JUDGMENT OF THE COURT (Second Chamber)

12 February 2009 *

In Case C-93/08,

REFERENCE for a preliminary ruling under Article 234 EC from the Augstākās tiesas Senāta Administratīvo lietu departaments (Latvia), made by decision of 14 February 2008, received at the Court on 28 February 2008, in the proceedings

Schenker SIA

v

Valsts ieņēmumu dienests,

THE COURT (Second Chamber),

composed of C.W.A. Timmermans, President of the Chamber, J.-C. Bonichot, J. Makarczyk, P. Kūris and C. Toader (Rapporteur), Judges,

* Language of the case: Latvian.

Advocate General: D. Ruiz-Jarabo Colomer,
Registrar: R. Şereş, Administrator,

having regard to the written procedure and further to the hearing on 4 December 2008,

after considering the observations submitted on behalf of:

— Schenker, SIA, by A. Tauriņš, Member of the Board of Directors, and by I. Faksa, advokāte,

— the Valsts ieņēmumu dienests, by Dz. Jakāns and E. Krimela, acting as Agents,

— the Latvian Government, by E. Balode-Buraka, E. Eihmane and K. Drēviņa, acting as Agents,

— the Czech Government, by M. Smolek, acting as Agent,

— the Greek Government, by O. Patsopoulou and Z. Chatzipavlou, acting as Agents,

— the Finnish Government, by J. Heliskoski, acting as Agent,

— the Commission of the European Communities, by E. Kalniņš and S. Schønberg, acting as Agents,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 11 of Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights (OJ 2003 L 196, p. 7).

2 The reference was made in the course of proceedings between Schenker SIA ('Schenker') and the Valsts ieņēmumu dienests (State Tax Authority) relating to a fine

imposed on Schenker following the destruction of goods suspected of infringing certain intellectual property rights.

Legal context

Community legislation

3 Regulation No 1383/2003 repealed and replaced Council Regulation (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods (OJ 1994 L 341, p. 8).

4 Recitals 3, 5, 9 and 10 in the preamble to Regulation No 1383/2003 state as follows:

> '(3) In cases where counterfeit goods, pirated goods and, more generally, goods infringing an intellectual property right originate in or come from third countries, their introduction into the Community customs territory … should be prohibited and a procedure set up to enable the customs authorities to enforce this prohibition as effectively as possible.

…

(5) Action by the customs authorities should involve, for the period necessary to determine whether suspect goods are indeed counterfeit goods, pirated goods or goods infringing certain intellectual property rights, suspending release for free circulation, export and re-export or … detaining those goods.

…

(9) To make the Regulation easier to apply for customs administrations and right-holders alike, provision should also be made for a more flexible procedure allowing goods infringing certain intellectual property rights to be destroyed without there being any obligation to initiate proceedings to establish whether an intellectual property right has been infringed under national law.

(10) It is necessary to lay down the measures applicable to goods which have been found to be counterfeit, pirated or generally to infringe certain intellectual property rights. Those measures should not only deprive those responsible for trading in such goods of the economic benefits of the transaction and penalise them but should also constitute an effective deterrent to further transactions of the same kind.'

5 Article 2(1)(a)(i) of Regulation No 1383/2003 provides:

'For the purposes of this Regulation, "goods infringing an intellectual property right" means:

(a) "counterfeit goods", namely:

(i) goods, including packaging, bearing without authorisation a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder's rights under Community law … or the law of the Member State…'

6 The first paragraph of Article 10 of that regulation states:

'The law in force in the Member State within the territory of which the goods are placed in one of the situations referred to in Article 1(1) shall apply when deciding whether an intellectual property right has been infringed under national law.'

7 Article 11(1) of that regulation states:

'Where customs authorities have detained or suspended the release of goods which are suspected of infringing an intellectual property right … the Member States may provide, in accordance with their national legislation, for a simplified procedure, to be used with the right-holder's agreement, which enables customs authorities to have such goods abandoned for destruction under customs control, without there being any need to determine whether an intellectual property right has been infringed under national law. To this end, Member States shall, in accordance with their national legislation, apply the following conditions:

— that the right-holder inform the customs authorities in writing within 10 working days … of receipt of the notification provided for in Article 9, that the goods concerned by the procedure infringe an intellectual property right referred to in Article 2(1) and provide those authorities with the written agreement of the declarant, the holder or the owner of the goods to abandon the goods for destruction. … This period may be extended by a further 10 working days where circumstances warrant it;

— that destruction be carried out, unless otherwise specified in national legislation, at the expense and under the responsibility of the right-holder, and be systematically preceded by the taking of samples for keeping by the customs authorities in such conditions that they constitute evidence admissible in legal proceedings in the Member State in which they might be needed.'

8 Article 18 of Regulation No 1383/2003 provides:

'Each Member State shall introduce penalties to apply in cases of violation of this Regulation. Such penalties must be effective, proportionate and dissuasive.'

National legislation

9 The second paragraph of Article 201.12 of the Latvian Code of Administrative Offences (Administratīvo pārkāpumu kodekss) provides:

'In the prosecution of customs proceedings against counterfeit goods and pirated goods, or the temporary detention of such goods, a natural person shall be liable to a fine of between LVL 50 and 250, and a legal person to a fine of between LVL 500 and 5 000, together with the seizure of the goods.'

The dispute in the main proceedings and the question referred

10 Pursuant to a contract, Schenker, a customs agent, in its own name and on behalf of the consignee of the goods, Rovens SIA ('Rovens'), released goods bearing the trade mark 'Nokia' for free circulation.

11 On 16 February 2005, while carrying out a customs inspection on the imported goods, the Rīgas muitas iestāde (Riga Customs Office) suspected that the goods were counterfeit.

12 In accordance with Article 9 of Regulation No 1383/2003, the customs authorities detained the goods and took samples which were sent to a representative of the Nokia Corp., the proprietor of the trade mark 'Nokia', for its opinion. They also informed Rovens of the procedure.

13 On 1 March 2005, Nokia Corp. informed the customs authorities that they were in discussions with Rovens concerning the possibility of applying the simplified procedure for the destruction of the goods, and requested them to extend the period for detention of the goods by 10 days.

14 On 3 March 2005, Nokia Corp. informed the customs authorities that the samples established that the goods were counterfeit. On 4 March 2005, Nokia Corp. and Rovens reached an agreement concerning the destruction of the goods in question at Rovens' expense. That agreement was sent to the customs authorities on 11 March 2005.

15 On 1 April 2005, those authorities drew up a certificate of administrative offence in which they held that Schenker, in its role as 'declarant', had infringed Articles 9 and 16 of Regulation No 1383/2003. Relying on the opinion sent by Nokia Corp. on 3 March

2005, they held that Schenker had committed an 'infringement' within the meaning of the second paragraph of Article 201.12 of the Code of Administrative Offences and imposed a fined of LVL 500 on it.

16 Schenker unsuccessfully contested that decision before the Director of the Valsts ieņēmumu dienests. It then filed an action with the Administratīvā rajona tiesa (Administrative District Court) for annulment of that decision claiming that Article 11 of Regulation No 1383/2003 actually provides for the possibility of not reaching a finding that the goods are counterfeit. That action was dismissed.

17 On appeal, the Apgabaltiesa (Regional Court) held that Article 11 was not applicable, since the agreement for the destruction of the goods was not reached until after the customs authorities had carried out the inspection in relation to infringement of an intellectual property right.

18 Schenker then appealed on a point of law to the Augstākās tiesas Senāta Administratīvo lietu departaments (Administrative Proceedings Division of the Supreme Court of the Republic of Latvia), which decided to stay the proceedings and refer the following question to the Court for a preliminary ruling:

'Must Article 11 of Regulation No 1383/2003 be interpreted as precluding the possibility of imposing a penalty on the declarant or owner of goods under national law, where the intellectual property right-holder (the right-holder) reaches an agreement, with the declarant or owner of those goods, to abandon them for their destruction, or engages in discussions in respect of the possibility of the goods being abandoned for their destruction, and, in the course of that procedure, the customs authorities receive information that the goods are counterfeit?'

The question referred for a preliminary ruling

19 By its question, the referring court asks, in essence, whether the initiation, with the agreement of the intellectual property right-holder and of the importer, of the simplified procedure laid down in Article 11 of Regulation No 1383/2003 deprives the competent national authorities of the power to impose, on the parties responsible for importing those goods into the Community customs territory, a 'penalty', within the meaning of Article 18 of that regulation, such as an administrative fine.

Observations submitted to the Court

20 Schenker takes the view that Regulation No 1383/2003 does not allow the customs authorities to impose a penalty when a simplified procedure is initiated between the intellectual property right-holder and the importer as, first, the destruction of the goods in question of itself constitutes a penalty and, second, those authorities are not authorised to interfere with the resolution of disputes between private operators which come within the domain of civil law and civil proceedings alone. In addition, as customs agent, Schenker cannot be the subject of an administrative penalty, such as a fine, instead of and in the place of the importer or the manufacturer.

21 Furthermore, in the main proceedings, the customs authorities relied solely on the unilateral statement of the trade mark proprietor to impose the disputed fine. Supported on this point by the Commission of the European Communities, Schenker calls into question whether that statement has sufficient probative value to permit a finding that 'an intellectual property right has been infringed' within the meaning of Regulation No 1383/2003.

22 The Valsts ieņēmumu dienests, the Latvian, Czech, Greek and Finnish Governments, and the Commission, for their part, are of the opinion that the application of the 'simplified procedure' within the meaning of Article 11 of Regulation No 1383/2003 does not deprive the competent authorities of the possibility of imposing 'penalties' within the meaning of Article 18 of that regulation, since, as is also clear from recital 10 in the preamble to that regulation, the Member States are required to impose effective, proportionate and dissuasive penalties in cases of infringement of an intellectual property right.

The reply of the Court

23 As regards the possibility that the competent authorities may impose a 'penalty' within the meaning of Article 18 of Regulation No 1383/2003 when a 'simplified procedure' within the meaning of Article 11 of that regulation has been initiated, it should be pointed out, as is apparent from recital 9 in the preamble to that regulation, that that simplified procedure was introduced to make Regulation No 1383/2003 easier to apply for customs administrations and intellectual property right-holders alike.

24 Under Article 9(1) of Regulation No 1383/2003, where, following the acceptance of an application for action from the right-holder, the competent customs office finds that the goods in question are suspected of infringing intellectual property rights, it is to suspend release of the goods or detain them so that it can be established whether there was an infringement of the intellectual property right.

25 First, the failure to complete that procedure within the prescribed periods can lead to the introduction of goods infringing certain intellectual property rights into the Community customs territory and, second, where the trade mark proprietor makes an

application for action, it is to append to that application, in accordance with the second subparagraph of Article 6(1) of Regulation No 1383/2003, a statement in which it agrees to bear all costs incurred under that regulation in keeping goods retained under customs control pursuant to Article 9, and where applicable Article 11, of that regulation.

26 In order to remedy the disadvantages associated with, in particular, the length of the procedure and the costs of storage borne by the intellectual property right-holder, Regulation No 1383/2003 provides for the possibility of a simplified procedure allowing that right-holder, with the agreement of the declarant, the holder, or the owner of the suspected goods, and under the control of the customs authorities, to have those goods destroyed, and, as is apparent from recital 9 in the preamble to that regulation, that is without there being any obligation to initiate proceedings to establish whether an intellectual property right has been infringed under national law.

27 However, the initiation of such a simplified procedure — the introduction of which into the legal order of Member States is only optional — cannot deprive the authorities of those States of the power to impose a 'penalty' within the meaning of Article 18 of Regulation No 1383/2003, since that provision provides that Member States must introduce such penalties in the case of infringement of that regulation.

28 As is apparent from recital 3 in the preamble to Regulation No 1383/2003, generally, goods infringing an intellectual property right should be prohibited in the Community customs territory.

29 In that regard, as Article 18 of Regulation No 1383/2003 read in conjunction with recital 10 in the preamble to that regulation provides, the Member States are required to introduce penalties, in case of infringement of that regulation, which must be effective, proportionate and dissuasive.

30 In contrast to what Schenker claims, the destruction of the goods following an optional procedure, subject to an agreement between the trade mark proprietor and the importer, cannot be considered as a penalty imposed by a national authority applying the system of penalties which the Member States are required to introduce pursuant to Article 18 of Regulation No 1383/2003.

31 Then, as the Czech and Finnish Governments correctly point out, it is expressly provided, in the second indent of Article 11(1) of Regulation No 1383/2003, that the destruction is to be systematically preceded by the taking of samples for keeping by the customs authorities in such conditions that they constitute evidence admissible in legal proceedings in the Member State in which they might be needed.

32 Lastly, as regards the level of proof necessary for a finding of an infringement of an intellectual property right, it must be pointed out that, in accordance with Article 10 of Regulation No 1383/2003, it is the law in force in the Member State within the territory of which the goods are placed in one of the situations referred to in Article 1(1) of that regulation which is to apply when deciding whether an intellectual property right has been infringed under national law.

33 Having regard to the foregoing, the reply to the question referred is that the initiation, with the agreement of an intellectual property right-holder and of the importer, of the simplified procedure laid down in Article 11 of Regulation No 1383/2003 does not deprive the competent national authorities of the power to impose, on the parties responsible for importing those goods into the Community customs territory, a 'penalty', within the meaning of Article 18 of that regulation, such as an administrative fine.

Costs

34 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. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

The initiation, with the agreement of an intellectual property right-holder and of the importer, of the simplified procedure laid down in Article 11 of Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, does

not deprive the competent national authorities of the power to impose, on the parties responsible for importing those goods into the Community customs territory, a 'penalty', within the meaning of Article 18 of that regulation, such as an administrative fine.

[Signatures]