OPINION OF ADVOCATE GENERAL SHARPSTON

delivered on 13 July 2006 [1]

1. The present reference from the Högsta Domstolen (Supreme Court), Sweden, concerns the interpretation of Article 98(1) of Regulation No 40/94 on the Community trade mark [2] ('the Regulation').

The Regulation

2. Article 1 of the Regulation provides:

'1. A trade mark for goods or services which is registered in accordance with the conditions contained in this Regulation and in the manner herein provided is hereinafter referred to as a "Community trade mark".

2. A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.'

3. Article 9 of the Regulation provides in so far as relevant:

'1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered ...

...

1 — Original language: English.

2 — Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

2. The following, inter alia, may be prohibited under paragraph 1:

(a) affixing the sign to the goods ...'

4. Article 91(1) of the Regulation requires Member States to designate in their territories a limited number of 'Community trade mark courts' of first and second instance. Article 92 provides that Community trade mark courts are to have exclusive jurisdiction for all infringement actions relating to Community trade marks.

5. Article 98(1) of the Regulation provides:

'Where a Community trade mark court finds that the defendant has infringed or threatened to infringe a Community trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.'

The TRIPs Agreement

6. Article 41(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights ('the TRIPs Agreement') [3] provides:

'Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. ...'

7. Article 44(1) of the TRIPs Agreement provides:

'The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their

3 — Annex 1C to the Agreement establishing the World Trade Organisation; approved on behalf of the Community, in respect of those areas for which it has jurisdiction, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1). The TRIPs Agreement is at OJ 1994 L 336, p. 213.

jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.'

8. Article 61 of the TRIPs Agreement 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.'

9. It follows from the Court's case-law that, when called upon to apply national rules with a view to ordering measures for the protection of rights in a field to which the TRIPs Agreement applies and in which the Community has already legislated, as is the case with the field of trade marks, the national courts are required under Community law to do so, as far as possible, in the light of the wording and purpose of the relevant provisions of the TRIPs Agreement. [4]

Relevant national law

10. Section 37 of Sweden's Law on trade marks [5] provides that a trade mark infringement that has been committed deliberately or with gross negligence is punishable by a fine or imprisonment.

11. Section 37a of that Law provides that the court may, on application by the proprietor

4 — Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989, paragraph 55. Member States are now required by Article 11 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) to 'ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement'. Directive 2004/48 required implementation by 29 April 2006.

5 — Varumärkeslagen (1960:644).

of the trade mark, prohibit the infringer, under penalty of a fine, from continuing the infringement.

The main proceedings and the questions referred

12. Nokia Corporation ('Nokia') brought an action against Mr Wärdell before Stockholms Tingsrätten (Stockholm district court) alleging infringement of its Community trade mark NOKIA. Nokia claimed that Mr Wärdell had imported into Sweden adhesive stickers intended to be attached to mobile telephones and bearing the mark NOKIA. [6]

13. Stockholms Tingsrätten found that Mr Wärdell had arranged for the import of the stickers into Sweden and that his dealings with the stickers were a trade mark infringement in the objective sense. That court considered that there was a risk that he might infringe again. It therefore issued a prohibition on continuing infringement with a penalty attached.

6 — This and the following points are taken from the order for reference, which gives no further relevant detail of the factual background.

14. Mr Wärdell appealed against that judgment to Svea Hovrätten (Court of Appeal, Svea). He submitted inter alia that there was no reason to fear a repetition of the infringement since the use of the trade mark NOKIA had been neither deliberate nor negligent.

15. Svea Hovrätten confirmed the findings of Stockholms Tingsrätten that Mr Wärdell had objectively infringed the trade mark and that there was some risk that he might do so again. However, since Mr Wärdell had not previously committed a trade mark infringement and could not be accused of anything more than carelessness, there was, according to Svea Hovrätten, no reason to regard the import of the stickers as part of a continuing trade mark infringement. The fact that it could not be wholly excluded that in the future he might commit a fresh infringement of Nokia's trade mark rights could not of itself justify a prohibition with a penalty attached. Svea Hovrätten therefore varied Stockholms Tingsrätten's judgment and dismissed Nokia's action.

16. Nokia appealed to the referring court. It submitted that the mere fact that Mr Wärdell objectively infringed the trade mark is sufficient for the issue of the prohibition sought and claims that there is in any event a risk that Mr Wärdell will commit a further infringement.

17. The referring court considers that the dispute between the parties turns on whether Article 98 of the Regulation contains an obligation to issue a prohibition and attach a penalty to it which goes beyond Section 37a of the Law on trade marks. It has accordingly referred the following questions for a preliminary ruling:

'(1) Is the condition relating to special reasons in the first sentence of Article 98(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark to be interpreted as meaning that a court which finds that the defendant has infringed a Community trade mark may, irrespective of the other circumstances, refrain from issuing a specific prohibition of further infringement if the court considers that the risk of further infringement is not obvious or is otherwise merely limited?

(2) Is the condition relating to special reasons in the first sentence of Article 98(1) of the Regulation on the Community trade mark to be interpreted as meaning that a court which finds that the defendant has infringed a Community trade mark may, even if there is no such ground for refraining from issuing a prohibition of further infringement as contemplated in Question 1, refrain from issuing such a prohibition on the grounds that it is clear that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence?

(3) If the answer to Question 2 is no, must specific measures, by which a prohibition is for example coupled with a penalty, be taken in such a case to ensure that the prohibition is complied with, even where it is clear that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence?

(4) If the answer to Question 3 is yes, does this apply even where the conditions for adopting such a specific measure in the case of a corresponding infringement of a national trade mark would not be regarded as fulfilled?'

18. Written observations have been submitted by Nokia, Mr Wärdell, the French

Government and the Commission. No hearing was requested and none has been held.

The first question

19. By its first question, the referring court asks whether the condition relating to special reasons in Article 98(1) of the Regulation means that a court which finds that the defendant has infringed a Community trade mark may, irrespective of the other circumstances, refrain from issuing a specific prohibition of further infringement if it considers that the risk of further infringement is not obvious or is in some sense limited.

20. Nokia, the French Government and the Commission consider that that question should be answered in the negative. I agree.

21. Mr Wärdell takes the opposite view. He submits that both the wording and the scheme of the Regulation support an affirmative answer to the first question. Moreover the objective of the Regulation is to promote the free movement of goods. Commercial transactions should thus not be restricted unnecessarily.

22. It seems to me that, on the contrary, the wording and scheme of the Regulation support a negative answer.

23. First, Article 98(1) of the Regulation is in mandatory terms. It states that where the defendant *has infringed* a Community trade mark, the court *shall* issue a prohibition order. That formulation reflects the fundamental right of a trade mark proprietor to prohibit infringement, enshrined in Article 9(1) of the Regulation. If a court finds that the defendant has infringed a Community trade mark, it must therefore as a general rule prohibit continued infringement. It follows that it is only by way of derogation from that general rule that a court may, where there are 'special reasons', not issue a prohibition order. The concept of 'special reasons' must therefore be interpreted narrowly.

24. Second, the preamble to the Regulation states that 'decisions regarding the validity and infringement of Community trade marks must have effect and cover the entire area of the Community, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of Community trade marks is not undermined'.[7] As Nokia, the French Government and the Commis-

7 — 15th recital.

sion submit, a uniform interpretation of Article 98(1) is the sole way of achieving those aims. An assessment of the degree of risk that the infringement will continue, such as suggested by the Högsta domstolen, will necessarily lead to different results in different Member States. Since it is a fundamental principle that a Community mark should have the same protection throughout the Community, an assessment of risk alone can never constitute a 'special reason' entitling a national court not to order prohibition. There are, moreover, obvious practical difficulties in adducing evidence of the risk of future acts. If the likelihood of further infringement were a condition precedent of ordering prohibition, that would place trade mark owners at a disadvantage and risk undermining their exclusive right in their Community trade mark.

25. It may be that in exceptional cases the degree of risk of further infringement is one of a number of circumstances which, taken as a whole, are indeed capable of constituting 'special reasons' within the meaning of Article 98(1). However, the national court's question specifically concerns only the degree of risk of further infringement 'irrespective of the other circumstances'. [8]

26. It is of course true, as Mr Wärdell submits, that one of the principal objectives of the Regulation is to promote the free movement of goods. [9] It is however hard to see how the free movement of goods would be prejudiced by strong and uniform protection of Community trade marks against infringement. [10] On the contrary, such protection requires that infringement should as a general rule be prohibited. The Regulation, moreover, explicitly links the objective of promoting the free movement of goods with provision for 'Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community'. [11]

27. Finally, it must also be borne in mind that where, as here, the alleged infringement

8 — Similarly, since the national court does not ask for examples of what may constitute 'special reasons', and since there has been no exploration of that question in the pleadings before the Court, I do not consider that it would be appropriate in the present case, the first in which the Court has been asked for an interpretation of Article 98(1), to give such examples.

9 — First recital in the preamble.

10 — Cf. Article 3(2) of Directive 2004/48, cited in footnote 4, which states that the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by the directive 'shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to *legitimate* trade and to provide for safeguards against their abuse' (emphasis added). The second sentence of Article 41(1) of the TRIPs Agreement is to similar effect.

11 — Second recital in the preamble.

consists in affixing a sign which is identical to the Community mark to goods which are identical to those for which it is registered, protection of the Community mark is absolute. [12] In such circumstances the derogation should in principle not apply at all. At the very most, it might perhaps apply where it is materially impossible for the defendant to repeat the infringement, for example (to borrow the illustrations given by Nokia) if the defendant is a company which has been wound up or if the mark in question has expired.

28. I am accordingly of the view that the condition relating to special reasons in Article 98(1) of the Regulation is not satisfied if a court which finds that the defendant has infringed a Community trade mark refrains from issuing a specific prohibition of further infringement solely on the ground that it considers that the risk of further infringement is not obvious or is otherwise merely limited.

The second question

29. By its second question, the referring court asks whether the condition relating to special reasons in Article 98(1) of the Regulation means that a court which finds that the defendant has infringed a Community trade mark may, even if there is no such ground for refraining from issuing a prohibition of further infringement as contemplated in Question 1, nevertheless refrain from issuing such a prohibition on the grounds that a further infringement would clearly be covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

30. Nokia, the French Government and the Commission submit that that question should be answered in the negative. Mr Wärdell takes the contrary view, although he makes no submissions, simply referring to his arguments on the first question.

31. Again, I share the former view.

32. As the French Government correctly submits, a general provision of national legislation cannot by definition be a 'special' reason. On a natural reading that term implies that the reason should be special to a particular case, which in turn suggests that it should normally relate to facts rather than law. Member States are in any event required

12 — Seventh recital in the preamble to, and Article 9(1)(a) of, the Regulation.

by Articles 44(1) and 61 of the TRIPs Agreement to provide for civil and criminal sanctions, including prohibition, for infringement of intellectual property rights. The existence of national law sanctions cannot therefore be a special reason not to order prohibition under Article 98(1). Refusing to order prohibition under Article 98(1) on the basis that national law provides for a sanction would make application of Community law rules dependent on national law. That in turn would run counter both to the primacy of Community law and to the unitary character of the Regulation. It would also in effect deprive Article 98(1) of all meaning.

33. Moreover a measure prohibiting infringement, such as that required by Article 98(1), may in some circumstances be more effective for the trade mark owner than a general prohibition on infringement, even where that is subject to a penalty. The French Government states by way of example that, under French law, a specific order prohibiting infringement entitles the trade mark owner to request the customs authorities and the police to prevent commission of the prohibited acts without needing to bring fresh proceedings (which take time and cost money) in respect of the new infringement.

34. In that context, it may be noted that, according to Nokia, the penalty provided for in Article 37a of the Swedish Law on trade marks is not a necessary consequence of infringement. Rather, it requires a separate application by the trade mark owner and proof that the infringement is intentional or the result of serious negligence. If that is indeed the case, the protection afforded by that legislation is manifestly not comparable to the protection envisaged by Article 98(1) which, I repeat, explicitly requires that an order prohibiting further infringement should be the normal judicial response to a finding of infringement.

35. I am accordingly of the view that the condition relating to special reasons in Article 98(1) of the Regulation is not satisfied if a court which finds that the defendant has infringed a Community trade mark refrains from issuing a prohibition of further infringement solely on the grounds that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

The third and fourth questions

36. It is convenient to consider these questions together.

37. By its third question, which arises only if the second question is, as I suggest, answered in the negative, the referring court asks whether specific measures, by which a prohibition is for example coupled with a penalty, must be taken to ensure that the prohibition is complied with, even where (i) further infringement is covered by a statutory general prohibition of infringement under national law and (ii) a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

38. By its fourth question, which it puts if the third question is answered in the affirmative, the referring court asks whether that is so even where the conditions for adopting such a specific measure in the case of a corresponding infringement of a national trade mark would not be regarded as fulfilled.

39. Nokia, the French Government and the Commission submit that the third and fourth questions should be answered in the affirmative. I agree.

40. Mr Wärdell takes the contrary view. He refers to Article 14(1) of the Regulation, which states that 'infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark', and submits that if national law provides for a general prohibition of infringement with the possibility of a penal sanction, there are sufficient measures to ensure compliance with the prohibition of continuing infringement.

41. Article 14(1), however, concludes with the words 'in accordance with the provisions of Title X'. Title X includes Article 98(1). As I have already emphasised, that provision is mandatory. It requires a court which has found infringement of a Community trade mark not only to issue an order prohibiting the defendant from further infringement but also to 'take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with'. That formulation clearly requires that national law should make available specific measures to

back up such a prohibition and thus ensure that it is complied with. [13] Thus, a general statutory prohibition on infringement under national law would not, in my view, be sufficient. Likewise, a penalty that can be applied only (i) at the national court's option; (ii) on application by the trade mark holder; and (iii) to a defendant who commits a further infringement intentionally or with negligence, is insufficient to satisfy the requirement.

42. While the detail of the measures is a matter for national law, they must be not only specific but also effective for the purpose. That follows from the principle that, although in the absence of Community legislation governing the matter, it is for the domestic legal system of each Member State to lay down the detailed procedural rules governing court actions for safeguarding rights which individuals derive from Community law, such rules must not be less favourable than those governing similar domestic actions (principle of equivalence) and must not render virtually impossible or excessively difficult the exercise of rights conferred by Community law (principle of effectiveness). [14] Clearly a prohibition with no teeth is unlikely to satisfy the latter principle. That does not however in my view necessarily require that the prohibition on infringement should be immediately combined with some other sanction or penalty. Rather, the consequences of breaching the prohibition must be clearly laid down, either specifically by the national court in question or more generally by national law.

43. With regard to the fourth question, it seems to me that it makes no difference to the above analysis whether in a given case the conditions for adopting a specific measure such as envisaged by Article 98(1) would not be regarded as fulfilled in the case of a corresponding infringement of a national trade mark. Article 98(1) imposes a specific requirement, the details of which are to be fleshed out by national law, which applies where there has been an infringement of a Community trade mark. The principle of equivalence does not require that where Community law confers a high level of protection on a right derived from Community law, equivalent rights derived from national law (even harmonised national law) necessarily enjoy the same level of protection.

13 — The French text is even clearer: 'Il prend également, conformément à la loi nationale, les mesures propres à garantir le respect de cette interdiction'.

14 — See e.g. Case C-472/99 *Clean Car Autoservice (II)* [2001] ECR I-9687, paragraph 28.

Conclusion

44. For the above reasons I consider that the questions referred by the Högsta Domstolen (Supreme Court), Sweden, should be answered as follows:

Questions 1 and 2

— The condition relating to special reasons in Article 98(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark is not satisfied if a court which finds that the defendant has infringed a Community trade mark refrains from issuing a specific prohibition of further infringement (1) solely on the ground that it considers that the risk of further infringement is not obvious or is otherwise merely limited or (2) solely on the grounds that a further infringement is covered by a statutory general prohibition of infringement under national law and that a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence.

Questions 3 and 4

— It is for national law to determine the details of the specific measures which Article 98(1) of Regulation No 40/94 requires a court which prohibits a defendant from continuing to infringe a Community trade mark to take to

ensure that that prohibition is complied with. Such measures must be effective. The requirement in Article 98(1) is not satisfied on the sole grounds that (i) further infringement is covered by a statutory general prohibition of infringement under national law and (ii) a penalty may be imposed on the defendant if he commits a further infringement intentionally or with gross negligence. Specific measures must be taken to ensure that the prohibition is complied with even where the conditions for adopting such measures would not be regarded as fulfilled in the case of a corresponding infringement of a national trade mark.