From the date of expropriation and notwithstanding their common origin, each of the marks independently fulfilled its function, within its own territorial field of application, of guaranteeing that the marked products originated from one single source.

REPORT FOR THE HEARING
in Case C-10/89 *

I — Facts and procedure

The company HAG GF AG, the plaintiff and respondent to an appeal on a point of law in the main proceedings, was founded in 1906 and since it was the first to discover a process to decaffeinate coffee its main activity for a long time has been the manufacture and sale of such coffee. It holds numerous trade marks in the Federal Republic of Germany — the oldest registered in 1907 — in which the main element is the word 'HAG', which is also part of the corporate name.

In 1908 it had two trade marks registered in Belgium, relating to the name 'Kaffee HAG'. In 1927 it set up a subsidiary company in Belgium, trading as 'Café HAG SA', which was wholly owned and controlled by it. The subsidiary company had at least two trade marks registered on its own account, one of which related to the mark 'Café HAG'. With effect from 1935, the plaintiff also transferred the trade marks registered in its own name in Belgium to the subsidiary.

In 1944 Café HAG SA was seized as enemy property. Later, the Belgian authorities sold the shares *en bloc* to the Van Oevelen family. In 1971 Café HAG SA assigned the Benelux marks held by it to Société en commandite Van Zuylen Frères, Liège.

When HAG AG began in 1972 to import its products into Luxembourg under the name 'Kaffee HAG', Van Zuylen Frères brought legal proceedings in Luxembourg to restrain it. In those proceedings the Court of Justice, to which the matter had been referred for a preliminary ruling, held that: 'To prohibit the marketing in one Member State of a product legally bearing a trade mark in another Member State for the sole reason that an identical trade mark, having the same origin, exists in the first State, is incompatible with the provisions for the free movement of goods within the common market' (judgment in Case 192/73 *Van Zuylen* v *HAG* [1974] ECR 731). Following that decision the Belgian company's claim was rejected.

* Language of the case: German.

SA CNL-SUCAL NV, the defendant and appellant on a point of law in the main proceedings, is the successor to the Société en commandite Van Zuylen Frères following changes in its legal constitution and its trade name and is today a wholly owned subsidiary of the Swiss company Jacobs-Suchard AG. It has now itself begun to import into the Federal Republic of Germany under the name 'HAG' the decaffeinated coffee which it produces in Belgium.

HAG AG, which asserts that 'Kaffee HAG' has attained a status of a famous brand name in Germany and that the decaffeinated product marketed by it under that name is, by virtue of a new method of preparation, superior in quality to the decaffeinated coffee imported by CNL-SUCAL, has opposed those imports by commencing proceedings before the Landgericht (Regional Court) Hamburg. The Landgericht ordered CNL-SUCAL 'to desist from: offering and/or marketing and/or supplying for distribution in the territory of the Federal Republic of Germany and West Berlin, decaffeinated coffee bearing the name "HAG"...'. The appeal brought by CNL-SUCAL was rejected by the Oberlandesgericht (Higher Regional Court) Hamburg. CNL-SUCAL appealed on a point of law.

Since the Bundesgerichtshof took the view that the proceedings involved an assessment and interpretation of Articles 30, 36 and 222 of the EEC Treaty, it decided by order of 24 November 1988, pursuant to Article 177 of the Treaty, to stay the proceedings until the Court of Justice had given a preliminary ruling on the following questions:

'(1) Is it compatible with the provisions on the free movement of goods (Articles 30 and 36 of the EEC Treaty) — having regard also to Article 222 — that an undertaking established in Member State A should, by virtue of its national rights in trade names and trade marks, oppose the importation of similar goods of an undertaking established in Member State B if, in State B, those goods have legally received a mark which:

(a) may be confused with the trade name and trade mark reserved in State A to the undertaking established there, and

(b) had originally existed in State B — albeit registered later than a mark protected in State A — for the benefit of the undertaking established in State A and had been transferred by that undertaking to a subsidiary undertaking set up in State B and forming part of the same concern, and

(c) was, as a consequence of the expropriation in State B of that subsidiary, transferred as an asset of the sequestrated subsidiary (together with that undertaking as a whole) to a third party which, in turn, assigned the mark to the legal precursor of the undertaking which now exports the goods bearing that mark to State A?

(2) Should the answer to the first question be negative:

Would the answer to the above question be different if the mark protected in State A has become a "famous" brand name in that State and it is probable that, as a result of the exceptional prominence which it enjoys, if the same mark is used by a third-party undertaking, the task of informing the consumer as to the commercial origin of the goods could not be accomplished without adverse repercussions on the free movement of goods?

(3) Alternatively, again if the first question is answered in the negative:

Does the same answer hold good even if consumers in State A associate the mark protected in that State not only with a certain commercial origin but also with certain perceptions as to the characteristics, in particular the quality of the marked goods and if the goods imported from State B under the same mark do not meet those expectations?

(4) If the first, second and third questions are all answered in the negative:

Would the answer be different if the separate conditions set out in the second and third questions were cumulative and were all satisfied?'

The order of the Bundesgerichtshof was received at the Court Registry on 13 January 1989.

Pursuant to Article 20 of the Protocol on the Statute of the Court of Justice of the European Communities, written observations were lodged:

on 7 April 1989 by SA CNL-SUCAL NV, the defendant and appellant on a point of law in the main proceedings, represented by Gisela Wild, Rechtsänwaltin of Hamburg, and Professor Ernst-Joachim Mestmäcker,

on 14 April 1989 by the Government of the Federal Republic of Germany, represented by Horst Teske and Alexander von Mühlendahl, Ministerialrat and Regierungsdirektor respectively in the Ministry of Justice,

on 17 April 1989 by the Commission of the European Communities, represented by its Legal Adviser, Jörn Sack,

on 21 April 1989 by HAG GF AG, plaintiff and respondent on a point of law in the main proceedings, represented by Bruckhaus, Kreifels, Winkhaus and Lieberknecht, Rechtsanwälte of Düsseldorf,

on 25 April 1989 by the Government of the Kingdom of the Netherlands, represented by H. J. Heinemann, Deputy General Secretary in the Ministry of Foreign Affairs,

on 28 April 1989 by the Government of the United Kingdom, represented by S. J. Hay of the Treasury Solicitor's Department,

on 3 May 1989 by the Government of the Kingdom of Spain, represented by Javier Conde de Saro, Director-General for Legal and Institutional Coordination with the Communities and Rafael García-Valdecasas y Fernández, abogado del Estado, Head of the Legal Department for Contentious Matters before the Court of Justice of the European Communities.

Upon hearing the report of the Judge-Rapporteur and the views of the Advocate General the Court decided to open the oral procedure without any preparatory inquiry.

II — Summary of the written observations submitted to the Court

A — *First question*

1. Only *CNL-SUCAL* proposes an answer in the negative to the first question, namely that HAG AG cannot rely on its rights to the commercial name and trade mark to prevent the importation of coffee bearing the trade mark HAG Benelux into Germany.

It relies above all on the aforementioned judgment of 3 July 1974 (hereinafter referred to as *'HAG I'*). According to CNL-SUCAL, the grounds of that judgment, which are based on 'the common origin' of the HAG Benelux and German trade marks and declare the prohibition, on the basis of the Benelux trade mark, from marketing German HAG coffee in Belgium and Luxembourg to be incompatible with Articles 30 and 36 of the Treaty, are also applicable to the converse situation which obtains in the present case. CNL-SUCAL alleges that in the judgment in Case 119/75 *Terrapin* v *Terranova* [1976] ECR 1039 the Court defined the notion of common origin by applying it to any 'subdivision, either by voluntary act or as a result of public constraint, of a trade mark right which originally belonged to one and the same proprietor' (paragraph 6).

In CNL-SUCAL's view the spirit and object of the case-law of the Court does not permit a distinction to be made according to whether the obstacle to the free movement of goods is caused by the original proprietor of a trade mark which has the same origin or by a successor in title. In any event the very subdivision of the original right already undermined the essential function of the trade mark (the aforementioned judgment in *Terrapin*), which the Court has consistently held, resides in the proprietor's exclusive right to use the trade mark for the initial marketing of the product and a guarantee to the consumer of the identity of the product's origin.

Thus the application of Article 30 of the Treaty to the facts of the present case is, in CNL-SUCAL's view, in accordance with the delimitation of the notion of the existence and the exercise of a trade mark right, as defined by the Court, since Article 36 guarantees only the existence of the specific subject-matter of the right. A marketing ban in one Member State on a product with a trade mark registered in another Member State on the sole ground that there is in the importing Member State an identical trade mark with the same origin is not part of the specific subject-matter of the trade mark. In such case there is no longer any connection between the product and the manufacturer.

CNL-SUCAL considers that the judgment in Case 19/84 *Pharmon* v *Hoechst* [1985] ECR 2281 does not apply to trade marks. In that judgment the Court held that the proprietor of a patent may object to the importation and marketing of products manufactured under a compulsory licence granted in respect of a parallel patent held by the same proprietor, since he cannot be deemed to have consented to the manufacture and marketing carried out by the holder of the compulsory licence.

In CNL-SUCAL's view the differences between patents and trade marks preclude the application of that judgment to trade marks. The specific object of the patent right lies in the grant to the inventor of an exclusive right to be the first to market the product in question with a view to enabling him to obtain compensation for his inventive activity. On the other hand, the specific object of a trade mark, which is to guarantee the identity of the goods, has already been compromised by the subdivision of the original trade mark, independently of the wishes of the proprietor of the right.

CNL-SUCAL cites the case-law of the Court which stressed the differences between trade marks and other rights to industrial and commercial property (judgments in Case 40/70 *Sirena* v *Eda* [1971] ECR 69 and *HAG I*). The result of those differences is that there are important special features in the case of trade marks when balancing the requirements of free movement of goods and rights to industrial and commercial property. It is possible for subdivided trade marks of common origin to coexist provided distinctive features are added.

As regards Article 222 of the Treaty, according to which the Treaty in no way prejudices the rules in the Member States governing the system of property ownership, CNL-SUCAL claims that it is clear from the judgment in Joined Cases 56/64 and 58/64 *Consten and Grundig* v *Commission* [1966] ECR 299 that the Community restrictions on the exercise of the rights mentioned in Article 36 are compatible with the guarantee of property rights in the Member States. That conclusion is confirmed by the case-law of the Court on the limits of fundamental rights (see the judgment in Case 4/73 *Nold* v *Commission* [1974] ECR 491).

CNL-SUCAL considers that the right to a trade name should be viewed in the same way as the right to a trade mark. That is clear both from the case-law of the Court (aforementioned judgment in *Terrapin*) and from commentators. CNL-SUCAL proposes that the first question should be answered as follows:

'In the circumstances mentioned in letters (a), (b) and (c) it is incompatible with the provisions on free movement of goods for an undertaking established in Member State A, relying on rights to a trade name and mark of which it is proprietor in that country, to oppose the importation by an undertaking established in Member State B of similar products where those products have lawfully received a trade name in Member State B and bear an identical trade mark of the same origin.'

2. *HAG AG*, the Governments of the *Federal Republic of Germany*, the *Netherlands*, the *United Kingdom* and *Spain*, and the *Commission* consider that the first

question should be answered in the affirmative, namely that Community law allows HAG to oppose the importation of Belgian 'HAG' coffee into Germany.

(a) HAG AG contends that the thread running through the whole of the relevant case-law of the Court is that the proprietor of an industrial property right cannot oppose the importation of products corresponding to that right from another Member State if the fact that the product corresponding to his industrial property right is the result of or is attributable to his consent (in the widest sense of the word). That same principle is embodied in the First Council Directive (89/104/EEC) of 21 December 1988 to approximate the laws of the Member States relating to trade marks (Official Journal 1989 L 40, p. 1).

It is true that the Court in the judgment in the *HAG I* case stressed the common origin of the HAG trade marks in question and according to the operative part seems to have gone beyond the question put to it and the Opinion of Mr Advocate General Mayras in also holding that the original trade mark should be treated on an equal footing with the trade mark resulting from subdivision. However, according to HAG AG, the true ground did not appear clearly in the judgment itself: in acquiring the Belgian HAG trade mark, resulting from the subdivision, the Van Oevelen family and its successors in title had accepted, which amounts to agreeing, that the same trade mark could be used not only by themselves but also by the original proprietor. On the other hand, a subdivision of the Belgian trade mark can in no way be attributed to HAG AG. Neither the setting up of the Belgian subsidiary nor the transfer of the Belgian trade marks to it in 1935 can be regarded as acts of HAG AG amounting to consent, for none of those factors was relevant to the appearance, following the expropriation, of different reference objects for the single trade mark's function of indicating origin.

In the opinion of HAG AG that interpretation of the judgment in *HAG I* is supported by the aforementioned judgment in *Terrapin*, which deals with the situation of a trade mark right resulting from a subdivision, either by voluntary act or as a result of public constraint. Thus the excessively wide formulation in the *HAG I* judgment was defined as meaning that it affects only the situation of a successor in title. The successor in title to a right 'resulting' from a subdivision (namely not only a new mark but also a mark separated from several marks which were previously held by a single person) has, just like a licensee, knowingly accepted that several undertakings use the same mark on their products. That does not apply to the victim of a measure of public constraint.

HAG AG cites the aforementioned judgment of 9 July 1985 (*Pharmon* v *Hoechst*) concerning a compulsory licence in relation to a patent. It equates expropriation and a compulsory licence on the one hand and trade mark and patent rights on the other and considers that that judgment should be applied in the present case. It states that the Court expressly relied on the absence of consent on the part of the proprietor of the patent. Moreover if a compulsory licence for which a royalty is prescribed leaves the original proprietor free to seek a ban in other Member States, the same must apply *a fortiori* to expropriation without compensation.

As regards the assimilation of trade mark and patent rights, HAG AG concedes that there are differences, which are moreover referred to in the judgments of the Court, but submits that the case-law on Articles 30 and 36 has never treated the various industrial property rights differently. Above all there are no major differences in relation to the condition for consent in this connection. Thus the need for consent serves, in the case of patents, to guarantee that due recompense is paid for the invention and in the case of copyright that royalties are paid to the author. As regards trade marks, it is a question not only of ensuring remuneration for the exploitation of the goodwill but above all of allowing the exercise of influence on the quality and presentation of the goods bearing the mark. The specific object of a trade mark so defined would be adversely affected if a third party were authorized to use an identical trade mark for similar goods (but of different quality) of a different origin. In such a case it is the existence and not the exercise of the right that is at stake.

As regards Article 222 of the EEC Treaty, HAG AG submits that non-recognition in the Federal Republic of Germany of the right to oppose the importation of goods bearing the trade mark separated off by reason of the expropriation carried out in another State would constitute an extraterritorial extension of the expropriation. That is contrary not only to the principles of public international law but also to Article 222, the objective of which is in particular to reserve to Member States the power to rule on property rights and thus on measures of expropriation.

(b) The Spanish Government considers that an assignment of the trade mark by a measure of constraint in favour of a third party who is completely independent of the original proprietor has the effect of negating the common origin. Application of the doctrine of common origin to a case such as the present where HAG AG cannot exercise any control over the quality of the products manufactured by CNL-SUCAL would adversely affect the interests of the undertaking and of consumers and make the market less transparent.

(c) The Netherlands Government states that the right relied on by HAG AG is not the 'result' (within the meaning of the aforementioned judgment in *Terrapin*) of a subdivision of trade marks but a right protected by law in a Member State which has never lost its essential function of guaranteeing that goods be of the same origin.

(d) The United Kingdom considers that the decision of the Court in *HAG I* is inconsistent with the subsequent judgments of the Court, and should not be followed. According to the judgment in *HAG I* the proprietor of the mark in Luxembourg could not object to the sale in Luxembourg of goods which were not manufactured by him and did not bear the mark with his consent. However, according to subsequent case-law, the first question to be asked is whether the proprietor of the mark in the Member State of importation has consented to the application of the mark to the goods in question. The Court's reasoning in the aforementioned judgment in *Pharmon* v *Hoechst* concerning a compulsory licence in relation to a patent is directly applicable to the position of HAG AG, which cannot be taken to have consented to the application of the mark of which it was deprived by measures of constraint.

The United Kingdom states that that case-law is consistent with the First Directive on Trade Marks, the Paris Convention for the Protection of Industrial Property of 20 March 1883, as last amended on 14 July 1967 (*United Nations Treaty Series*, Vol. 828, p. 305) and the Proposal for a Council Regulation on the Community Trade Mark (Official Journal 1980 C 351, p. 5; Official Journal 1984 C 230, p. 1).

According to the United Kingdom, the common origin of the marks emphasized by the Court in the judgment in *HAG I* is relevant only to the question whether the exercise of the national right conferred by the trade mark results in arbitrary discrimination or a disguised restriction on trade within the meaning of the second sentence of Article 36 of the Treaty, which obviously seems to be excluded in the present case in view of the complete lack of connection between the two companies.

The United Kingdom proposes the following answer to the first question:

'Where, in Member State A of the Community, Undertaking A is the owner of a trade mark, and in Member State B, Undertaking B is the owner of an identical mark or one that is confusingly similar to it, Undertaking A may oppose the importation into Member State A of goods bearing the mark lawfully placed thereon in Member State B provided

(a) the goods have not been marked in Member State B with the consent of Undertaking A, and

(b) there is no economic or other connection between Undertaking A and Undertaking B which would lead to the partitioning of the market in goods having the same trade origin.

However, it is irrelevant that the marks in question may in the past have been in common ownership, if they are now the property of separate undertakings having no economic connection and if the goods to which the marks are applied do not have a common trade origin, and if the separation of economic or other connection between Undertaking A and Undertaking B did not take place with the intention of partitioning the markets artificially.'

(e) The Commission points out that the national court rightly stated that if there is strict adherence to the terms of the judgment in *HAG I*, the principles set out there should also apply to the 'converse' circumstances of the present case. It considers however that more recent judgments of the Court of Justice cast doubt on the correctness of that reasoning which is based solely on the common origin of two marks under different national laws and does not take account of the circumstances which gave rise to the subdivision.

The Commission suggests that the Court perhaps intended in the judgment in *HAG I* to summarize in the concept of common origin the following considerations: in the case of secondary acquisition of an industrial property right the theory of consent in the strict sense is inapplicable. The restriction on the purchaser's right results not from his consent but from the fact that a person who acquires a right from a third party must accept it in a state which corresponds to the fundamental rules of the

common market. He cannot therefore rely on that right to prevent the importation of products following another disposition of the original right by its proprietor within the territorial scope of the right in question. The doctrine of common origin can therefore only be an adjunct of the consent doctrine to define the special situation of the purchaser of the subdivided right.

In any event where a person has lost a right by expropriation, he should not be treated in the same way as a person who voluntarily gives up his right. Not only is there no act of volition on the part of the proprietor of the original right to dispose of it but in addition expropriation almost always entails for him serious economic disadvantages which Community law should not aggravate by enabling the assignee to encroach even on the residual rights of the original proprietor.

Applying the reasoning of the aforementioned judgment in *Pharmon* v *Hoechst* to the present case, the Commission contends that the original proprietor of an expropriated mark ought not to be placed in a less advantageous position than the proprietor of a patent right subject to a compulsory licence.

Lastly, the Commission points out that the solution which it proposes excludes any possibility of conflict between the provisions on free movement of goods and the protection of the fundamental right to property recognized by Community law.

The Commission proposes the following answer to the first question:

'Articles 30 and 36 of the EEC Treaty do not preclude national provisions which allow an undertaking to rely on its trade mark rights in one country to oppose the importation of goods originating in another Member State where those products bear a trade mark which is identical to or confusable with the protected mark and authorization to use the mark was acquired in another Member State as a result of expropriation of the undertaking entitled to use the mark or of an undertaking belonging to it.'

(f) The Government of the Federal Republic of Germany considers that it is the First Directive on Trade Marks which alone determines the answer to the questions put, even though the Member States have until 28 December 1991 to transpose it into their national law. Since they must order their trade mark law in such a way as to comply with the directive, they cannot thereby act in a manner contrary to the rules of the Treaty on free movement of goods unless the directive itself is contrary to the Treaty, of which there is no evidence.

Pursuant to Articles 5 and 7 of the directive, which is based on the consent doctrine and with which German trade mark law already complies, HAG AG is entitled to prevent CNL-SUCAL from importing its products using the HAG trade mark.

In the opinion of the German Government the directive constitutes a complete harmonization of substantive trade mark law. The questions which it leaves open do not touch on the scope of the doctrine of common origin. That doctrine was decisive in the

HAG I judgment but has thus been disregarded by the directive.

Alternatively the German Government further states that the *HAG I* judgment is not applicable to the converse situation; the proprietor of the more recent trade mark cannot rely on the common origin of the marks in question. In addition all the subsequent case-law of the Court has been based on the principle of consent freely given, which is absent in the present case. Moreover, as in *Pharmon* v *Hoechst* the territorial effects of expropriation should be confined to the State responsible for the expropriation.

B — *Second, third and fourth questions*

1. As regards the questions put in the event that the first question is answered in the negative, HAG AG and the Governments of the Federal Republic of Germany and the United Kingdom propose an answer to the effect that HAG AG may prevent the importation of Belgian HAG coffee if consumer information on the origin (Question 2) or the characteristics (Question 3) of the product cannot be guaranteed in any other way. They agree that the relevant findings of fact are a matter for the national courts.

(a) As regards the second question, HAG AG observes however that in the case of a well-known mark consumer information, that is to say the removal of risks of confusion about the origin, cannot be achieved using reasonable means. Even a very clear indication of the place of manufacture and the name of CNL-SUCAL as distinct from HAG AG would not suffice, for a significant number of consumers would persist in believing that the companies were connected. Moreover consumer information is ineffective where it relates to a product often sold in self-service outlets or following a verbal order as a prepared drink.

In addition, in HAG AG's view, because the mark is well known, free importation in the present case would cause incomparably more damage than in the case of a normal mark. The proprietor of such a mark can protect himself by adding distinctive features, whereas a well-known mark is both beneficiary and victim of its unique character, which is weakened by any parallel use, and it even runs the risk of becoming a generic description and thus ceasing to offer any protection. Under German law the goodwill relating to a well-known mark is an integral part of the economic value of the undertaking. It is thus covered by the guarantee of property and protected not only as a fundamental right but also by Article 222 of the EEC Treaty. That article would thus be infringed if no special value were attached to the protection of a well-known mark in any balancing of interests under Article 36 of the EEC Treaty.

HAG AG adds that misleading information about origin constitutes unfair conduct prohibited both under German law and Council Directive 84/450/EEC of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising (Official Journal 1984 L 250, p. 17). In the present case the unfair competition is sufficiently serious to satisfy all the conditions laid down by the Court for the principle of the

protection of fair competition (which is an imperative requirement independent of any infringement of a right protected by Article 36) to override the principle of free movement of goods. That is particularly true in so far as this case relates to a ban not on all imports of CNL-SUCAL coffee but only on imports under the HAG trade mark.

As regards the third question, HAG AG states that deception about the quality of a product in any form whatsoever also constitutes unfair conduct prohibited in German law and under the aforementioned Directive 84/450. In the present case consumers are misled in relation to the manufacturing process and above all taste. The prohibition of such misleading information constitutes an imperative requirement within the meaning of the case-law of the Court of Justice and is in German law applicable without distinction to domestic and imported products. In the present case the prohibition of use of the HAG mark is the most moderate means of putting an end to the deception.

(b) The Government of the Federal Republic of Germany considers that even if the doctrine of common origin continues to be applied, the requirements of appropriate consumer information and the fame of the trade mark may justify a prohibition of its use. Thus the judgment in *HAG I* stated that it was not possible to oppose the use of the mark solely on the ground that there was an identical mark with the same origin. The answer concerning misleading information does not depend on Articles 30 and 36 of the EEC Treaty but on the aforementioned Directive 84/450 in relation to misleading publicity which corresponds to the relevant German law.

(c) The United Kingdom considers that if the first (wrong) impression given by the trade mark is so strong that it cannot effectively be displaced by other explanatory matter, the ban on importing products bearing that mark is justified in the interests of preventing unfair competition which is an imperative requirement within the meaning of the case-law of the Court on Article 30 of the Treaty.

The United Kingdom proposes the following answer:

'Articles 30 and 36 of the Treaty must be interpreted as meaning that measures restricting the importation of products bearing a particular mark which are of different quality and/or different commercial origin to those which consumers in the Member State of importation expect of products bearing that mark are justified on the ground of the prevention of unfair competition and consumer protection.'

2. CNL-SUCAL and the Commission (in the alternative, for the latter considers that in view of the answer which it proposes to the first question, the second, third and fourth questions are otiose) suggest that the answer should be that the factors referred to in the second and third questions in no way affect the answer to be given to the first question.

They cite the judgment in *HAG I* according to which, instead of prohibiting the importation under the HAG mark, information to consumers 'may be ensured by means other than such as would affect the free movement of goods' (paragraph 14) in support of their contention that it is always

possible to protect the interests of consumers by information in addition to the trade mark.

'Question 1 calls for no different answer even where the protected name in State A has become a famous mark and is exceptionally well known.'

As regards the second question, CNL-SUCAL adds that in so far as the danger of confusion results only from the similarity of the marks, that situation should be accepted in the interest of the common market. Where there are identical marks with the same origin, those marks no longer give a sure indication of the origin of the goods. That is why information corresponding to a trade mark's function of identification must be given by other means.

As regards the third question, which is concerned with the applicability of the prohibition of misleading markings contained in Paragraph 3 of the German Law on unfair competition, CNL-SUCAL considers that, as applied in the present case, that provision is directed solely at the use of the HAG Benelux mark and thus is a provision which is applied in a discriminatory manner. It is solely applied to CNL-SUCAL's conduct in using the HAG mark which has the same origin as that of HAG AG, conduct which is not contrary to Community law.

According to CNL-SUCAL the HAG mark is also well known in the Benelux States and in particular Belgium. Community law must allow the coexistence of several trade marks, even if they are famous marks. For consumers to adjust to that situation is part of the development of the common market.

Even in the case of a provision applicable without distinction to domestic and imported products, CNL-SUCAL contends that the case-law of the Court (in particular the judgment in Case 16/83 *Prantl* [1984] ECR 1299 — the 'Bocksbeutel' case) requires that marks lawfully obtained should be enabled to coexist, notwithstanding the application of provisions against unfair competition, by the affixing of appropriate markings. The packaging of the two companies produced to the Court shows that there is in practice such a possibility.

The second question, as formulated by the Bundesgerichtshof, is thus based on the false premiss that in the case of a famous mark the requirements of fair competition and free movement of goods cannot be reconciled. If the supposition that it is not possible to add extra indications were accepted, famous marks would be removed from the scope of Community law.

In addition CNL-SUCAL claims that consumers' expectations of a particular product, even in relation to its quality, are changing as the common market develops. The fact that imported products and domestic products are of a different quality thus does not justify any other view.

CNL-SUCAL therefore proposes that the second question should be reworded and answered as follows:

CNL-SUCAL proposes that the third question should be answered as follows:

'Question 1 calls for an answer in the negative even if consumers in State A associate the mark protected in that State not only with the commercial origin but also with a certain perception of the characteristics of goods bearing that mark, in particular their quality, and goods imported from State B bearing the same marking do not satisfy that expectation.'

G. C. Rodríguez Iglesias
Judge-Rapporteur