertaking given in



the context of an international agreement concluded by the European Union.

1. The application of the Charter in the event of implementation by the Member States of international legal obligations of the European Union

14.

According to Article 51(1) of the Charter, the provisions of the latter apply to the Member States only when they are implementing EU law. By virtue of Article 51(2) thereof, the Charter does not extend the scope of EU law beyond the powers of the European Union; nor does it establish any new power or task for the European Union, or modify powers and tasks defined by the Treaties.

15.

It is settled case-law that the fundamental rights guaranteed by the Charter are applicable to all situations governed by EU law, but not outside that. ( 3 ) Those rights must therefore be respected, in particular, when national legislation comes within the scope of that law. ( 4 ) Where that is the case, the Court, when giving a preliminary ruling, must provide all the elements of interpretation necessary for the national court to assess whether that legislation complies with the fundamental rights whose observance it guarantees. ( 5 )

16.

As pointed out by Advocate General Saugmandsgaard Øe in his Opinion in *Commission v Hungary (Usufruct over agricultural land)*, ( 6 ) it follows from the Court's case-law that situations in which Member States are bound by fundamental rights recognised in the EU legal order can be classified in – at least – two categories.

17.

First, those fundamental rights are binding on the Member States when the latter implement rules of EU law, whether contained in the Treaty, ( 7 ) in regulations, ( 8 ) in directives, ( 9 ) in framework decisions, ( 10 ) or even in acts that have their legal basis in EU regulations and form part of the law of the European Union. ( 11 )

18.

Second, the fundamental rights recognised in the EU legal order apply when a Member State derogates, by means of national legislation, from EU law and invokes a justification recognised by EU law in defence of that national legislation. In that regard, the Court has made it clear, on the basis of what it had already held in the *ERT* judgment ( 12 ) before the Charter had entered into force, that recourse by a Member State to exceptions provided for by EU law in order to justify an obstacle to a fundamental freedom guaranteed by the Treaty also constitutes 'implementing Union law' within the meaning of Article 51(1) of the Charter, even if, in itself, the legislation in question is not intended to implement a provision of EU law. ( 13 )

19.

However, that dichotomy does not exhaust the totality of situations in which the Charter applies. That is already clear from the judgment of 26 February 2013, *Åkerberg Fransson*. ( 14 ) In that judgment, the national measures in question, which provided for the imposition of surcharges and the institution of criminal proceedings aimed at penalising value added tax (VAT) fraud, did not

fall exactly into either of the two categories referred to above. The Court nevertheless held that those measures constituted an implementation of EU law within the meaning of Article 51(1) of the Charter, pointing out that the measures were intended to penalise infringements of provisions contained in EU directives in the field of VAT and therefore to implement the obligation, imposed on the Member States by the Treaty, to penalise effectively conduct that was detrimental to the financial interests of the European Union.

20.

The range of situations coming within the scope of EU law and giving rise to the application of the Charter is therefore broader and not clearly or exhaustively defined. It includes, in general, all situations in which EU law imposes specific obligations on the Member States or in which a provision of EU law applies. The criteria for assessing whether there is in fact a situation 'implementing EU law' within the meaning of Article 51(1) of the Charter are also fluid. The Court has stated that it is necessary, for that purpose, to ascertain, *inter alia*, whether the national measure in question 'is intended to implement a provision of EU law, what its character is and whether it pursues objectives other than those envisaged by EU law, even if it is capable of indirectly affecting the latter, and whether there is a provision of EU law that specifically governs the matter or is capable of affecting it'. ( 15 ) Despite that fluidity, the objective of the assessment is clear: to ensure application of the fundamental rights enshrined in the Charter in all cases in which EU law applies. As the Court stated in paragraph 21 of the judgment in *Åkerberg Fransson*, 'situations cannot exist which are covered ... by European Union law without [the] fundamental rights [guaranteed by the Charter] being applicable'.

21.

In its recent judgment of 6 October 2020, *Commission v Hungary (Higher Education)*, ( 16 ) the Court, ruling as the Grand Chamber, made an important addition to the abovementioned case-law. The case at the origin of that ruling concerned infringement proceedings in which the Commission accused Hungary of not only an infringement of Article XVII of the General Agreement on Trade in Services ('the GATS') ( 17 ) and an infringement of that Member State's obligations under Article 16 of Directive 2006/123/EC, ( 18 ) but also of a separate and independent infringement of Article 13, Article 14(3) and Article 16 of the Charter, relating to academic freedom, freedom to found educational establishments and freedom to conduct a business. ( 19 )

22.

In that judgment, the Court first reiterated its settled case-law under which an international agreement concluded by the European Union constitutes, as from its entry into force, an integral part of the EU legal order. ( 20 ) It then held that the GATS, in so far as it was included in the Agreement establishing the WTO, signed by the European Union, then approved by the latter on 22 December 1994, ( 21 ) formed part of EU law. ( 22 )

It accordingly concluded, in paragraph 213, that, ‘when the Member States are performing their obligations under that agreement ..., they [are] implementing EU law, within the meaning of Article 51(1) of the Charter’.

23. Although the Court did not refer to any precedent, it follows from the scheme of the judgment that the logic underlying that conclusion is as referred to in points 19 and 20 of the present Opinion, ( 23 ) whereby application of the fundamental rights guaranteed by the Charter is justified in a situation such as that referred to in paragraph 213 of the judgment in *Commission v Hungary* because, when giving effect, in their domestic law, to international legal obligations of the European Union on the basis of their normative power, the Member States meet an obligation vis-à-vis the European Union, applying rules that form an integral part of EU law, with the result that the applicability of the Charter ensures that Member States do not infringe the fundamental rights of the European Union when they act as EU ‘agents’. ( 24 ) On the other hand, the obligation imposed on Member States to implement agreements concluded by the European Union derives from the FEU Treaty, Article 216(2) of which provides that those agreements are binding on the Member States.

24. The conclusion reached by the Court in paragraph 213 of the judgment in *Commission v Hungary* therefore has a particularly broad potential for application by analogy, which goes beyond the confines of the case of which it forms part. I do not believe that it can be inferred from the context of the case that gave rise to that judgment, and in particular from the fact that it concerned the infringement of an obligation resulting from an agreement concluded by the European Union, that the Court intended to limit the conclusion reached therein solely to cases in which the national measure at issue is liable to call into question the international liability of the European Union. In my opinion, both the wording of that paragraph and the premisses on the basis of which application of the Charter is inferred in that case – that is to say, the incorporation of the GATS into EU law – as well as the logic underlying that application, referred to above, militate against such a restrictive reading.

25. In that regard, I note that similar reasoning to that applied by the Court in the judgment in *Commission v Hungary*, in order to justify in that case the application of the general principles of EU law, is to be found in the judgment of 24 February 2022, *Agenzia delle dogane e dei monopoli and Ministero dell’Economia e delle Finanze*. ( 25 ) In the case that gave rise to that judgment, the referring court questioned the proportionality of national legislation that provided, in the case of the sale of tobacco products to minors, for the cumulation of an administrative financial penalty and an ancillary administrative penalty consisting in the temporary suspension of the trading licence of a tobacconist’s shop. The Court first held that the provisions of EU law whose interpretation was sought by the referring court did not apply to the situation at issue in the main proceedings. (

26 ) Subsequently, referring to paragraph 69 of the judgment in *Commission v Hungary* and to the case-law according to which an international agreement concluded by the European Union constitutes, as from its entry into force, an integral part of EU law, the Court held that the national provision at issue in the national proceedings had to be assessed in the light of the requirements introduced into Article 16 of the World Health Organisation (WHO) Framework Convention on Tobacco Control, signed in Geneva on 21 May 2003 (‘the FCTC’) ( 27 ) and, in particular, paragraph 1 of that article, under which each party to that framework convention had to adopt and implement ‘effective legislative, executive, administrative or other measures at the appropriate government level to prohibit the sales of tobacco products to persons under the age set by domestic law, national law or 18’. Lastly, the Court specified that ‘since the FCTC is an integral part of EU law, its implementation must comply with the principle of proportionality, as a general principle of EU law’. ( 28 ) In other words, the Court recognised that the implementation by the Member States of obligations entered into under that framework convention constituted a case of ‘applying EU law’ in such a way as to trigger application of the general principles of that law.

26. It is in the light of the foregoing principles that the applicability of the Charter in the situation at issue in the main proceedings must be assessed.

2. Application of the Charter to the situation at issue in the main proceedings

27. The referring court is consulting the Court on the interpretation of Article 49 of the Charter in order to determine whether the provisions of Bulgarian law that penalise the counterfeiting of a registered trade mark are compliant with that provision. That court assumes that the situation at issue in the main proceedings comes within the scope of EU law because the offences referred to in Article 172b(1) and (2) of the NK and the administrative offences provided for by the ZMGO and the ZMGO 2016 apply ‘to legal relations governed by EU law’.

28. In that regard, I reiterate that the Agreement on Trade-Related Aspects of Intellectual Property Rights contained in Annex 1C to the Agreement Establishing the WTO (‘the TRIPS Agreement’) pursues, inter alia, the objective of establishing minimum multilateral standards to combat counterfeiting and achieves a de facto harmonisation of measures and procedures to enforce intellectual property rights. ( 29 ) According to Article 61 thereof, the ‘Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting ... Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and

destruction of the infringing goods ...'. Although the referring court did not refer to that agreement, the latter lays down specific obligations regarding criminal proceedings and penalties. While it does not prescribe a particular level of penalties, it nevertheless requires the introduction of certain types of penalty. The reference, in recital 28 of Directive 2004/48, to criminal sanctions as 'a means of ensuring the enforcement of intellectual property rights' must be regarded as an implicit reference to those obligations, which the directive nevertheless expressly does not affect. ( 30 )

29.

The Court has long recognised that the TRIPS Agreement, like the GATS, forms an integral part of the EU legal order ( 31 ) and is therefore applicable in the European Union, even though the provisions of the TRIPS Agreement do not have direct effect and are not such as to create rights upon which individuals may rely directly before the courts by virtue of EU law. ( 32 ) Moreover, the TRIPS Agreement comes within the notion of 'commercial aspects of intellectual property' referred to in Article 207(1) TFEU and, therefore, since the entry into force of the FEU Treaty, within the exclusive external competence of the European Union in matters of common commercial policy. ( 33 )

30.

Applying by analogy the reasoning of the Court in paragraph 213 of the judgment in *Commission v Hungary*, it follows that when Member States are meeting their obligations under the TRIPS Agreement, including those arising from Article 61 thereof, they are implementing EU law within the meaning of Article 51(1) of the Charter. In so far as the offences referred to in Article 172b(1) and (2) of the NK constitute an implementation of the obligations arising from Article 61 of the TRIPS Agreement, the Charter is thus applicable to the situation at issue in the main proceedings.

31.

Contrary to what the Austrian Government maintains, the fact that the authors of the Treaties conferred only limited powers on the European Union in criminal matters ( 34 ) and that criminal legislation is therefore, in principle, within the competence of the Member States does not oppose this conclusion. ( 35 )

32.

On the one hand, it follows from that same case-law that that competence must in any event be exercised with due regard not only for the fundamental freedoms guaranteed by EU law, but also for all EU law, in particular primary law. ( 36 ) Even when acting in areas coming within their competence, the Member States are therefore bound to comply with their obligations under EU law. ( 37 ) On the other hand, the Court has long held that the mere fact that, in principle, criminal legislation, like the rules of criminal procedure, does not come within the competence of the European Union ( 38 ) does not prevent the EU legislature, when the application of effective, proportionate and dissuasive criminal penalties by the competent national authorities is an essential measure for ensuring the effectiveness of an

EU policy or the proper functioning of the internal market, from taking measures in relation to the criminal law of the Member States. ( 39 ) That competence is now expressly set out in Article 83(2) TFEU. It follows that the EU legislature is competent, under the conditions laid down in that provision, to adopt harmonisation measures in criminal matters concerning the definition of minimum norms relating to the definition of offences and penalties that are necessary to ensure the full effectiveness of the rules which it lays down on the protection of intellectual property, protection which is, moreover, enshrined in Article 17(2) of the Charter itself. The scope of the obligation on Member States, resulting from Article 61 of the TRIPS Agreement, to provide for criminal procedures and penalties to be applied in cases of wilful trade mark counterfeiting does not go beyond the powers provided for in Article 83(2) TFEU.

33.

Admittedly, as pointed out by the Austrian Government, this is, according to Article 4(2)(j) TFEU, a competence shared with the Member States, which, according to Article 2(2) TFEU, the latter exercise 'to the extent that the Union has not exercised its competence'. Now, the European Union has not adopted any harmonisation rules on penalties and criminal proceedings for the infringement of intellectual property rights. ( 40 ) As further asserted by the Austrian Government, the Court has made it clear that the mere fact that a national measure falls within an area in which the European Union has competence cannot bring it within the scope of EU law and thus make the Charter applicable. ( 41 ) Lastly, it follows from settled case-law, dating back to the judgment of 26 October 1982, *Kupferberg*, also referred to by the Austrian Government, that the measures necessary to implement the provisions of an agreement concluded by the European Union must be adopted on the basis of the current state of EU law in the areas covered by the agreement, sometimes by the EU institutions, sometimes by the Member States. ( 42 )

34.

However, if the European Union remains fully entitled to legislate, on the one hand, on intellectual property rights, by virtue of its powers relating to the internal market, in compliance with the rules on the existence, scope and exercise of intellectual property rights contained in the TRIPS Agreement, ( 43 ) and, on the other hand, by virtue of Article 83(2) TFEU, in the area of criminal law, in order to ensure the effectiveness of the rules protecting those rights, the worldwide harmonisation of intellectual property protection brought about by that agreement, ( 44 ) including with regard to the fight against counterfeiting, in principle binds each WTO member and is incorporated into the EU legal order irrespective of acts of internal harmonisation, with the result that the meeting of obligations entered into under those agreements, even when carried out by the Member States in the exercise of their competence, comes within the scope of EU law.

35.



On the other hand, in the very same judgment in *Kupferberg*, the Court stated that, ‘in ensuring respect for commitments arising from an agreement concluded by the Community institutions the Member States fulfil an obligation not only in relation to the non-member country concerned but also and above all in relation to the Community which has assumed responsibility for the due performance of the agreement’, pointing out the ‘Community nature’ of the provisions in question. ( 45 ) Now, paragraph 213 of the judgment in *Commission v Hungary* appears to develop that case-law, which, while undoubtedly constituting a broad interpretation of the notion of ‘implementing EU law’ referred to in Article 51(1) of the Charter, nevertheless does not go beyond the limits imposed by that provision. I do not therefore consider that the scope of the interpretation of that notion resulting from that paragraph can be limited, as the Austrian Government suggests, solely to situations in which provisions of agreements are implemented that come within the competence, already exercised, of the European Union. ( 46 )

36. I recall, moreover, on the one hand, that in the judgment in *Commission v Hungary*, in response to the argument that the European Union lacked competence in the area of higher education, the Court replied that, since the commitments entered into under the GATS come within the scope of the common commercial policy, although the Member States have broad competence in the area of education, those commitments, including those relating to the liberalisation of trade in private educational services, fall within the exclusive competence of the European Union. ( 47 ) On the other hand, I note that, in the judgment in *Agenzia delle dogane e dei monopoli and Ministero dell’Economia e delle Finanze*, the implementation of the FCTC by the Member State concerned gave rise to the application of the general principles of EU law even when there was no specific harmonising legislation at EU level, not only with regard to the applicable penalties, but also with regard to the rules of substantive law infringed. ( 48 ) In that regard, it is important to note also that, unlike in the case that gave rise to that judgment, the criminal proceedings against G. ST. T. and the sanctions at issue in those proceedings are intended to punish infringement of the exclusive rights conferred by the registered trade mark, the scope of which is an area subject to extensive harmonisation and regulation at EU level. ( 49 )

37. Lastly, with regard to the argument that the Austrian Government draws from Article 207(6) TFEU, under which ‘the exercise of the competences conferred by this Article in the field of the common commercial policy ... shall not lead to harmonisation of legislative or regulatory provisions of the Member States in so far as the Treaties exclude such harmonisation’, it is sufficient to note, on the one hand, that, in the judgment in *Commission v Hungary*, the fact that, with regard to the area of education, Article 166(4) TFEU contains an express prohibition of harmonisation but did not preclude the Court from treating the Charter as

applicable for the grounds set out in paragraph 213 of that judgment and, on the other hand, that the possibility of approximating the laws and regulations of the Member States in criminal matters for the purpose of ensuring the effective implementation of a Union policy is, as has been seen, expressly provided for in Article 83(2) TFEU. ( 50 )

38. On the basis of all of the foregoing, I consider that the Charter is applicable to the situation at issue in the main proceedings, if and in so far as the conduct incriminated in the main proceedings and the penalties applicable to it come within the scope of Article 61 of the TRIPS Agreement, although this is a matter for the referring court to verify.

B. The third question referred for a preliminary ruling

39. By its third question, the referring court essentially asks the Court whether the principle of the legality of criminal offences and penalties provided for in Article 49(1) of the Charter precludes national legislation under which the same conduct may give rise to both an administrative offence and a criminal offence without the boundaries of the one and the other being clearly defined and thus without the persons concerned being placed in a position to predict the consequences of that conduct.

40. According to settled case-law, by virtue of the principle of the legality of offences and penalties, criminal provisions must comply with certain requirements of accessibility and predictability as regards both the definition of the offence and the determination of the penalty. ( 51 ) This principle is applicable also to the cumulation of administrative and criminal proceedings and penalties, and therefore the same requirements must be met also by provisions that allow double prosecution. ( 52 ) Although the principle of the legality of offences and penalties requires that the law clearly define the offences and the penalties for those offences, this condition is fulfilled if the person is in a position to know, on the basis of the wording of the relevant provision and with the possible help of interpretation given thereto by the courts, which acts and omissions make him or her criminally liable. ( 53 ) Furthermore, according to settled case-law, the principle of specifying the applicable law cannot be interpreted as prohibiting the gradual clarification, from one case to another, of the rules on criminal liability by means of case-law interpretation, provided that the result is reasonably predictable at the time when the offence is committed, in the light, in particular, of the interpretation in force at that time in the case-law relating to the legal provision in question. ( 54 )

41. It follows from the order for reference that G. ST. T. was charged only with the aggravated offence referred to in Article 172b(2) of the NK. As the referring court itself points out, the existence of ‘significant harmful effects’ is one of the constituent elements of that offence and is

what distinguishes it from the administrative offence under Article 127(1) of the ZMGO.

42.

It is also apparent from that decision that, in an interpretative judgment of 2013, ( 55 ) the Varhoven kasatsionen sad (Supreme Court of Cassation, Bulgaria) adopted an algorithm for calculating the prejudice suffered as a result of the criminal offence referred to in Article 172b – the compatibility of which with Directive 2004/48 is disputed by the referring court in the first two questions referred for a preliminary ruling – for the purpose of, inter alia, furnishing practical guidance for the correct classification of the criminal offence provided for in Article 172b of the NK and the delimitation of that offence from administrative infringements.

43.

In so far as it follows from the case-law referred to in point 42 of the present Opinion, first, that gradual clarification of the rules on criminal liability by means of case-law interpretations is not in itself incompatible with the principle of the legality of criminal offences and penalties and, second, that the mere fact that the precise delimitation between administrative offences and criminal offences, as well as the potential cumulation of the penalties laid down, depends on the interpretation of a general concept that requires a wide-ranging assessment by the national courts is not, in itself, capable of calling into question the clear and precise nature of the national legislation, ( 56 ) it is for the referring court to assess whether, despite the abovementioned interpretative judgment of the Varhoven kasatsionen sad (Supreme Court of Cassation), there is still confusion as to the constituent elements of the administrative offence under Article 127 of the ZMGO and those of the criminal offence under Article 172b of the NK, such that the scope of criminal liability under that article cannot be predicted.

44.

It is therefore necessary, in my opinion, to answer the third question referred for a preliminary ruling to the effect that, where the legislation of a Member State penalises the counterfeiting of a registered trade mark by applying administrative and criminal penalties, Article 49(1) of the Charter requires that the boundaries of criminal liability be clearly defined. That principle does not preclude the precise scope of the constituent elements of the offence of counterfeiting that distinguish the latter from the administrative offence from being clarified by interpretation of the case-law, provided that that interpretation enables the persons concerned to know precisely, at the time when the offence is committed, which acts and omissions may render them criminally liable.

C. The fourth question referred for a preliminary ruling

45.

By its fourth question, the referring court essentially asks whether the penalties set out in Article 172b(2) of the NK, that is to say a term of imprisonment of five to eight years and a fine of BGN 5000 to BGN 8000, comply with the principle of proportionality set out in

Article 49(3) of the Charter. According to that court, the prison sentence, in particular the minimum sentence, is of an ‘exceptional severity’, considering also that the offence takes the form of merely offering for sale the goods in question. It further states that, given the high level of the penalty, the possibility for the court to reduce it or stay its execution is extremely limited. Lastly, the referring court points out that both the cumulation of the prison sentence with a high fine and the additional measure consisting in the confiscation of the infringing goods and their destruction contributes to increasing the severity of the penalty imposed as a whole.

46.

Let me first point out that, according to settled case-law, if there is no harmonisation of applicable penalties at EU level, the Member States remain competent to choose the penalties that seem appropriate to them. They are, however, obliged, as I previously observed above, to exercise their competence in compliance with EU law and the general principles thereof and, consequently, in accordance with the principle of proportionality. ( 57 ) Article 61 of the TRIPS Agreement confines itself to obliging WTO members to penalise certain infringements of intellectual property rights and suggests that the potential measures include ‘imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity’. Moreover, as I have also pointed out previously, there has been no harmonisation on the matter at EU level. It follows that the Member States enjoy a broad margin of discretion in that connection, in particular as regards the level of the penalties applicable. That discretion enables them, in particular, to assess the seriousness of the offence at national level and to adapt those penalties accordingly.

47.

Next, I would point out that it is settled case-law that the principle of the proportionality of penalties referred to in Article 49(3) of the Charter requires the severity of the penalties imposed to be commensurate with the gravity of the infringements that they penalise, ensuring, in particular, a genuinely dissuasive effect, without going beyond what is necessary to achieve the objectives legitimately pursued by the legislation in question. ( 58 ) The Court has further stated that the principle of proportionality requires that the specific circumstances of the case in point be taken into account when determining the penalty. ( 59 ) It is ultimately for the national court, which alone is competent to assess the facts and interpret national law, to determine whether, in the proceedings before it, those requirements are met.

48.

In the present case, as regards, first of all, the nature and gravity of the offence, it is apparent from the order for reference that Article 172b of the NK is intended to penalise, inter alia, the intentional counterfeiting of trade marks, that is to say, conduct of a certain gravity, which Article 61 of the TRIPS Agreement requires to be penalised under criminal law and in such a way as to ensure sufficient deterrence. A growing phenomenon,

which has long had an international dimension, counterfeiting poses a serious threat to businesses and national economies, with significant social repercussions, as well as posing problems for consumer protection, particularly when public health and safety are at stake. It is also a phenomenon that appears to be increasingly linked to organised crime. ( 60 )

49.

As regards, in the first place, the term of imprisonment provided for in Article 172b(2) of the NK, it is set at a significantly high level, particularly if one considers the minimum limit for that sentence, which is set at five years; ( 61 ) it is therefore likely to raise reasonable doubts as to its proportionality, particularly when applied to conduct such as that at issue in the main proceedings, as described by the referring court. It must, however, be borne in mind that Article 172b(2) of the NK applies where there are specific aggravating circumstances that appear to be linked, first, to recidivism or continuation, and, second, to the seriousness of the damage caused. For a simple offence, Article 172b(1) of the NK provides for a lower minimum sentence, set at three years. Now, as the Commission has rightly pointed out, one of the elements to be taken into consideration when assessing the proportionality of a criminal law is the possibility of modulating the penalty according to the seriousness of the offence. ( 62 )

50.

In the present case, although, as stated, it is apparent from the order for reference that the conduct at issue in the main proceedings, consisting in offering for sale garments bearing trade marks similar to registered trade marks, was held by the public prosecutor to be covered by the offence referred to in Article 172b(2) of the NK in view of the seriousness of the resulting prejudice, the Court does not have sufficient evidence either in the abstract or in practice, in particular with regard to the precise scope of the notion of ‘significant harmful effects’ within the meaning of Article 172b(2) of the NK, to provide the referring court with further elements for assessment in addition to those referred to previously. In any event, it is for that court, in the light of all the circumstances of the case that can be taken into consideration under national law, to carry out a practical examination of the proportionality of the custodial sentence applicable in relation to the incriminated conduct and the consequences thereof and, where necessary, to adapt the level of that sentence to the specific circumstances of the case as far as possible under the discretion vested in it, which includes any power to reclassify the facts for which G. ST. T. is called upon to answer from an offence within the meaning of Article 172b(2) of the NK to an offence within the meaning of the first paragraph of that article.

51.

As regards, in the second place, the cumulation allowed by Article 172b(2) of the NK of a fine with a custodial sentence, I should point out that the Court has previously had occasion to clarify that the cumulation of penalties of a criminal nature must be accompanied by rules that ensure that the severity of the penalties imposed as a

whole corresponds to the seriousness of the offence concerned and that such a requirement follows not only from the principle of the proportionality of penalties laid down in Article 49(3) of the Charter but also from Article 52(1) thereof. ( 63 ) The Court has further clarified that that requirement applies, without exception, to all penalties imposed cumulatively and, therefore, both to the cumulation of penalties of the same nature and to the cumulation of penalties of different natures, such as fines and prison sentences. ( 64 )

52.

In the present case, it is therefore for the referring court, for the purpose of assessing the proportionality of the practical application of the legislation at issue in the main proceedings, to determine whether there are appropriate rules to ensure that the severity of the set of penalties laid down, including confiscation and destruction of the infringing property, is adapted to what is strictly necessary in the light of the seriousness of the offence committed and whether those rules are applicable in the criminal proceedings brought against G. ST. T.

53.

On the basis of the foregoing, it is therefore necessary, in my view, to reply to the fourth question referred for a preliminary ruling by stating that Article 49(3) of the Charter must be interpreted as precluding national legislation that, with a view to combating the counterfeiting of a registered trade mark, provides for the imposition of criminal penalties of both a custodial and a financial nature of a severity that is not proportionate to the seriousness of the infringements committed. It is for the referring court to carry out that examination of proportionality in practice, in the light, in particular, of the possibility offered by that legislation to modulate those penalties in relation to the seriousness of the infringement, as well as in the light of all the circumstances that can be taken into account under national law in order to weigh up, first, the seriousness of the offence in question and, second, the burden that the cumulation of those penalties specifically entails for the person concerned.

IV. Conclusion

54.

In the light of all the foregoing, I propose that the Court reply as follows to the third and fourth questions referred for a preliminary ruling by the Rayonen sad Nesebar (District Court, Nesebar, Bulgaria):

Article 49(1) of the Charter of Fundamental Rights of the European Union must be interpreted as meaning that, where the legislation of a Member State penalises the counterfeiting of a registered trade mark by applying administrative and criminal penalties, the principle of the legality of the criminal offences and penalties laid down in that provision requires that the boundaries of criminal liability be clearly defined. That principle does not preclude the precise scope of the constituent elements of the offence of counterfeiting that distinguish the latter from the administrative offence from being clarified by interpretation of the case-law, provided that that interpretation enables the persons concerned to



know precisely, at the time when the offence is committed, which acts and omissions may render them criminally liable.

Article 49(3) of the Charter must be interpreted as precluding national legislation that, with a view to combating the counterfeiting of a registered trade mark, provides for the imposition of criminal penalties of both a custodial and a financial nature in so far as the severity of those penalties, considered both separately and cumulatively, is not proportionate to the seriousness of the infringements committed. It is for the referring court to carry out that examination of proportionality in practice, in the light, in particular, of the possibility offered by that legislation to modulate those penalties in relation to the seriousness of the infringement, as well as in the light of all the circumstances that can be taken into account under national law in order to weigh up, first, the seriousness of the offence in question and, second, the burden that the cumulation of those penalties specifically entails for the person concerned.

( 1 ) Original language: Italian.

( 2 ) 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).

( 3 ) See judgment of 5 May 2022, BPC Lux 2 and Others (C-83/20, EU:C:2022:346, paragraph 26).

( 4 ) See judgment of 21 May 2019, Commission v Hungary (Usufruct over agricultural land) (C-235/17, EU:C:2019:432, paragraph 63 and the case-law cited).

( 5 ) See judgment of 5 May 2022, BPC Lux 2 and Others (C-83/20, EU:C:2022:346, paragraph 26).

( 6 ) C-235/17, EU:C:2018:971, point 71 et seq.

( 7 ) See judgment of 5 December 2017, M.A.S. and M.B. (C-42/17, EU:C:2017:936).

( 8 ) See judgment of 24 March 1994, Bostock (C-2/92, EU:C:1994:116).

( 9 ) See judgment of 10 July 2003, Booker Aquaculture and Hydro Seafood (C-20/00 and C-64/00, EU:C:2003:397).

( 10 ) See judgment of 5 April 2016, Aranyosi and Căldăraru (C-404/15 and C-659/15 PPU, EU:C:2016:198).

( 11 ) See judgment of 5 May 2022, BPC Lux 2 and Others (C-83/20, EU:C:2022:346).

( 12 ) See judgment of 18 June 1991, ERT (C-260/89, EU:C:1991:254).

( 13 ) See, in that respect, judgment of 21 May 2019, Commission v Hungary (Usufruct over agricultural land) (C-235/17, EU:C:2019:432, paragraph 65 and the case-law cited). This was an action for failure to fulfil obligations, in which the Commission had, for the first time, requested that the Court find that the Member State concerned had independently infringed a provision of the Charter. The Hungarian legislation at issue constituted a restriction on the free movement of capital and, in order to justify that restriction, Hungary relied on the existence of overriding reasons in the public interest as well as of the grounds referred to in Article 65 TFEU. The Court held that, in those circumstances, the compatibility of that legislation with EU law had to be examined in the light both of the exceptions provided for

by the Treaty and the case-law of the Court, and of the fundamental rights guaranteed by the Charter; it therefore proceeded to examine jointly the separate complaints raised by the Commission. I note that, in his Opinion in this case (C-235/17, EU:C:2018:971), Advocate General Saugmandsgaard Øe had suggested that the Court reject the Commission's complaint based independently on the Charter.

( 14 ) C-617/10, EU:C:2013:105 ('the judgment in Åkerberg Fransson').

( 15 ) See judgment of 5 May 2022, BPC Lux 2 and Others (C-83/20, EU:C:2022:346, paragraph 27).

( 16 ) C-66/18, EU:C:2020:792 ('the judgment in Commission v Hungary').

( 17 ) GATS appears in Annex 1B to the Agreement establishing the World Trade Organization (WTO), signed in Marrakesh and approved by Council Decision 94/800/EC of 22 December 1994 concerning the conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay Round multilateral negotiations (1986-1994) (OJ 1994 L 336, p. 1), ('the Agreement establishing the WTO').

( 18 ) Directive of the European Parliament and the Council of 12 December 2006 on services in the internal market (OJ 2006 L 376, p. 36).

( 19 ) The national legislation challenged by the Commission required foreign educational institutions based outside the European Economic Area (EEA), as a condition for being able to provide teaching services in Hungary, to conclude an international agreement between that Member State and the home State in question, as well as to offer higher education training in their home country.

( 20 ) See paragraph 69 of the judgment in Commission v Hungary.

( 21 ) See Decision 94/800. The WTO Agreement entered into force on 1 January 1995.

( 22 ) See paragraphs 70 and 71 of the judgment in Commission v Hungary.

( 23 ) See point 19 of the present Opinion. The case-law based on the ERT judgment, which comes within the second of those categories (see point 20 of the present Opinion), is in fact expressly referred to in paragraph 214 of the judgment in Commission v Hungary in support of a separate justification for application, in the present case, of the fundamental rights guaranteed by the Charter.

( 24 ) See, in that respect, Opinion of Advocate General Kokott in Commission v Hungary (Higher Education) (C-66/18, EU:C:2020:172, point 128).

( 25 ) C-452/20, EU:C:2022:111 ('the judgment in Agenzia delle dogane e dei monopoli and Ministero dell'Economia e delle Finanze').

( 26 ) The provisions in question were Article 5 TEU and Article 23(3) of Directive 2014/40/EU of the European Parliament and of the Council of 3 April 2014 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products and repealing Directive

2001/37/EC (OJ 2014 L 127, p. 1, and corrigendum OJ 2015 L 150, p. 24). As far as that directive was concerned, the Court held that it had not harmonised the aspects of the sale of tobacco products that relate to the sale of those products to minors (see paragraphs 24 to 27).

( 27 ) See the judgment in *Agenzia delle dogane e dei monopoli and Ministero dell'Economia e delle Finanze*, paragraphs 19 to 32. The FCTC was approved on behalf of the European Union by Council Decision 2004/513/EC of 2 June 2004 concerning the conclusion of the WHO Framework Convention on Tobacco Control (OJ 2004 L 213, p. 8).

( 28 ) See paragraph 33 of the judgment in *Agenzia delle dogane e dei monopoli and Ministero dell'Economia e delle Finanze*.

( 29 ) See, in that respect, judgment of 18 July 2013, *Daiichi Sankyo and Sanofi-Aventis Deutschland* (C-414/11, EU:C:2013:520, paragraph 58).

( 30 ) See Article 2(3)(b) of Directive 2004/48.

( 31 ) See judgment of 15 March 2012, *SCF Consorzio Fonografici* (C-135/10, EU:C:2012:140, paragraphs 39 and 40). See also judgment of 13 November 2018, *Levola Hengelo* (C-310/17, EU:C:2018:899, paragraph 39).

( 32 ) See judgment of 15 March 2012, *SCF Consorzio Fonografici* (C-135/10, EU:C:2012:140, paragraph 46).

( 33 ) See judgment of 18 July 2013, *Daiichi Sankyo and Sanofi-Aventis Deutschland* (C-414/11, EU:C:2013:520, paragraphs 45 to 60).

( 34 ) See judgment of 26 February 2019, *Rimšēvičs and ECB v Latvia* (C-202/18 and C-238/18, EU:C:2019:139, paragraph 57).

( 35 ) See judgment of 17 December 2020, *Generalstaatsanwaltschaft Berlin* (Extradition to the Ukraine) (C-398/19, EU:C:2020:1032, paragraph 65).

( 36 ) See judgment of 26 February 2019, *Rimšēvičs and ECB v Latvia* (C-202/18 and C-238/18, EU:C:2019:139, paragraph 57).

( 37 ) See, in that respect, judgment of 22 February 2022, *RS* (Effects of the decisions of a constitutional court) (C-430/21, EU:C:2022:99, paragraph 38 and the case-law cited).

( 38 ) See judgments of 11 November 1981, *Casati* (203/80, EU:C:1981:261, paragraph 27), and of 16 June 1998, *Lemmens* (C-226/97, EU:C:1998:296, paragraph 19).

( 39 ) See, in that regard, judgment of 13 September 2005, *Commission v Council* (C-176/03, EU:C:2005:542, paragraph 48), although, in the judgment of 23 October 2007, *Commission v Council* (C-440/05, EU:C:2007:625, paragraph 70), the Court had ruled that determination of the type and level of criminal penalties to be applied did not, by contrast, come within the sphere of competence of the European Community.

( 40 ) I would point out that on 12 July 2005 the Commission adopted a proposal for a directive of the European Parliament and of the Council on criminal measures aimed at ensuring the enforcement of intellectual property rights (COM(2005) 276 final),

amended on 26 April 2006 (COM(2006) 168 final ('amended proposal for a directive')). That proposal, initially based on Article 95 EC and, after the entry into force of the Treaty of Lisbon, on Article 83(2) TFEU, was withdrawn in 2010 (OJ 2010 C 252, p. 7).

( 41 ) See judgment of 14 October 2021, *INSS* (Survivor's pension based on a partnership) (C-244/20, not published, EU:C:2021:854, paragraph 61).

( 42 ) See judgment of 26 October 1982, *Kupferberg* (104/81, EU:C:1982:362, paragraph 12; 'the judgment in *Kupferberg*').

( 43 ) See judgment of 18 July 2013, *Daiichi Sankyo and Sanofi-Aventis Deutschland* (C-414/11, EU:C:2013:520, paragraph 59).

( 44 ) See, to that effect, judgment of 18 July 2013, *Daiichi Sankyo and Sanofi-Aventis Deutschland* (C-414/11, EU:C:2013:520, paragraph 58).

( 45 ) See the judgment in *Kupferberg*, paragraphs 13 and 14.

( 46 ) I note also that, if this were the case, the Charter would apply by reason of the implementing provisions adopted by the European Union pursuant to its internal competence.

( 47 ) See the judgment in *Commission v Hungary*, paragraph 74. By that argument Hungary submitted that the Court lacked jurisdiction to deal with the action for failure to fulfil obligations in that case.

( 48 ) As we have seen, in that judgment the Court expressly recognised the lack of harmonisation of aspects relating to the sale of tobacco products to minors.

( 49 ) See Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (OJ 2015 L 336, p. 1) and Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ 2017 L 154, p. 1).

( 50 ) On this point, see also the Opinion of Advocate General Kokott in *Commission v Council* (C-137/12, EU:C:2013:441, points 66 and 67).

( 51 ) See judgment of 11 June 2020, *JI* (C-634/18, EU:C:2020:455, paragraph 48 and the case-law cited).

( 52 ) See judgment of 5 May 2022, *BV* (C-570/20, EU:C:2022:348, paragraph 37).

( 53 ) See judgment of 5 May 2022, *BV* (C-570/20, EU:C:2022:348, paragraph 38 and the case-law cited).

( 54 ) See judgment of 5 May 2022, *BV* (C-570/20, EU:C:2022:348, paragraph 41).

( 55 ) See judgment of 31 May 2013 in Case No 1/2013.

( 56 ) See, in that regard, judgment of 20 March 2018, *Garlsson Real Estate and Others* (C-537/16, EU:C:2018:193, paragraphs 52 and 53).

( 57 ) See judgment of 11 February 2021, *K. M.* (Sanctions imposed on the master of a vessel) (C-77/20, EU:C:2021:112, paragraph 36).

( 58 ) See, in that regard, judgment of 14 October 2021, *Landespolizeidirektion Steiermark and Others* (Gaming machines) (C-231/20, EU:C:2021:845, paragraph 45).

( 59 ) See judgment of 4 October 2018, *Link Logistik N&N* (C-384/17, EU:C:2018:810, paragraph 45).

( 60 ) It is against this background that the Commission pointed out in its amended proposal for a directive that the fight against counterfeiting and piracy is an objective of fundamental importance for the European Union.

( 61 ) By way of a benchmark, the amended proposal for a directive provided for that offence to be punishable by a maximum sentence of not less than four years' imprisonment when committed within the framework of a criminal organisation or when it involved a risk to the health or safety of individuals.

( 62 ) See judgments of 11 February 2021, *K. M.* (Sanctions imposed on the master of a vessel) (C-77/20, EU:C:2021:112, paragraph 51), and of 16 July 2015, *Chmielewski* (C-255/14, EU:C:2015:475, paragraph 26).

( 63 ) See, in that regard, judgment of 20 March 2018, *Menci* (C-524/15, EU:C:2018:197, paragraph 55).

( 64 ) See judgment of 5 May 2022, *BV* (C-570/20, EU:C:2022:348, paragraph 50).

-----