



PRESS RELEASE No 159/23

Luxembourg, 19 October 2023

Judgment of the Court in Case C-655/21 | G. ST. T. (Proportionality of the penalty for trade mark infringement)

A custodial sentence of a minimum of five years for trade mark infringement may prove to be disproportionate

Criminal proceedings for the infringement of trade marks were brought in Bulgaria against the owner of an undertaking selling clothes. The Bulgarian authorities conducted an inspection in a commercial establishment rented by the undertaking. They found that the signs affixed on the goods were similar to already registered trade marks. The trader was charged before the competent Bulgarian court in respect of use of trade marks without the consent of their proprietors. The Bulgarian legislation contains provisions which define the same conduct both as a criminal offence and as an administrative offence.

That court has asked the Court of Justice for clarification on the compatibility with EU law of the Bulgarian law penalising trade mark infringements, given that the penalties provided for are severe and the absence of a clear and precise criterion as regards categorisation as a criminal or as an administrative offence leads to contradictory practice and unequal treatment of litigants who have committed practically the same acts.

In the first place, the Court recalls that **trade mark infringement may be categorised by national law both as an administrative offence and as a criminal offence**. In that regard, it points out that, according to the principle of the legality of criminal offences and penalties, criminal law provisions must be accessible, predictable and clear as regards the definition of the offence and the sentencing. Thus, every citizen must understand which conduct will make him or her criminally liable. The fact that trade mark infringement may also give rise to administrative penalties in Bulgaria does not mean that that principle has not been observed.

In the second place, the Court finds that **a national provision which, where a trade mark is infringed repeatedly or with significant harmful effects, provides for a custodial sentence of a minimum of five years is contrary to EU law**. The Court states that, even though the directive on the enforcement of intellectual property rights¹ does not apply in criminal matters, pursuant to the TRIPS Agreement², which binds both the European Union and its Member States, those Member States may impose a custodial sentence for certain acts of trade mark infringement. Admittedly, in the absence of EU legislation, the Member States have the power to determine the nature and level of the applicable penalties. Nevertheless, those punitive measures must be proportionate. Making provision for a custodial sentence of a minimum of five years for all cases of unauthorised use of a trade mark in the course of trade does not satisfy that requirement. Such legislation fails to take account of any specific aspects of the circumstances in which those offences were committed.

NOTE: A reference for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of European Union law or the validity of a European Union act. The Court of Justice does not decide the dispute itself. It is for the

national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

Unofficial document for media use, not binding on the Court of Justice.

The [full text and, as the case may be, the abstract of the judgment](#) is published on the CURIA website on the day of delivery.

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¹ [Directive 2004/48/EC](#) of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

² Agreement on Trade-Related Aspects of Intellectual Property Rights.