

JUDGMENT OF THE COURT
16 June 1998 *

In Case C-53/96,

REFERENCE to the Court under Article 177 of the EC Treaty by the Arrondissementsrechtbank te Amsterdam for a preliminary ruling in the proceedings pending before that court between

Hermès International (a partnership limited by shares)

and

FHT Marketing Choice BV

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

THE COURT,

composed of: G. C. Rodríguez Iglesias, President, C. Gulmann, H. Ragnemalm and M. Wathelet (Presidents of Chambers), G. F. Mancini, J. C. Moitinho de

* Language of the case: Dutch.

Almeida, P. J. G. Kapteyn, J. L. Murray, D. A. O. Edward (Rapporteur),
J.-P. Puissochet, G. Hirsch, P. Jann and L. Sevón, Judges,

Advocate General: G. Tesauro,
Registrar: L. Hewlett, Administrator,

after considering the written observations submitted on behalf of:

- Hermès International, by L. van Bunnem, of the Brussels Bar,
- the Netherlands Government, by A. Bos, Legal Adviser at the Ministry of Foreign Affairs, acting as Agent,
- the French Government, by C. de Salins, Deputy Director in the Department of Legal Affairs at the Ministry of Foreign Affairs, and G. Mignot, Secretary for Foreign Affairs in the same department, acting as Agents,
- the United Kingdom Government, by S. Ridley, of the Treasury Solicitor's Department, acting as Agent,
- the Commission of the European Communities, by P. J. Kuyper, Legal Adviser, and B. J. Drijber, of its Legal Service, acting as Agents,

having regard to the Report for the Hearing,

after hearing the oral observations of Hermès International, represented by L. van Bunnem, the Netherlands Government, represented by M. Fierstra, Assistant Legal Adviser at the Ministry of Foreign Affairs, acting as Agent, the French Government, represented by G. Mignot, the United Kingdom Government, represented by J. Collins, Assistant Treasury Solicitor, acting as Agent, and R. Plender QC, the Council of the European Union, represented by G. Houttuin, of its Legal Service, acting as Agent, and the Commission, represented by P. J. Kuyper and B. J. Drijber, at the hearing on 27 May 1997,

after hearing the Opinion of the Advocate General at the sitting on 13 November 1997,

gives the following

Judgment

1 By order of 1 February 1996, received at the Court on 22 February 1996, the Arrondissementsrechtbank (District Court) Amsterdam referred to the Court for a preliminary ruling under Article 177 of the EC Treaty a question on the interpretation of Article 50(6) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter 'the TRIPs Agreement'), as set out in Annex 1 C to the Agreement establishing the World Trade Organisation (hereinafter 'the WTO Agreement'), approved on behalf of the Community, as regards matters within its competence, in Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1).

- 2 That question was raised in proceedings between Hermès International (hereinafter 'Hermès'), a partnership limited by shares governed by French law, and FHT Marketing Choice BV (hereinafter 'FHT'), a company incorporated under Netherlands law, concerning trade-mark rights owned by Hermès.

Legal background

- 3 Article 99(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) states, under the heading 'Provisional and protective measures', as follows:

'Application may be made to the courts of a Member State, including Community trade mark courts, for such provisional, including protective, measures in respect of a Community trade mark or Community trade mark application as may be available under the law of that State in respect of a national trade mark, even if, under this Regulation, a Community trade mark court of another Member State has jurisdiction as to the substance of the matter.'

- 4 Under Article 143(1) that regulation was to enter into force on the 60th day following the day of its publication in the *Official Journal of the European Communities*. The regulation was published on 14 January 1994 and therefore entered into force on 15 March 1994.

5 Article 1 of Decision 94/800 provides as follows:

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

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

...'

6 Article 50 of the TRIPs Agreement provides:

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

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

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

2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to

cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

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

...

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

...'

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

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

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

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

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

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

The facts in the main proceedings

- 12 By virtue of international registrations R 196 756 and R 199 735 designating the Benelux, Hermès is proprietor of the name 'Hermès' and the name and device 'Hermès' as trade marks.
- 13 Hermès applies those trade marks to *inter alia* neckties which it markets through a selective distribution system. In the Netherlands, 'Hermès' neckties are sold by Galerie & Faïence BV and by the boutique Le Duc in Scheveningen and Zeist respectively.
- 14 On 21 December 1995, Hermès, believing that FHT was marketing copies of its ties, seized, with leave of the President of the Arrondissementsrechtbank te Amsterdam, 10 ties in the possession of FHT itself and attached 453 ties held by PTT Post BV to the order of FHT.
- 15 On 2 January 1996, Hermès then applied to the President of the same court for an interim order requiring FHT to cease infringement of its copyright and trade mark. Hermès also requested the adoption of all measures necessary to bring the infringement definitively to an end.
- 16 In the order for reference, the President of the Arrondissementsrechtbank found that Hermès' claim that the ties seized at its request were counterfeit was plausible and that FHT could not reasonably argue that it had acted in good faith. He therefore granted Hermès' application and ordered FHT to cease any present or future infringement of Hermès' exclusive copyright and trade-mark rights.

- 17 In the same proceedings Hermès also requested the President of the Arrondissementsrechtbank to fix a period of three months from the date of service of the interim decision as the period within which FHT could, under Article 50(6), request revocation of those provisional measures and a period of 14 days as the period within which Hermès could initiate proceedings on the merits of the case, that period to run from the date on which FHT requested revocation.
- 18 The President of the Arrondissementsrechtbank considers that this last request of Hermès' cannot be granted, because Article 50(6) of the TRIPs Agreement does not place any time-limit on the defendant's right to request revocation of provisional measures. He considers that the intention of that provision is, on the contrary, to allow the defendant to request revocation of a provisional measure at any time prior to delivery of judgment in the main proceedings. The period envisaged in that provision for initiation of proceedings on the merits cannot therefore be determined by reference to a period within which the defendant must request revocation of the provisional measures.
- 19 Nevertheless, the President of the Arrondissementsrechtbank is uncertain whether a period should be fixed within which Hermès must initiate proceedings on the merits. Such an obligation would be required if the measure ordered in the interim proceedings in question constituted a 'provisional measure' within the meaning of Article 50 of the TRIPs Agreement.
- 20 The President of the Arrondissementsrechtbank observes that in interim proceedings under Netherlands law the defendant is summoned to appear, the parties have the right to be heard, and the judge hearing the application for interim measures makes an assessment of the substance of the case, which he also sets out in a reasoned written decision, against which an appeal may be lodged. Moreover, although the parties then have the right to initiate proceedings on the merits, in matters falling within the scope of the TRIPs Agreement they normally abide by the interim decision.

- 21 In those circumstances, the national court decided to stay proceedings and to refer the following question to the Court for a preliminary ruling:

'Does an interim measure, as, for example, provided for in Article 289 et seq. of the Code of Civil Procedure, whereby an immediate, enforceable measure may be sought, fall within the scope of the expression "provisional measures" within the meaning of Article 50 of the Agreement on Trade-Related Aspects of Intellectual Property Rights?'

Jurisdiction of the Court of Justice

- 22 The Netherlands, French and United Kingdom Governments have submitted that the Court of Justice has no jurisdiction to answer the question.

- 23 They refer in that regard to paragraph 104 of Opinion 1/94 of 15 November 1994 ([1994] ECR I-5267), in which the Court held that the provisions of the TRIPs Agreement relating to 'measures ... to secure the effective protection of intellectual property rights', such as Article 50, essentially fall within the competence of the Member States and not that of the Community, on the ground that at the date when that Opinion was delivered, the Community had not exercised its internal competence in this area apart from in Council Regulation (EEC) No 3842/86 of 1 December 1986 laying down measures to prohibit the release for free circulation of counterfeit goods (OJ 1986 L 357, p. 1). According to the Netherlands, French and United Kingdom Governments, since the Community has still not adopted any further harmonising measures in the area in question, Article 50 of the TRIPs Agreement does not fall within the scope of application of Community law and the Court of Justice therefore has no jurisdiction to interpret that provision.

- 24 It should be pointed out, however, that the WTO Agreement was concluded by the Community and ratified by its Member States without any allocation between them of their respective obligations towards the other contracting parties.
- 25 Equally, without there being any need to determine the extent of the obligations assumed by the Community in concluding the agreement, it should be noted that when the Final Act and the WTO Agreement were signed by the Community and its Member States on 15 April 1994, Regulation No 40/94 had been in force for one month.
- 26 Article 50(1) of the TRIPs Agreement requires that judicial authorities of the contracting parties be authorised to order 'provisional measures' to protect the interests of proprietors of trade-mark rights conferred under the laws of those parties. To that end, Article 50 lays down various procedural rules applicable to applications for the adoption of such measures.
- 27 Under Article 99 of Regulation No 40/94, rights arising from a Community trade mark may be safeguarded by the adoption of 'provisional, including protective, measures'.
- 28 It is true that the measures envisaged by Article 99 and the relevant procedural rules are those provided for by the domestic law of the Member State concerned for the purposes of the national trade mark. However, since the Community is a party to the TRIPs Agreement and since that agreement applies to the Community trade mark, the courts referred to in Article 99 of Regulation No 40/94, when called upon to apply national rules with a view to ordering provisional measures for the protection of rights arising under a Community trade mark, are required to do so, as far as possible, in the light of the wording and purpose of Article 50 of

the TRIPs Agreement (see, by analogy, Case C-286/90 *Poulsen and Diva Navigation* [1992] ECR I-6019, paragraph 9, and Case C-61/94 *Commission v Germany* [1996] ECR I-3989, paragraph 52).

29 It follows that the Court has, in any event, jurisdiction to interpret Article 50 of the TRIPs Agreement.

30 It is immaterial that the dispute in the main proceedings concerns trade marks whose international registrations designate the Benelux.

31 First, it is solely for the national court hearing the dispute, which must assume responsibility for the order to be made, to assess the need for a preliminary ruling so as to enable it to give its judgment. Consequently, where the question referred to it concerns a provision which it has jurisdiction to interpret, the Court of Justice is, in principle, bound to give a ruling (see, to that effect, Joined Cases C-297/88 and C-197/89 *Dzodzi* [1990] ECR I-3763, paragraphs 34 and 35, and Case C-231/89 *Gmurzynska-Bscher* [1990] ECR I-4003, paragraphs 19 and 20).

32 Second, where a provision can apply both to situations falling within the scope of national law and to situations falling within the scope of Community law, it is clearly in the Community interest that, in order to forestall future differences of interpretation, that provision should be interpreted uniformly, whatever the circumstances in which it is to apply (see, to that effect, Case C-130/95 *Giloy v Hauptzollamt Frankfurt am Main-Ost* [1997] ECR I-4291, paragraph 28, and Case C-28/95 *Leur-Bloem v Inspecteur der Belastingdienst/Ondernemingen* [1997] ECR I-4161, paragraph 34). In the present case, as has been pointed out in paragraph 28 above, Article 50 of the TRIPs Agreement applies to Community trade marks as well as to national trade marks.

33 The Court therefore has jurisdiction to rule on the question submitted by the national court.

The question referred for a preliminary ruling

34 The national court asks whether a measure whose purpose is to put an end to alleged infringements of a trade-mark right and which is adopted in the course of a procedure distinguished by the following features:

- the measure is characterised under national law as an ‘immediate provisional measure’ and its adoption must be made ‘on grounds of urgency’,
- the opposing party is summoned and is heard if he appears before the court,
- the decision adopting the measure is reasoned and given in writing following an assessment of the substance of the case by the judge hearing the interim application,
- an appeal may be lodged against the decision, and
- although the parties remain free to initiate proceedings on the merits of the case, the decision is usually accepted by the parties as a ‘final’ resolution of their dispute,

is to be regarded as a ‘provisional measure’ within the meaning of Article 50 of the TRIPs Agreement.

35 It should be stressed at the outset that, although the issue of the direct effect of Article 50 of the TRIPs Agreement has been argued, the Court is not required to give a ruling on that question, but only to answer the question of interpretation submitted to it by the national court so as to enable that court to interpret Netherlands procedural rules in the light of that article.

36 According to Article 50(1) of the TRIPs Agreement, that article applies to 'prompt and effective' measures, whose purpose is to 'prevent an infringement of any intellectual property right from occurring'.

37 A measure such as the order made by the national court in the main proceedings meets that definition. Its purpose is to put an end to an infringement of trade mark rights; it is expressly characterised in national law as an 'immediate provisional measure'; and it is adopted 'on grounds of urgency'.

38 Furthermore, it is common ground that the parties have the right, whether or not they make use of it, to initiate, following the adoption of the measure in question, proceedings on the merits of the case. Thus, in law, the measure is not regarded as definitive.

39 The conclusion that a measure such as the order made by the national court is a 'provisional measure' within the meaning of Article 50 of the TRIPs Agreement is not affected by the other characteristics of that order.

40 First, as to the fact that the other party is summoned and is entitled to be heard, it should be observed that Article 50(2) of the TRIPs Agreement provides that 'where appropriate' provisional measures may be ordered '*inaudita altera parte*' and that Article 50(4) lays down specific procedures in that regard. Although those provisions allow for the adoption, where appropriate, of provisional measures

inaudita altera parte that cannot mean that only measures adopted in that way are to be characterised as provisional for the purposes of Article 50 of the TRIPs Agreement. It is, on the contrary, clear from those provisions that in all other cases provisional measures are to be adopted in accordance with the principle *audi alteram partem*.

- 41 Second, the fact that the judge hearing the application for interim measures gives a reasoned decision in writing does not preclude that decision being characterised as a 'provisional measure' within the meaning of Article 50 of the TRIPs Agreement, since that provision lays down no rule as to the form of the decision ordering such a measure.
- 42 Third, there is nothing in the wording of Article 50 of the TRIPs Agreement to indicate that the measures to which that article refers must be adopted without an assessment by the judge of the substantive aspects of the case. On the contrary, Article 50(3), in terms of which the judicial authorities are to have authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that his right is being infringed or that such infringement is imminent, implies that the 'provisional measures' are based, at least to a certain extent, upon such an assessment.
- 43 Fourth, as regards the fact that an appeal may be brought against a measure such as that in question in the main proceedings in this case, it should be observed that, although Article 50(4) of the TRIPs Agreement expressly provides for the possibility of requesting a 'review' where the provisional measure has been adopted *inaudita altera parte*, no provision of that article precludes that 'provisional measures' should in general be open to appeal.
- 44 Lastly, any possible willingness of the parties to accept the interim judgment as a 'final' resolution of their dispute cannot alter the legal nature of a measure characterised as 'provisional' for the purposes of Article 50 of the TRIPs Agreement.

45 The answer to the question submitted must therefore be that a measure whose purpose is to put an end to alleged infringements of a trade-mark right and which is adopted in the course of a procedure distinguished by the following features:

- the measure is characterised under national law as an ‘immediate provisional measure’ and its adoption must be required ‘on grounds of urgency’,
- the opposing party is summoned and is heard if he appears before the court,
- the decision adopting the measure is reasoned and given in writing following an assessment of the substance of the case by the judge hearing the interim application,
- an appeal may be lodged against the decision, and
- although the parties remain free to initiate proceedings on the merits of the case, the decision is usually accepted by the parties as a ‘final’ resolution of their dispute,

is to be regarded as a ‘provisional measure’ within the meaning of Article 50 of the TRIPs Agreement.

Costs

46 The costs incurred by the Netherlands, French and United Kingdom Governments and by the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings,

a step in the action pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT,

in answer to the question referred to it by the Arrondissementsrechtbank te Amsterdam by order of 1 February 1996, hereby rules:

A measure whose purpose is to put an end to alleged infringements of a trademark right and which is adopted in the course of a procedure distinguished by the following features:

- the measure is characterised under national law as an ‘immediate provisional measure’ and its adoption must be required ‘on grounds of urgency’,**

- the opposing party is summoned and is heard if he appears before the court,**

- the decision adopting the measure is reasoned and given in writing following an assessment of the substance of the case by the judge hearing the interim application,**

— an appeal may lodged against the decision, and

— although the parties remain free to initiate proceedings on the merits of the case, the decision is usually accepted by the parties as a ‘final’ resolution of their dispute,

is to be regarded as a ‘provisional measure’ within the meaning of Article 50 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, as set out in Annex 1 C to the Agreement establishing the World Trade Organisation, approved on behalf of the Community, as regards matters within its competence, in Council Decision 94/800/EC of 22 December 1994.

Rodríguez Iglesias

Gulmann

Ragnemalm

Wathelet

Mancini

Moitinho de Almeida

Kapteyn

Murray

Edward

Puissochet

Hirsch

Jann

Sevón

Delivered in open court in Luxembourg on 16 June 1998.

R. Grass

G. C. Rodríguez Iglesias

Registrar

President