

Case C-355/21

Summary of the request for a preliminary ruling pursuant to Article 98(1) of the Rules of Procedure of the Court of Justice

Date lodged:

7 June 2021

Referring court:

Sąd Najwyższy (Poland)

Date of the decision to refer:

29 December 2020

Applicant:

Procter & Gamble International Operations SA

Defendant:

Perfumesco.pl sp. z o.o., sp. k.

Subject matter of the main proceedings

Infringement of registered EU trade mark No 000049254 HUGO BOSS.

Subject matter and legal basis of the question referred

Interpretation of Article 10 of Directive 2004/48; Article 267 TFEU

Question(s) referred

Must Article 10 of Directive 2004/48/EC on the enforcement of intellectual property rights be interpreted as precluding the interpretation of a provision of national law to the effect that a protection measure in the form of destruction of goods relates only to goods illegally manufactured or illegally marked, and cannot be applied to goods illegally put on the market in the territory of the European Economic Area which cannot be found to have been illegally manufactured or illegally marked?

Provisions of EU law and the case-law of the Court of Justice relied on

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), Article 10

Council Regulation (EC) No 207/2009 of 26 February 2009 on the [European Union] trade mark (OJ 2009 L 78), as amended by Regulation No (EU) 2015/2424 of 16 December 2015 (OJ 2015, L 341, p. 21), Articles 9, 102

Agreement on Trade-Related Aspects of Intellectual Property Rights (OJ 1994 L 336, p. 214) ('TRIPs Agreement')

Report from the Commission to the European Parliament, the Council, the European Social Committee and the Committee of the Regions on the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights, Brussels, 22 December 2010, [SEC(2010) 1589 final]

Judgment of 10 April 1984, *von Colson and Kamann* (14/83, EU:C:1984:153)

Judgment of 26 April 2007, *Boehringer Ingelheim and Others* (C-348/04, EU:C:2007:249)

Provisions of national law and case-law of national courts relied on

Ustawa z dnia 30 czerwca 2000 r. – Prawo własności przemysłowej (Law of 30 June 2000 on intellectual property) (consolidated text, *Dziennik Ustaw* 2020, item 286, as amended) (the 'LIP'): Article 286

Judgment of Sąd Najwyższy (Supreme Court) of 14 April 2003, I CKN 308/01, unpublished.

Succinct presentation of the facts of the case and proceedings

- 1 The applicant is a producer of perfumery and under a licensing agreement granted by the trade mark proprietor, HUGO BOSS Trade Mark Management GmbH & Co. KG in Metzingen, has an exclusive right to use EU word mark No 000049254 HUGO BOSS and to bring and support, in its own name, applications and actions concerning infringement of the rights to that mark.
- 2 HUGO BOSS is one of the largest global brands in the fashion and perfume industry. The company, founded in 1924 in Metzingen by Hugo Ferdinand Boss, currently sells goods bearing that mark in 129 countries worldwide.
- 3 The right holder takes care of the image and reputation of its marks and the high quality of the goods offered under the HUGO BOSS mark. In doing so, it seeks to

ensure the best possible standard of service for the public. Sales take place through authorised perfumery chains which are required to take special care of the reputation of the HUGO BOSS mark and the luxury character of the goods which bear it. This involves making product samples available to customers to test. The testers are given by the right holder to sellers and authorised distributors free of charge solely for the purposes of presenting and promoting cosmetics in bottles identical to products for sale bearing the HUGO BOSS trade marks. Their external packaging is a uniform bright colour with clear information stating that the specimen concerned is not intended for sale, e.g. 'not for sale', 'demonstration' or 'tester'. Those goods are not put on the market in the EEA by the right holder or with its consent.

- 4 In the course of the trade mark infringement proceedings, in 2016 the licence agreement between HUGO BOSS Trade Mark Management GmbH & Co. KG and the applicant was terminated.
- 5 Since January 2012 the defendant has been operating a wholesale perfumery business through an online shop at perfumesco.pl. The company distributes inter alia demonstration specimens of HUGO BOSS perfumery, not intended for sale, which are marked 'TESTER'. At the same time, it informs customers that the tester, which is normally packed in a white cardboard box with no stopper, does not differ in terms of scent from the normal product.
- 6 Having become aware of this, the applicant brought an action against the defendant for infringement of the trade mark in question, at the same time requesting that security be granted. Pursuant to a decision on the grant of security, the court enforcement officer seized, on 28 July 2016, perfumes, eau de toilette and scented water in packaging bearing the HUGO BOSS trade mark in the form testers not intended for sale marked 'not for sale', 'demonstration' or 'tester', and bearing codes indicating, according to the applicant's statement, that the manufacturer intends them to be put on the market outside the EEA, from whose packaging the bar codes had been removed or obscured.
- 7 By judgment of 26 June 2017, the Sąd Okręgowy w Warszawie (Regional Court, Warsaw) prohibited the defendant from using the EU trade mark HUGO BOSS, registered by EUIPO under number 000049254 in respect of goods in Class 3 of the Nice Classification (perfumes, eau de toilette and scented waters), ordered the defendant to destroy, at its expense, within two weeks of the date on which the judgment becomes final, the goods bearing that mark which had not been put on the market in the territory of the EEA by the right holder or with its consent, including the goods seized by the court enforcement officer on 28 July 2016, ordered the defendant to publish, at its expense, information about the judgment, dismissed the remainder of the action, and ordered the defendant to pay the applicant PLN 6 377 as costs in the proceedings.

- 8 By judgment of 20 September 2018, the Sąd Apelacyjny w Warszawie (Court of Appeal, Warsaw) dismissed the appeal which the defendant had brought against that judgment.
- 9 The Sąd Apelacyjny shared the view of the Sąd Okręgowy in its entirety. It stated that the plea alleging a lack of locus standi raised by the defendant could not be accepted. Under Article 22(3) of Regulation No 207/2009, although the licensee may bring proceedings for infringement of an EU trade mark only if its proprietor consents thereto, the holder of an exclusive licence may bring such proceedings if the proprietor of the trade mark, after formal notice, does not himself bring infringement proceedings within an appropriate period. It was common ground that, at the time the present proceedings were initiated, the applicant was the exclusive licensee of the trade mark in question.
- 10 In the view of the Sąd Apelacyjny, the conditions for protection of an EU trade mark arising from Article 9(2)(a) of Regulation No 207/2009 have been satisfied. According to the inventory of goods secured by the court enforcement officer, only 226 products were intended for the European market and the registration of the trade mark was exhausted in that respect. As regards the other goods, the trade mark rights were not exhausted since they had not been put on the market in the EEA. Fourth-eight of the secured perfumes were testers containing information that they were not intended for retail sale, 523 perfumes were not intended for the European market, and 3 641 of the secured perfumes bore masking stickers which made it impossible to determine the geographical region for which they were intended, and thus it cannot be established that the exclusive right to those products has been exhausted under Article 13(1) of Regulation No 207/2009.
- 11 As regards the 3 641 secured perfumes bearing masking stickers, the original packaging had also been damaged and the original sealing film of the packaging had been removed. This means that in respect of those goods the trade mark proprietor is entitled to prohibit its use under Article 13(2) of Regulation No 207/2009, under which paragraph 1 of that article is not to apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.
- 12 The court of second instance noted that under Article 102(2) of Regulation No 207/2009 the EU trade mark court may also apply measures or orders available under the applicable law which it deems appropriate in the circumstances of the case. That provision makes it possible in particular to apply Article 286 of the LIP. According to the wording thereof, Article 286 of the LIP applies only where products have been illegally manufactured or marked, which is not so in the present case. The applicant did not dispute the claim that the perfumes secured by the court enforcement officer are original products and merely stated that the trade mark proprietor had not consented to them being put on the market in the EEA and the defendant had failed to prove the existence of such consent.

- 13 In the view of the court of second instance, in the present case the matter cannot be limited to a literal interpretation of Article 286 of the LIP since that provision is intended to transpose Directive 2004/48. Under Article 10(1) of that directive, Member States are to ensure that the competent judicial authorities may order that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual property right. Such measures are to include: recall from the channels of commerce; definitive removal from the channels of commerce; or destruction. The directive required the EU Member States to adopt rules which would enable a court to order the destruction goods that were found to be infringing an intellectual property right. Therefore, while Article 286 of the LIP, by its wording, limits a national court to ordering the destruction of goods only where they have been illegally manufactured or marked, Article 10(1) of Directive 2004/48 requires that it be possible to order measures of this kind wherever there has been an infringement of intellectual property rights, including industrial property rights. In the view of the Sąd Apelacyjny, it is necessary to adopt an interpretation of Article 286 of the LIP which is compatible with EU law and hold that ordering the destruction of goods relates to any case where they infringe industrial property. In other words, it must be held that any product infringing an industrial property right is illegally manufactured within the meaning of Article 286 of the LIP.
- 14 The court of second instance held that only ordering the destruction of perfumes put on the market without the consent of the right holder provides genuine protection of that right. It pointed out that for the purpose of marketing the perfumes held by the defendant several steps had been taken to conceal the lack of consent of the right holder. Furthermore, when the testers were sold the defendant must have been fully aware of the lack of the right holder's consent to putting the products on the market in the EEA. In addition, a significant proportion of the perfumes held by the defendant, in respect of which there was no consent of the right holder to put them on the market in the EEA, had damaged packaging as a result of the removal of the security code. Since perfumes bearing the HUGO BOSS mark are an exclusive product, any placing of them on the market would undermine the functions performed by the mark in question and may adversely affect its reputation, and at the same time demonstrates the gravity of the infringement of the exclusive right and indicates the legitimate interests of third parties, which supports the destruction of those goods.
- 15 The Sąd Apelacyjny found unconvincing the defendant's argument that the destruction of some of the perfumes which it held would prevent it from asserting rights in respect of them as against third parties. In the view of that court, the value of the perfumes to be destroyed does not affect the conclusion that the application of such a measure in the present case is an act which goes beyond the gravity of the infringement. The defendant has never demonstrated the value of the perfumes seized by the court enforcement officer and therefore it is not possible to determine what amount of funds were invested by it for that purpose. Furthermore, the value could be assessed in the light of the criteria laid down in Article 286 of the LIP if it were compared at the same time with the profits which

the defendant made from marketing the perfumes for which there was no right holder's consent. The intensity with which the defendant infringed the registered HUGO BOSS trade mark and altered the condition of the perfumes secured is of crucial importance to the assessment of the gravity of the infringement of the registered right and the interests of third parties, whilst the actual value of the products to be destroyed is of secondary importance in this context.

- 16 The court of second instance found that affording the applicant protection, to the extent arising from the contested judgment, does not constitute abuse by the latter of a subjective right within the meaning of Article 5 of the Civil Code. By infringing the exclusive right to the EU trade mark, the defendant breached the principles of fair dealing, including fair competition, and also good customs. The Sąd Apelacyjny pointed out that anyone who himself infringes the principles of social conduct cannot effectively invoke abuse of a subjective right.
- 17 The defendant brought an appeal on a point of law against the above judgment, claiming an infringement of the rules of procedure by reason of the finding that the applicant is a person entitled to act as a party to these proceedings; an infringement of substantive law, i.e. Article 286 of the LIP, by reason of its incorrect application and thus the order to destroy the goods secured where the applicant had not contested the fact that the goods seized by the court enforcement officer are original products; an infringement of substantive law, i.e. Article 13 of Regulation No 207/2009, by reason of its incorrect application and the finding that the seized goods had been marketed in the EEA without the applicant's consent; and a infringement of substantive law, i.e. Article 5 of the Civil Code, by reason of its non-application and the finding that the claims formulated by the applicant are well-founded and commensurate with potential infringements of the trade mark.

Succinct statement of reasons for the reference

- 18 The courts hearing the substance which examined the present case adopted an interpretation of Article 286 of the LIP which is compatible with EU law. That provision allows the court to order inter alia the destruction of products and the means and materials used in their manufacture or marking, but only those which were the property of the person committing the infringement and were illegally manufactured or marked. However, it is necessary to bear in mind the content of Article 10 of Directive 2004/48, which does not limit the ordering of appropriate measures only to goods which were illegally manufactured or marked. The provision also relates to goods that have been found to be infringing an intellectual property right. As a result, those courts concluded that the rules of national law cannot be contrary to the EU law in the broad sense and that it is necessary to order the destruction of the goods also where they have not been legally manufactured or marked by the proprietor.

- 19 Accordingly, the issue which is the subject of the question referred for a preliminary ruling has arisen, namely whether Article 10 of Directive 2004/48 precludes an interpretation of a provision of national law which restricts the possibility of ordering the destruction of goods solely to goods that are illegally manufactured or illegally marked.
- 20 The application of Article 286 of the LIP as it is worded is supported above all by the fact that the amendment thereof, which was to be effected pursuant to the Ustawa z 9 maja 2007 r. o zmianie ustawy o prawie autorskim i prawach pokrewnych oraz niektórych innych ustaw (Law of 9 May 2007 amending the Law on copyright and related rights and certain other laws) (*Dziennik Ustaw* of 2007, No 99, item 662), resulted from the transposition of Directive 2004/48.
- 21 The judgment of 10 April 1984, *von Colson and Kamann* (14/83, EU:C:1984:153) states that that the Member States' obligation arising from a directive to achieve the result envisaged by the directive is binding on all the authorities of Member States including, for matters within their jurisdiction, the courts. As a result, it must be assumed that the amendment to Article 286 of the LIP took account of the measures contained in Directive 2004/48.
- 22 Another argument which supports a literal interpretation of Article 286 of the LIP is the position adopted in national academic writings. In most writings it is acknowledged that goods which are not deemed to have been illegally manufactured or marked in the country of the place of manufacture cannot be covered by an application under Article 286 of the LIP. That it is because it is difficult rationally to justify why a product which was initially original and legal would, as a result of certain events but without any physical interference in its structure, suddenly become illegal. That provision expressly relates to technical issues concerning the production and marking of goods with trade marks. It does not apply to situations going beyond this sphere, in particular those concerning marketing, importation or change of intended purpose or, more broadly to situations involving illegal use of goods with legal trade marks.
- 23 On the other hand, even before the implementation of Directive 2004/48 it was possible to encounter in the Polish courts' case-law the position that, when considering cases where legal issues governed by Community law arise, the courts are required to provide an interpretation inspired by the reading and spirit of Community law. In other words, reliance on the foundations of Community legislation must be regarded as one of the imperatives of correct interpretation of the law in force (see the judgment of the Sąd Najwyższy of 14 April 2003, I CKN 308/01, unpublished).
- 24 The Court of Justice also ruled to that effect in its judgment of 26 April 2007 in *Boehringer Ingelheim and Others* (C-348/04, EU:C:2007:249). The Court of Justice found inter alia that the trade mark owner's right to prevent parallel importation of pharmaceutical products which, while not spurious, have been marketed in breach of the requirement to give prior notice to that proprietor is not

different from that enjoyed by the proprietor in respect of spurious goods. In both cases, the products ought not to have been marketed on the market concerned.

- 25 Finally, the Report from the Commission to the Council, the European Parliament and the European Social Committee on the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights, Brussels, 22 December 2010, [SEC(2010) 1589 final] identifies, as objectives of Directive 2004/48, providing copyright holders and Member State authorities with a minimum standard set of tools for combating infringements of intellectual property and incorporating civil law measures under the TRIPS Agreement into the Union legal frameworks, whilst at the same time enabling the Member States to add sanctions and remedies that are more favourable to copyright holders.
- 26 It follows from the foregoing that the view that Directive 2004/48 should constitute a particular minimum for the enforcement of intellectual property predominates in EU institutions. On this approach, Article 10(1) of Directive 2004/48 should be the starting point for interpreting national law. In other words, any person from any Member State should be afforded legal protection at least equal to that resulting from Directive 2004/48, in casu within the limits laid down in Article 10(1) of that directive. According to the position taken by the Sąd Najwyższy in the case-law cited above, reliance on the foundations of Community legislation must be regarded as one of the imperatives of correct interpretation of the law in force.
- 27 On the other hand, Polish legal writers favour a literal interpretation of Article 286 of the LIP and that position is reinforced by the fact that that provision was amended as a result of the implementation of Directive 2004/48.
- 28 Consequently, in the circumstances of the present case there are grounds for the Sąd Najwyższy to refer the question set out in the operative part above to the Court of Justice for a preliminary ruling.