JUDGMENT OF THE COURT (Fourth Chamber)

3 June 2010 *

In Case C-127/09,

REFERENCE for a preliminary ruling under Article 234 EC from the Oberlandesgericht Nürnberg (Germany), made by decision of 31 March 2009, received at the Court on 6 April 2009, in the proceedings

Coty Prestige Lancaster Group GmbH

v

Simex Trading AG,

* Language of the case: German.

THE COURT (Fourth Chamber),

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

Advocate General: P. Cruz Villalón,
Registrar: R. Grass,

having regard to the written procedure,

after considering the observations submitted on behalf of:

— Coty Prestige Lancaster Group GmbH, by C. Lehment and U. Hildebrandt, Rechtsanwälte,

— Simex Trading AG, by E. Stolz, Rechtsanwalt,

— the Italian Government, by G. Palmieri, acting as Agent, and M. Russo, avvocato dello Stato,

— the Austrian Government, by C. Pesendorfer, acting as Agent,

— the Commission of the European Communities, by H. Krämer, acting as Agent,

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 13(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1) and Article 7(1) of 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), as amended by the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3), ('Directive 89/104').

2 The reference was made in the course of proceedings between Coty Prestige Lancaster Group GmbH ('Coty Prestige'), a company established in Mainz (Germany), and Simex Trading AG ('Simex Trading'), a company established in Appenzell (Switzerland), in which Coty Prestige seeks a prohibitory injunction against Simex Trading on the ground that Simex Trading, by marketing perfumery goods in Germany, infringes the rights attached to Community and international trade marks of which Coty Prestige is the proprietor or to which it has the right.

Legal context

European Union law

3 Article 13(1) of Regulation No 40/94, headed 'Exhaustion of the rights conferred by a Community trade mark', provides:

'A Community trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.'

4 Article 7(1) of Directive 89/104, in its original version, provided:

'The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.'

5 Pursuant to Article 65(2) of the Agreement on the European Economic Area, in conjunction with Point 4 of Annex XVII thereto, the original version of Article 7(1) of Directive 89/104 was amended for the purposes of that agreement and the expression 'in the Community' was replaced by the words 'in a Contracting Party'.

National law

6 Article 24(1) of the Law on the protection of trade marks and other signs (Markengesetz) of 25 October 1994 (BGBl. 1994 I, p. 3082) provides:

'The proprietor of a trade mark or a trade name shall not have the right to prohibit use by another person of that trade mark or trade name in relation to goods which have been put on the market in Germany, another Member State of the European Union or another Contracting Party to the Agreement on the European Economic Area under that trade mark or trade name by the proprietor or with his consent.'

The dispute in the main proceedings and the question referred for a preliminary ruling

7 Coty Prestige manufactures and markets perfumery goods under its own trade marks such as Lancaster and Joop! and under third party marks such as Davidoff, Jil Sander, Calvin Klein, Lagerfeld, J.Lo/Jennifer Lopez, Jette Joop, Nikos, Chopard and Vivienne Westwood.

8 Under those trade marks, which are registered as Community trade marks and international trade marks, Coty Prestige markets its goods throughout the world through a selective distribution system, its distributors generally being referred to as 'authorised specialist dealers'.

9 Article 5 of the standard-form agreement concluded by Coty Prestige with each of its authorised specialist dealers is drafted as follows:

'5.1: [Coty Prestige] will support the authorised specialist dealer to an economically reasonable extent in his efforts to sell the goods in various ways. Individual details will be agreed between the parties on a case-by-case basis.

5.2: [Coty Prestige] may also make available to the authorised specialist dealer decoration and other advertising material free of charge. That material remains, in so far as it is not intended to be passed on to consumers, the property of [Coty Prestige] and must be returned at its request.

5.3: The advertising material made available to the authorised specialist dealer by [Coty Prestige] may be used only for the specified advertising purposes. Any commercial use on the part of the authorised specialist dealer, in particular the sale of samples, testers or miniatures, is prohibited.'

10 Simex Trading, which is not part of Coty Prestige's network of authorised specialist dealers, markets inter alia perfumery goods.

11 On 26 September 2007, Coty Prestige obtained two 'testers' containing perfume of the Davidoff Cool Water Man brand, from a test purchase made in a shop of the Sparfümerie chain in Ingolstadt (Germany).

12 The testers in question are original bottles, containing original perfume, but lacking their original seal and labelled 'Demonstration'. The packaging of the testers is different from that of the original goods in that, first, it consists of a box made of white card on which statements appear in black and white which, on the original box, generally appear in colour. Second, the word 'Demonstration' appears on the front of the tester box and the statement 'Not for Sale' appears on one side.

13 From the manufacturer's serial numbers for the testers obtained on 26 September 2007, Coty Prestige was able to discover that they had been delivered in July 2006 to one of its authorised specialist dealers established in Singapore.

14 Subsequently, the proprietor of the Sparfümerie chain informed Coty Prestige that he had obtained those testers from Simex Trading for the chain's principal sales outlet in Nuremberg, and produced invoices in support of that contention.

15 On the basis of the findings made on the occasion of that purchase and of a further test purchase of a tester which had originally been delivered to the Middle East, Coty Prestige brought proceedings before the German courts for a prohibitory injunction against Simex Trading, claiming that the testers at issue had been put on the market for the first time in the Community or the European Economic Area (EEA) without the consent of the trade mark proprietor.

16 Simex Trading opposed that application, contending that the right derived from the trade mark had been exhausted so far as the testers at issue were concerned, because they had been put on the market in the EEA with the consent of the trade mark proprietor.

17 Coty Prestige replied that the goods at issue had not been put on the market on its initiative or with its consent. The perfumes, including the testers, are supplied exclusively to its authorised specialist dealers. Under the contracts with those dealers, Coty Prestige retains ownership of the testers. Moreover, they are advertising material and, as such, not meant to be passed on to customers, which explains why the testers are clearly marked as not for sale.

18 The Landgericht Nürnberg-Fürth (Regional Court, Nuremberg-Fürth) dismissed Coty Prestige's application, taking the view that the right derived from the trade mark had been exhausted in the case of the testers at issue, even though they were marked as not for sale.

19 As the testers were handed over by Coty Prestige to authorised specialist dealers with the authority to use all the perfume contained therein, the *de facto* power of disposal of those goods was transferred and, accordingly, the goods were put on the market within the meaning of Article 7 of Directive 89/104 and Article 13 of Regulation No 40/94.

20 According to that court, the principle of exhaustion cannot be restricted or invalidated by means of contractual restrictions. An infringement by an authorised specialist dealer of his contract with Coty Prestige relates only to the contractual relations between the operators concerned. The retention of title is, moreover, without significance as exhaustion merely requires a transfer of the *de facto* power of disposal.

21 Hearing the case on appeal, the Oberlandesgericht Nürnberg (Higher Regional Court, Nuremberg) is of the view that serious doubts exist as to whether the reasoning adopted by the first instance court is well founded.

22 According to the Oberlandesgericht Nürnberg, it follows from the case-law of the Court, in particular the judgment in Case C-16/03 *Peak Holding* [2004] ECR I-11313, that the essential conditions for goods to be 'put on the market' within the meaning of Article 7(1) of Directive 89/104 and Article 13(1) of Regulation No 40/94 are the transfer of the power of disposal of the goods and the realisation of their economic value.

23 However, a particular feature of the case in the main proceedings is that, because of the conditions of the contract, the testers remain the property of the trade mark proprietor, only their contents being made available for use, and not for sale. As a result of the words on the testers and their packaging, purchasers know that they are not meant for sale, so that a purchase by a third party acting in good faith can be excluded.

24 In such circumstances, the authorised specialist dealer thus has only a limited power of disposal over the testers. Moreover, the trade mark proprietor cannot have realised the economic value of the goods, as their sale is not envisaged.

25 The referring court notes, in addition, that the real purpose for which the testers were provided is advertising. Furthermore, that is clearly apparent from the statements appearing on the external packaging and on the bottle. In the circumstances referred to by Coty Prestige in its action for a prohibitory injunction, that purpose was not achieved, since the testers were not made available to customers for them to test the contents because they were sold to third parties, in breach of the contract with the authorised specialist dealer concerned.

26 In those circumstances, the Oberlandesgericht Nürnberg decided to stay the proceedings and to refer the following question to the Court of Justice for a preliminary ruling:

'Are goods put on the market within the meaning of Article 13(1) of Regulation (EC) No 40/94 and Article 7 of Directive 89/104/EEC if "perfume testers" are made available to contractually-bound intermediaries without transfer of ownership and with a prohibition on sale, so that those intermediaries are able to allow potential customers to use the contents of the goods for test purposes, the goods bearing a notice stating that they may not be sold, the recall of the goods by the manufacturer/trade mark proprietor at any time remaining contractually possible and the presentation of the goods being significantly different from the goods usually put on the market by the manufacturer/trade mark proprietor in that it is plainer?'

The question referred for a preliminary ruling

27 According to well-established case-law, Articles 5 to 7 of Directive 89/104 effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the Union (see, inter alia, Case C-324/08 *Makro Zelfbedieningsgroothandel and Others* [2009] ECR I-10019, paragraph 20 and the case-law cited).

28 In particular, Article 5 of the directive confers on the trade mark proprietor exclusive rights which entitle him, inter alia, to prevent any third party from importing goods bearing the mark, offering the goods, or putting them on the market or stocking them for these purposes. Article 7(1) of the directive contains an exception to that rule, in that it provides that the trade mark proprietor's rights are exhausted where the goods

have been put on the market in the EEA by him or with his consent (see, inter alia, *Makro Zelfbedieningsgroothandel and Others*, paragraph 21 and the case-law cited).

29 Extinction of the exclusive right results either from the proprietor's consent, whether express or implied, to a putting on the market in the EEA or from the putting on the market in the EEA by the proprietor himself or by an operator with economic links to the proprietor, such as, in particular, a licensee. The proprietor's consent and the putting on the market in the EEA by him or by an operator with economic links to him, which are both equivalent to the renunciation of the exclusive right, thus both constitute a decisive factor in the extinction of that right (see, to that effect, Case C-244/00 *Van Doren + Q* [2003] ECR I-3051, paragraph 34; Case C-59/08 *Copad* [2009] ECR I-3421, paragraph 43; and *Makro Zelfbedieningsgroothandel and Others*, paragraph 24 and the case-law cited).

30 In order to ensure the protection of the rights conferred by the trade mark while making possible the further marketing of goods bearing a trade mark without the proprietor of the trade mark being able to oppose that, it is essential that the proprietor can control the first putting of those goods on the market in the EEA, irrespective of the fact that they may have first been marketed outside that area, that marketing having no exhaustive effect for the purposes of Article 7(1) of Directive 89/104 (see, to that effect, inter alia, *Makro Zelfbedieningsgroothandel and Others*, paragraphs 31 and 32 and the case-law cited).

31 Moreover, the rights conferred by the trade mark are exhausted only in respect of the individual items of the product which have first been put on the market in the EEA by the proprietor or with his consent. By contrast, the proprietor may continue to prohibit the use of the mark in pursuance of the exclusive right conferred on him by Directive 89/104 in respect of other items of that product which have not first been put on the market in the EEA in that way (see, to that effect, Case C-173/98 *Sebago and Maison Dubois* [1999] ECR I-4103, paragraphs 19 and 20).

32 In the main proceedings, the question raised is whether, on the facts of the present case, the goods at issue, that is, perfume testers which Coty Prestige makes available to its authorised specialist dealers in connection with a selective distribution contract, have first been put on the market in the EEA by the proprietor himself or by a third party with the proprietor's consent.

33 Unlike *Peak Holding*, the present case does not relate to the question whether certain acts concerning goods bearing a trade mark may, when they are carried out in the EEA by the proprietor of that trade mark or by an operator with economic links to him, be classified as putting on the market within the meaning of Article 7(1) of Directive 89/104. Accordingly, the findings with regard to the expression 'put on the market' from that judgment are not relevant in the circumstances of the main proceedings.

34 In the present case, as follows from the order for reference, the act to be classified as the first putting on the market in the EEA of the goods in respect of which the rights conferred by the trade mark are said to be exhausted was carried out not by the trade mark proprietor or by an operator with economic links to that proprietor, but by a third party, since it is not contested that the first act of putting on the market in the EEA of the testers at issue in the main proceedings is the sale in Germany, by Simex Trading, to the Sparfümerie chain, of testers imported by Simex Trading which that company obtained from an authorised specialist dealer of Coty Prestige established in Singapore.

35 Moreover, in the light of the case-law referred to in paragraphs 30 and 31 above, neither the initial provision by Coty Prestige of items of the goods at issue in the main proceedings to its authorised specialist dealer established in Singapore nor the supply by Coty Prestige to its authorised specialist dealers established in the EEA of other items of the same product may be considered to be a putting on the market within the meaning of Article 7(1) of Directive 89/104 of the goods at issue in the main proceedings in respect of which the rights conferred by the trade mark are said to be exhausted.

36 It follows that, in the light of the case-law referred to in paragraph 29 above, in a context such as that in the main proceedings, the exhaustion of the exclusive right of the trade mark proprietor may only occur as the result of the proprietor's consent, whether express or implied, to a putting on the market in the EEA by a third party of the goods at issue. Accordingly, in such a context, the determining factor capable of causing the extinction of the exclusive right is such consent, which is equivalent to a renunciation by the trade mark proprietor of his exclusive right.

37 In that regard, it must be pointed out that, even in situations where the goods in question were first placed on the market in the EEA by a person having no economic link to the proprietor of the trade mark and without his express consent, an intention to renounce the exclusive rights provided for in Article 5 of Directive 89/104 may follow from that proprietor's implied consent (see *Makro Zelfbedieningsgroothandel and Others*, paragraph 19 and the case-law cited).

38 It follows from the case-law that, although such an intention will normally follow from an express statement of consent, it is conceivable that consent may, in some cases, be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside or inside the EEA which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced his rights (Joined Cases C-414/99 to C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691, paragraph 46).

39 In that regard, in paragraph 60 of *Zino Davidoff and Levi Strauss*, the Court also held that implied consent cannot be inferred:

— from the fact that the proprietor of the trade mark has not communicated to all subsequent purchasers of the goods placed on the market outside the EEA his opposition to marketing within the EEA;

— from the fact that the goods carry no warning of a prohibition on their being placed on the market within the EEA;

— from the fact that the trade mark proprietor has transferred the ownership of the products bearing the trade mark without imposing any contractual reservations and that, according to the law governing the contract, the property right transferred includes, in the absence of such reservations, an unlimited right of resale or, at the very least, a right to market the goods subsequently within the EEA.

40 Moreover, in paragraph 66 of that judgment, the Court held that it was not relevant with regard to the exhaustion of the exclusive right of the trade mark proprietor:

— that the importer of goods bearing the trade mark is not aware that the proprietor objects to their being placed on the market in the EEA or sold there by traders other than authorised retailers, or

— that the authorised retailers and wholesalers have not imposed on their own purchasers contractual reservations setting out such opposition, even though they have been informed of it by the trade mark proprietor.

41 Although it is thus for the national court to assess in the light of the factors referred to in paragraphs 38 to 40 above, whether, in the case in the main proceedings, there was consent, whether express or implied, of the trade mark proprietor to a putting on the market in the EEA, nevertheless, in a context such as that in the main proceedings, certain factors and circumstances which are to be taken into account for the purpose of determining whether there was implied consent of the proprietor do not argue in favour of a clear renunciation by that proprietor of his exclusive right provided for in Article 5 of Directive 89/104.

42 It follows from the material in the order for reference, summarised in paragraph 12 above, that the goods at issue in the main proceedings are bottles of perfume presented in packaging including not only the word 'Demonstration' but also the statement 'Not for Sale'.

43 That statement, since it clearly reflects the intention of the proprietor of the trade mark concerned that the goods bearing it should not be sold, whether inside or outside the EEA, constitutes, in itself and in the absence of evidence to the contrary, a decisive factor precluding a finding that the proprietor consented to a putting on the market in the EEA within the meaning of Article 7(1) of Directive 89/104.

44 In addition, if, in the light, in particular, of the scope of the cross-appeal brought by Simex Trading in the main proceedings, the reference for a preliminary ruling were to be understood as covering, in addition to the situation described in paragraph 34 above, also that of the initial supply by Coty Prestige of the testers at issue in the main proceedings to one of its authorised specialist dealers established in the EEA, the question would arise whether that supply must be classified as putting on the market within the meaning of Article 7(1) of Directive 89/104.

45 A statement 'Not for Sale' such as appears on the packaging of the bottles of perfume at issue in the main proceedings precludes such a classification, since, as already stated in paragraph 43 above, it clearly reflects the intention of the proprietor of the trade mark concerned that the goods bearing that trade mark should not be sold, whether inside or outside the EEA.

46 As the wording of Article 13(1) of Regulation No 40/94 is, in essence, identical to that of Article 7(1) of Directive 89/104, except for the definition of the territory in which the good are to be put on the market, a point which is however irrelevant to a situation such as that in the main proceedings, and as there are no other contextual factors or factors linked to the purpose of the provisions requiring them to be interpreted differently, the interpretation in this judgment of Article 7(1) of Directive 89/104 for the purpose of replying to the question for a preliminary ruling referred applies equally for Article 13(1) of Regulation No 40/94.

47 In view of the foregoing, the answer to the question referred is that, in circumstances such as those of the main proceedings, Article 13(1) of Regulation No 40/94 and Article 7(1) of Directive 89/104 are to be interpreted as meaning that the rights conferred by the trade mark are exhausted only if, according to an assessment which it is for the national court to make, it may be concluded that the proprietor of the mark expressly or impliedly consented to a putting on the market, either in the Community or in the EEA, of the goods in respect of which that exhaustion is claimed to exist.

48 In circumstances such as those of the main proceedings, where 'perfume testers' are made available, without transfer of ownership and with a prohibition on sale, to intermediaries who are contractually bound to the trade mark proprietor for the purpose of allowing their customers to test the contents, where the trade mark proprietor may at any time recall those goods and where the presentation of the goods is clearly distinguishable from that of the bottles of perfume normally made available to the intermediaries by the trade mark proprietor, the fact that those testers are bottles of perfume which bear not only the word 'Demonstration' but also the statement 'Not for Sale' precludes, in the absence of any evidence to the contrary, which it is for the national court to assess, a finding that the trade mark proprietor impliedly consented to putting them on the market.

Costs

49 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 (Fourth Chamber) hereby rules:

In circumstances such as those of the main proceedings, Article 13(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark and Article 7(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, are to be interpreted as meaning that the rights conferred by the trade mark are exhausted only if, according to an assessment which it is for the national court to make, it may be concluded that the proprietor of the mark expressly or impliedly consented to a putting on the market, either in the European Community or in the European Economic Area, of the goods in respect of which that exhaustion is claimed to exist.

In circumstances such as those of the main proceedings, where 'perfume testers' are made available, without transfer of ownership and with a prohibition on sale, to intermediaries who are contractually bound to the trade mark proprietor for the purpose of allowing their customers to test the contents, where the trade mark proprietor may at any time recall those goods and where the presentation of the goods is clearly distinguishable from that of the bottles of perfume normally made available to the intermediaries by the trade mark proprietor, the fact that those testers are bottles of perfume which bear not only the word 'Demonstration' but also the statement 'Not for Sale' precludes, in the absence of any

evidence to the contrary, which it is for the national court to assess, a finding that the trade mark proprietor impliedly consented to putting them on the market.

[Signatures]