JUDGMENT OF THE COURT

22 June 1994 *

In Case C-9/93,

REFERENCE to the Court under Article 177 of the EEC Treaty by the Oberlandesgericht Düsseldorf (Federal Republic of Germany) for a preliminary ruling in the proceedings pending before that court between

IHT Internationale Heiztechnik GmbH,

Uwe Danziger

and

Ideal-Standard GmbH,

Wabco Standard GmbH

on the interpretation of Articles 30 and 36 of the EEC Treaty,

* Language of the case: German.

THE COURT,

composed of: O. Due, President, G. F. Mancini, J. C. Moitinho de Almeida and M. Diez de Velasco (Presidents of Chambers), C. N. Kakouris, R. Joliet (Rapporteur), F. A. Schockweiler, G. C. Rodríguez Iglesias, M. Zuleeg, P. J. G. Kapteyn and J. L. Murray, Judges,

Advocate General: C. Gulmann,
Registrar: D. Louterman-Hubeau, Principal Administrator,

after considering the written observations submitted on behalf of:

— Ideal-Standard GmbH and Wabco Standard GmbH, the company to which the former has entrusted the management of its business ('Ideal-Standard GmbH'), by Winfried Tilmann, Rechtanswalt of Düsseldorf,

— IHT Internationale Heiztechnik GmbH and Uwe Danziger ('IHT'), by Ulf Doepner, Rechtanswalt of Düsseldorf,

— the German Government, by Claus Dieter Quassowski, Regierungsdirektor at the Federal Ministry of the Economy, Alfred Dittrich, Regierungsdirektor at the Federal Ministry of Justice and Alexander von Mühlendahl, Ministerialrat at the Federal Ministry of Justice, acting as Agents,

— the United Kingdom, by John D. Colahan, Treasury Solicitor, acting as Agent, and Michael Silverleaf, Barrister,

— the Commission of the European Communities, by Angela Bardenhewer and Pieter Van Nuffel, of its Legal Service, acting as Agents,

having regard to the Report for the Hearing,

after hearing the oral observations of Ideal-Standard GmbH and Wabco Standard GmbH, IHT and Uwe Danziger, the German Government, the United Kingdom, represented by John D. Colahan and Stephen Richards, Barrister, and the Commission at the hearing on 5 October 1993,

after hearing the Opinion of the Advocate General at the sitting on 9 February 1994,

gives the following

Judgment

1 By order of 15 December 1992, received at the Court on 12 January 1993, the Oberlandesgericht (Higher Regional Court) Düsseldorf referred to the Court for a preliminary ruling under Article 177 of the EEC Treaty a question on the interpretation of Articles 30 and 36 of the EEC Treaty in order to assess the compatibility with Community law of restrictions on the use of a name where a group of companies held, through subsidiaries, a trade mark consisting of that name in several Member States of the Community and where that trade mark was assigned, for one Member State only and for some of the products for which it had been registered, to an undertaking outside the group.

2 That question arose in a dispute between Ideal-Standard GmbH and IHT, both German companies, regarding the use in Germany of the trade mark 'Ideal Standard' for heating equipment manufactured in France by IHT's parent, Compagnie Internationale de Chauffage ('CICh').

3 Until 1984 the American Standard group held, through its German and French subsidiaries — Ideal-Standard GmbH and Ideal-Standard SA — the trade mark 'Ideal Standard' in Germany and in France for sanitary fittings and heating equipment.

4 In July 1984 the French subsidiary of that group, Ideal-Standard SA, sold the trade mark for the heating equipment sector, with its heating business, to Société Générale de Fonderie ('SGF'), a French company with which it had no links. That trade mark assignment related to France (including the overseas departments and territories), Tunisia and Algeria.

5 The background to that assignment was the following. From 1976 Ideal-Standard SA had been in financial difficulties. Insolvency proceedings were opened. A management agreement was concluded between the trustees and another French company set up by, *inter alios*, SGF. That company carried on Ideal-Standard SA's production and sales activities. The management agreement came to an end in 1980. The business of Ideal-Standard SA's heating equipment division remained unsatisfactory. In view of SGF's interest in maintaining the heating equipment division and its marketing in France under the device 'Ideal Standard', Ideal-Standard SA assigned the trade mark and transferred the production plants for the heating division referred to in paragraph 4 to SGF. SGF later assigned the trade mark to another French company, CICh, which, like SGF, is part of the French Nord-Est group and has no links with the American Standard group.

6 Ideal-Standard GmbH brought proceedings against IHT for infringement of its trade mark and its commercial name by marketing in Germany heating equipment bearing the trade mark 'Ideal Standard' manufactured in France by CICh. Ideal-Standard GmbH was still the owner of the trade mark 'Ideal Standard' in Germany both for sanitary fittings and for heating equipment although it had stopped manufacturing and marketing heating equipment in 1976.

7 The action seeks an injunction against IHT from marketing in Germany heating equipment bearing the trade mark 'Ideal Standard' and from using that trade mark on various commercial documents.

8 At first instance the proceedings were heard by the Landgericht (Regional Court) Düsseldorf which, by judgment of 25 February 1992, upheld the claim.

9 The Landgericht held first that there was risk of confusion. The device used — the name 'Ideal Standard' — was identical. Moreover, the products were sufficiently close for the relevant users, seeing the same device on the products, to be led to believe that they came from the same undertaking.

10 The Landgericht further held that there was no reason for it to avail itself of its power to refer a question to the Court of Justice under Article 177 of the Treaty on the interpretation of Articles 30 and 36 of the Treaty. It reviewed the judgments in Case 192/73 *Van Zuylen* v *HAG* [1974] ECR 731 (*HAG I*) and Case C-10/89 *CNL-SUCAL* v *HAG* [1990] ECR I-3711 (*HAG II*) and held that the reasoning of the Court in *HAG II* 'suffices to show that there is no longer any foundation for the doctrine of common origin, not only in the context of the facts underlying that decision, that is cases of expropriation in a Member State, but also in cases of voluntary division of ownership of a trade mark originally in single ownership, which is the position in this case'.

11 IHT appealed against that judgment to the Oberlandesgericht Düsseldorf which, referring to *HAG II*, considered whether this case should, as the Landgericht had held, be decided in the same way pursuant to Community law.

12 Accordingly, the Oberlandesgericht referred the following question to the Court of Justice for a preliminary ruling:

'Does it constitute an unlawful restriction of intra-Community trade, within the meaning of Articles 30 and 36 of the EEC Treaty, for an undertaking carrying on business in Member State A which is a subsidiary of a manufacturer of heating systems based in Member State B to be prohibited from using as a trade mark the name "Ideal Standard" on the grounds of risk of confusion with a mark having the same origin, where the name "Ideal Standard" is lawfully used by the manufacturer in its home country by virtue of a trade mark registered there which it has acquired by means of a legal transaction and which was originally the property of a company affiliated to the undertaking which is opposing, in Member State A, the importation of goods marked "Ideal Standard"?'

13 It is common ground that a prohibition on the use in Germany by IHT of the name 'Ideal Standard' for heating equipment would constitute a measure having equivalent effect to a quantitative restriction under Article 30. The question is, therefore, whether that prohibition may be justified under Article 36 of the Treaty.

14 It is appropriate first of all to review certain key features of trade-mark law and the case-law of the Court on Articles 30 and 36 of the Treaty in order to identify the precise legal context of the national court's question.

The similarity of the products and the risk of confusion

15 The *HAG II* case, whose bearing on the main proceedings is the point of the question put by the national court, related to a situation where it was not just the name that was identical but also the products marketed by the parties to the dispute.

This dispute, by contrast, relates to the use of an identical device for different products since Ideal-Standard GmbH is relying on its registration of the trade mark 'Ideal Standard' for sanitary fittings in order to oppose the use of that device for heating equipment.

16 It is common ground that the right of prohibition stemming from a protected trade mark, whether protected by registration or on some other basis, extends beyond the products for which the trade mark has been acquired. The object of trade-mark law is to protect owners against contrivances of third parties who might seek, by creating a risk of confusion amongst consumers, to take advantage of the reputation accruing to the trade mark (see Case 102/77 *Hoffmann-La Roche* v *Centrafarm* [1978] ECR 1139, paragraph 7). That risk may arise from the use of an identical device for products different from those for which a trade mark has been acquired (by registration or otherwise) where the products in question are sufficiently close to induce users seeing the same device on those products to conclude that the products come from the same undertaking. Similarity of the products is thus part of the concept of risk of confusion and must be assessed in relation to the purpose of trade-mark law.

17 In its observations the Commission warned against taking the broad view of the risk of confusion and similarity of products taken by the German courts, since it is liable to have restrictive effects, not covered by Article 36 of the EEC Treaty, on the free movement of goods.

18 As regards the period before the entry into force of the First Council Directive (89/104/EEC) of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), which was postponed to 31 December 1992 by Article 1 of Council Decision 92/10/EEC of 19 December 1991 (OJ 1992 L 6, p. 35), that being the material period for the main dispute, the Court held in Case C-317/91 *Deutsche Renault* v *Audi* [1993] ECR I-6227 that 'the determination of the criteria allowing the conclusion to be drawn that there is a risk of confusion is part of the detailed rules for protection of trade marks, which

... are a matter for national law' (paragraph 31) and 'Community law does not lay down any criterion requiring a strict interpretation of the risk of confusion' (paragraph 32).

19 However, as was held in the *Deutsche Renault* case, application of national law continues to be subject to the limits set out in the second sentence of Article 36 of the Treaty: there must be no arbitrary discrimination or disguised restriction on trade between Member States. There would, in particular, be a disguised restriction if the national court were to conduct an arbitrary assessment of the similarity of products. As soon as application of national law as to similarity of the products led to arbitrary discrimination or a disguised restriction, the obstacle to imports could not anyway be justified under Article 36. Moreover, if the competent national court were finally to hold that the products in question were not similar, there would be no obstacle to imports susceptible of justification under Article 36.

20 Subject to those reservations, it is for the court hearing the main proceedings to assess the similarity of the products in question. Since that is a question involving determination of the facts of which only the national court can have direct knowledge and so, to that extent, is outside the Court's jurisdiction under Article 177, the Court must proceed on the assumption that there is a risk of confusion. The problem therefore arises on the same basis as if the products for which the trade mark was assigned and those covered by the registration relied on in Germany were identical.

The territorial nature and independence of national trade-mark rights

21 Since this case concerns a situation where the trade mark has been assigned for one State only and the question whether the solution in *HAG II* regarding the splitting of a mark as a result of sequestration also applies in the event of splitting by vol-

untary act, it should be noted first, as the United Kingdom pointed out, that national trade-mark rights are not only territorial but also independent of each other.

22 National trade-mark rights are first of all territorial. This principle of territoriality, which is recognized under international treaty law, means that it is the law of the country where protection of a trade mark is sought which determines the conditions of that protection. Moreover, national law can only provide relief in respect of acts performed on the national territory in question.

23 Article 36 of the EEC Treaty itself, by allowing certain restrictions on imports on grounds of protection of intellectual property, presupposes that in principle the legislation of the importing State applies to acts performed in that State in relation to the imported product. A restriction on importation permitted by that legislation will of course escape Article 30 only if it is covered by Article 36.

24 National trade-mark rights are also independent of each other.

25 The principle of the independence of trade marks is expressed in Article 6(3) of the Paris Union Convention for the Protection of Industrial Property of 20 March 1883, as last revised at Stockholm on 14 July 1967 (*United Nations Treaty Series*, Vol. 828, No 11851, p. 305) which provides: 'A mark duly registered in a country of the Union shall be regarded as independent of marks registered in other countries of the Union ...'.

26 That principle has led to recognition that a trade mark right may be assigned for one country without at the same time being assigned by its owner in other countries.

27 The possibility of independent assignments is first of all implicit in Article 6quater of the Paris Union Convention.

28 Some national laws permit the transfer of the trade mark without a concomitant transfer of the undertaking whilst others continue to require that the undertaking should be transferred with the trade mark. In some countries the requirement of the concomitant transfer of the undertaking was even interpreted as necessitating the transfer of the whole undertaking even if certain parts of it were situated in countries other than that for which the transfer was proposed. The transfer of a trade mark for one country therefore almost necessarily entailed the transfer of the trade mark for other countries.

29 That is why Article 6quater of the Paris Union Convention provided: 'When, in accordance with the law of a country of the Union, the assignment of mark is valid only if it takes place at the same time as the transfer of the business or goodwill to which the mark belongs, it shall suffice for the recognition of such validity that the portion of the business or goodwill located in that country be transferred to the assignee, together with the exclusive right to manufacture in the said country, or to sell therein the goods bearing the mark assigned.'

30 By thus making possible the assignment of a trade mark for one country without the concomitant transfer of the trade mark in another country, Article 6quater of the Paris Union Convention presupposes that such independent assignments may be made.

31 The principle of the independence of trade marks is, moreover, expressly enshrined in Article 9ter(2) of the Madrid Agreement concerning the International Registra-

tion of Marks of 14 April 1891, as last revised at Stockholm in 1967 (*United Nations Treaty Series*, Vol. 828, No 11852, p. 389), which provides: 'The International Bureau shall likewise record the assignment of an international mark in respect of one or several of the contracting countries only.'

32 Unified laws, which bring the territory of several States into a single territory for purposes of trade-mark law, such as the Uniform Benelux Law on Trade Marks for Goods (annexed to the Convention Benelux en Matière de Marques de Produits, *Bulletin Benelux*, 1962-2, p. 57, Protocol of 10 November 1983, *Bulletin Benelux* of 15 December 1983, p. 72) or Council Regulation (EEC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) render void transfers of trade marks for only one part of the territory to which they apply (see paragraphs 53 and 54 below). However, those unified laws do not, any more than national laws, make the validity of a trade-mark assignment for the territory to which they apply conditional on the concomitant assignment of the trade mark for the territory of third States.

The case-law on Articles 30 and 36, trade-mark law and parallel imports

33 On the basis of the second sentence of Article 36 of the Treaty the Court has consistently held:

'Inasmuch as it provides an exception to one of the fundamental principles of the common market, Article 36 in fact only admits of derogations from the free movement of goods where such derogations are justified for the purpose of safeguarding rights which constitute the specific subject-matter of this property.

In relation to trade marks, the specific subject-matter of the industrial property is the guarantee that the owner of the trade mark has the exclusive right to use that trade mark, for the purpose of putting products protected by the trade mark into circulation for the first time, and is therefore intended to protect him against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing that trade mark.

An obstacle to the free movement of goods may arise out of the existence, within a national legislation concerning industrial and commercial property, of provisions laying down that a trade mark owner's right is not exhausted when the product protected by the trade mark is marketed in another Member State, with the result that the trade mark owner can [oppose] importation of the product into his own Member State when it has been marketed in another Member State.

Such an obstacle is not justified when the product has been put onto the market in a legal manner in the Member State from which it has been imported, by the trade mark owner himself or with his consent, so that there can be no question of abuse or infringement of the trade mark.

In fact, if a trade mark owner could prevent the import of protected products marketed by him or with his consent in another Member State, he would be able to partition off national markets and thereby restrict trade between Member States, in a situation where no such restriction was necessary to guarantee the essence of the exclusive right flowing from the trade mark' (see Case 16/74 *Centrafarm* v *Winthrop* [1974] ECR 1183, paragraphs 7 to 11).

34 So, application of a national law which would give the trade-mark owner in the importing State the right to oppose the marketing of products which have been put into circulation in the exporting State by him or with his consent is precluded as contrary to Articles 30 and 36. This principle, known as the exhaustion of rights, applies where the owner of the trade mark in the importing State and the owner of the trade mark in the exporting State are the same or where, even if they are sep-

arate persons, they are economically linked. A number of situations are covered: products put into circulation by the same undertaking, by a licensee, by a parent company, by a subsidiary of the same group, or by an exclusive distributor.

35 There are numerous instances in national case-law and Community case-law where the trade mark had been assigned to a subsidiary or to an exclusive distributor in order to enable those undertakings to protect their national markets against parallel imports by taking advantage of restrictive approaches to the exhaustion of rights in the national laws of some States.

36 Articles 30 and 36 defeat such manipulation of trade-mark rights since they preclude national laws which enable the holder of the right to oppose imports.

37 In the situations described above (paragraph 34) the function of the trade mark is in no way called in question by freedom to import. As was held in *HAG II*: 'For the trade mark to be able to fulfil [its] role, it must offer a guarantee that all goods bearing it have been produced under the control of a single undertaking which is accountable for their quality' (paragraph 13). In all the cases mentioned, control was in the hands of a single body: the group of companies in the case of products put into circulation by a subsidiary; the manufacturer in the case of products marketed by the distributor; the licensor in the case of products marketed by a licensee. In the case of a licence, the licensor can control the quality of the licensee's products by including in the contract clauses requiring the licensee to comply with his instructions and giving him the possibility of verifying such compliance. The origin which the trade mark is intended to guarantee is the same: it is not defined by reference to the manufacturer but by reference to the point of control of manufacture (see the statement of grounds for the Benelux Convention and the Uniform Law, *Bulletin Benelux*, 1962-2, p. 36).

38 It must further be stressed that the decisive factor is the possibility of control over the quality of goods, not the actual exercise of that control. Accordingly, a national law allowing the licensor to oppose importation of the licensee's products on grounds of poor quality would be precluded as contrary to Articles 30 and 36: if the licensor tolerates the manufacture of poor quality products, despite having contractual means of preventing it, he must bear the responsibility. Similarly if the manufacture of products is decentralized within a group of companies and the subsidiaries in each of the Member States manufacture products whose quality is geared to the particularities of each national market, a national law which enabled one subsidiary of the group to oppose the marketing in the territory of that State of products manufactured by an affiliated company on grounds of those quality differences would also be precluded. Articles 30 and 36 require the group to bear the consequences of its choice.

39 Articles 30 and 36 thus debar the application of national laws which allow recourse to trade-mark rights in order to prevent the free movement of a product bearing a trade mark whose use is under unitary control.

The situation where unitary control of the trade mark has been severed following assignment for one or several Member States only

40 The problem posed by the Oberlandesgericht's question is whether the same principles apply where the trade mark has been assigned, for one or several Member States only, to an undertaking which has no economic link with the assignor and the assignor opposes the marketing, in the State in which he has retained the trade mark, of products to which the trade mark has been affixed by the assignee.

41 That situation must be clearly distinguished from the case where the imported products come from a licensee or a subsidiary to which ownership of the trade-

mark right has been assigned in the exporting State: a contract of assignment by itself, that is in the absence of any economic link, does not give the assignor any means of controlling the quality of products which are marketed by the assignee and to which the latter has affixed the trade mark.

42 The Commission has submitted that by assigning in France the trade mark 'Ideal Standard' for heating equipment to a third company, the American Standard group gave implied consent to that third company putting heating equipment into circulation in France bearing that trade mark. Because of that implied consent, it should not be possible to prohibit the marketing in Germany of heating equipment bearing the assigned trade mark.

43 That view must be rejected. The consent implicit in any assignment is not the consent required for application of the doctrine of exhaustion of rights. For that, the owner of the right in the importing State must, directly or indirectly, be able to determine the products to which the trade mark may be affixed in the exporting State and to control their quality. That power is lost if, by assignment, control over the trade mark is surrendered to a third party having no economic link with the assignor.

44 The insulation of markets where, for two Member States of the Community, there are separate trade-mark owners having no economic links is a result that has already been accepted by the Court in *HAG II*. However, since that was a case where unitary ownership was divided following sequestration, it has been submitted that the same result does not have to be adopted in the case of voluntary division.

45 That view cannot be accepted because it is contrary to the reasoning of the Court in *HAG II*. The Court began by noting that trade-mark rights are an essential element in the system of undistorted competition which the Treaty seeks to establish

(paragraph 13). It went on to recall the identifying function of trade marks and, in a passage cited in paragraph 37 above, the conditions for trade marks to be able to fulfil that role. The Court further noted that the scope of the exclusive right which is the specific subject-matter of the trade mark must be determined having regard to its function (paragraph 14). It stressed that in that case the determinant factor was absence of consent of the proprietor of the trade mark in the importing State to the putting into circulation in the exporting State of products marketed by the proprietor of the right in the latter State (paragraph 15). It concluded that free movement of the goods would undermine the essential function of the trade mark: consumers would no longer be able to identify for certain the origin of the marked goods and the proprietor of the trade mark could be held responsible for the poor quality of goods for which he was in no way accountable (paragraph 16).

46 Those considerations apply, as was rightly stressed by the United Kingdom and Germany and was held by the Landgericht Düsseldorf at first instance, whether the splitting of the trade mark originally held by the same owner is due to an act of public authority or a contractual assignment.

47 IHT in particular has submitted that the owner of a trade mark who assigns the trade mark in one Member State, while retaining it in others, must accept the consequences of the weakening of the identifying function of the trade mark flowing from that assignment. By a territorially limited assignment, the owner voluntarily renounces his position as the only person marketing goods bearing the trade mark in question in the Community.

48 That argument must be rejected. It fails to take account of the fact that, since trade-mark rights are territorial, the function of the trade mark is to be assessed by reference to a particular territory (paragraph 18 of *HAG II*).

49 IHT has further argued that the French subsidiary, Ideal-Standard SA, has adjusted itself in France to a situation where products (such as heating equipment and san-

itary fittings) from different sources may be marketed under the same trade mark on the same national territory. The conduct of the German subsidiary of the same group which opposes the marketing of the heating equipment in Germany under the trade mark 'Ideal Standard' is therefore abusive.

50 That argument cannot be upheld either.

51 First of all, the assignment was made only for France. The effect of that argument, if it were accepted, would, as the German Government points out, be that assignment of the right for France would entail permission to use the device in Germany, whereas assignments and licences always relate, having regard to the territorial nature of national trade-mark rights, to a specified territory.

52 Moreover, and most importantly, French law, which governs the assignment in question here, permits assignments of trade marks confined to certain products, with the result that similar products from different sources may be in circulation on French territory under the same trade mark, whereas German law, by prohibiting assignments of trade marks confined to certain products, seeks to prevent such co-existence. The effect of IHT's argument, if it were accepted, would be to extend to the importing State whose law opposes such co-existence the solution prevailing in the exporting State despite the territorial nature of the rights in question.

53 Starting from the position that assignment to an assignee having no links with the assignor would lead to the existence of separate sources within a single territory

and that, in order to safeguard the function of the trade mark, it would then be necessary to allow prohibition of export of the assignee's products to the assignor's territory and vice versa, unified laws, to avoid creating such obstacles to the free movement of goods, render void assignments made for only part of the territory covered by the rights they create. By limiting the right to dispose of the trade mark in this way, such unified laws ensure single ownership throughout the territory to which they apply and guarantee free movement of the product.

54 Thus, the Uniform Benelux Law on Trade Marks for Goods, whose objective was to unify the territory of the three States for trade-mark purposes (statement of grounds, *Bulletin Benelux*, 1962-2, pp. 3 and 4), provided that, from the date of its entry into force, a trade mark could be granted only for the whole of Benelux (statement of grounds, *Bulletin Benelux*, 1962-2, p. 14). To that end it further provided that trade-mark assignments not effected for the whole of Benelux were void.

55 The regulation on the Community trade mark referred to above also creates a right with a unitary character. Subject to certain exceptions (see in this respect Article 106 on the prohibition of use of Community trade marks and Article 107 on prior rights applicable to particular localities), the Community trade mark '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' (Article 1(2)).

56 However, unlike the Benelux Law, 'the Community law relating to trade marks ... does not replace the laws of the Member States on trade marks' (fifth recital in the

preamble to the regulation on the Community trade mark). The Community trade mark is merely superimposed on the national rights. Undertakings are in no way obliged to take out Community trade marks (fifth recital). Moreover, the existence of earlier national rights may be an obstacle to the registration of a Community trade mark since, under Article 8 of the regulation, the owner of a trade mark in a single Member State may oppose the registration of a Community trade mark by the proprietor of national rights for identical or similar products in all the other Member States. That provision cannot be interpreted as precluding the assignment of national trade marks for one or more States of the Community only. It is therefore apparent that the regulation on the Community trade mark does not render void assignments of national marks which are confined to certain States of the Community.

57 That sanction cannot be introduced through case-law. To hold that the national laws are measures having equivalent effect which fall under Article 30 and are not justified by Article 36, in that, given the independence of national rights (see paragraphs 25 to 32 above), they do not, at present, make the validity of assignments for the territories to which they apply conditional on the concomitant assignment of the trade mark for the other States of the Community, would have the effect of imposing on the States a positive obligation, namely to embody in their laws a rule rendering void assignments of national trade marks made for part only of the Community.

58 It is for the Community legislature to impose such an obligation on the Member States by a directive adopted under Article 100a of the EEC Treaty, elimination of the obstacles arising from the territoriality of national trade marks being necessary for the establishment and functioning of the internal market, or itself to enact that rule directly by a regulation adopted under the same provision.

59 It should be added that, where undertakings independent of each other make trade-mark assignments following a market-sharing agreement, the prohibition of anti-competitive agreements under Article 85 applies and assignments which give effect to that agreement are consequently void. However, as the United Kingdom rightly pointed out, that rule and the accompanying sanction cannot be applied mechanically to every assignment. Before a trade-mark assignment can be treated as giving effect to an agreement prohibited under Article 85, it is necessary to analyse the context, the commitments underlying the assignment, the intention of the parties and the consideration for the assignment.

60 In view of the foregoing, the answer to the Oberlandesgericht Düsseldorf's question must be that there is no unlawful restriction on trade between Member States within the meaning of Articles 30 and 36 where a subsidiary operating in Member State A of a manufacturer established in Member State B is to be enjoined from using as a trade mark the name 'Ideal Standard' because of the risk of confusion with a device having the same origin, even if the manufacturer is lawfully using that name in his country of origin under a trade mark protected there, he acquired that trade mark by assignment and the trade mark originally belonged to a company affiliated to the undertaking which, in Member State A, opposes the importation of goods bearing the trade mark 'Ideal Standard'.

Costs

61 The costs incurred by the German Government, the United Kingdom and the Commission of the European Communities, 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 Oberlandesgericht Düsseldorf, by order of 15 December 1992, hereby rules:

There is no unlawful restriction on trade between Member States within the meaning of Articles 30 and 36 where a subsidiary operating in Member State A of a manufacturer established in Member State B is to be enjoined from using as a trade mark the name 'Ideal Standard' because of the risk of confusion with a device having the same origin, even if the manufacturer is lawfully using that name in his country of origin under a trade mark protected there, he acquired that trade mark by assignment and the trade mark originally belonged to a company affiliated to the undertaking which, in Member State A, opposes the importation of goods bearing the trade mark 'Ideal Standard'.

Due Mancini Moitinho de Almeida

Diez de Velasco Kakouris Joliet

Schockweiler Rodríguez Iglesias Zuleeg

Kapteyn Murray

Delivered in open court in Luxembourg on 22 June 1994.

R. Grass O. Due

Registrar President