JUDGMENT OF THE COURT (First Chamber)

20 October 2011 *

In Case C-140/10,

REFERENCE for a preliminary ruling under Article 267 TFEU from the Hof van Cassatie (Belgium), made by decision of 25 February 2010, received at the Court on 17 March 2010, in the proceedings

Greenstar-Kanzi Europe NV

v

Jean Hustin,

Jo Goossens,

THE COURT (First Chamber),

composed of A. Tizzano, President of the Chamber, M. Safjan, M. Ilešič, E. Levits and J.-J. Kasel (Rapporteur), judges,

Advocate General: N. Jääskinen,
Registrar: A. Calot Escobar,

* Language of the case: Dutch.

Having regard to the written procedure,

after considering the observations submitted on behalf of:

— Greenstar-Kanzi Europe NV, by N. Segers and K. Tielens, advocaten,

— Mr Hustin and Mr Goossens, by H. Van Gompel and J. Hensen, advocaten,

— the Spanish Government, by F. Díez Moreno, acting as Agent,

— the European Commission, by F. Wilman and T. van Rijn, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 7 July 2011,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Articles 11(1), 13(1) to (3), 16, 27, 94 and 104 of Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights (OJ 1994 L 227, p. 1), as amended by Council

Regulation (EC) No 873/2004 of 29 April 2004 (OJ 2004 L 162, p. 38; 'Regulation No 2100/94').

2 The reference has been made in the course of proceedings between Greenstar-Kanzi Europe NV ('GKE'), on the one hand, and Mr Hustin and Mr Goossens, on the other, concerning an alleged infringement by Mr Hustin and Mr Goossens of the Kanzi trade mark and the Nicoter apple tree variety and of the associated trade mark and Community plant variety rights, on account of the fact that Mr Hustin and Mr Goossens marketed apples under the Kanzi trade mark.

Legal context

European Union legislation

3 The fourteenth recital in the preamble to Regulation No 2100/94 states:

'Whereas, since the effect of a Community plant variety right should be uniform throughout the Community, commercial transactions subject to the holder's agreement must be precisely delimited; whereas the scope of protection should be extended, compared with most national systems, to certain material of the variety to take account of trade via countries outside the Community without protection; whereas, however, the introduction of the principle of exhaustion of rights must ensure that the protection is not excessive.'

4 Article 11(1) of the Regulation provides:

'The person who bred, or discovered and developed the variety, or his successor in title, both – the person and his successor – referred to hereinafter as "the breeder", shall be entitled to the Community plant variety right.'

5 Article 13 of the Regulation is worded as follows:

'1. A Community plant variety right shall have the effect that the holder or holders of the Community plant variety right, hereinafter referred to as "the holder", shall be entitled to effect the acts set out in paragraph 2.

2. Without prejudice to the provisions of Articles 15 and 16, the following acts in respect of variety constituents, or harvested material of the protected variety, both referred to hereinafter as "material", shall require the authorization of the holder:

(a) production or reproduction (multiplication);

(b) conditioning for the purpose of propagation;

(c) offering for sale;

(d) selling or other marketing;

(e) exporting from the Community;

(f) importing to the Community;

(g) stocking for any of the purposes mentioned in (a) to (f).

The holder may make his authorisation subject to conditions and limitations.

3. The provisions of paragraph 2 shall apply in respect of harvested material only if this was obtained through the unauthorised use of variety constituents of the protected variety, and unless the holder has had reasonable opportunity to exercise his right in relation to the said variety constituents.

...'

6 According to Article 16 of Regulation No 2100/94:

'The Community plant variety right shall not extend to acts concerning any material of the protected variety, or of a variety covered by the provisions of Article 13(5), which has been disposed of to others by the holder or with his consent, in any part of the Community, or any material derived from the said material, unless such acts:

(a) involve further propagation of the variety in question, except where such propagation was intended when the material was disposed of; or

(b) involve an export of variety constituents into a third country which does not protect varieties of the plant genus or species to which the variety belongs, except where the exported material is for final consumption purposes.'

7 Article 27 of the Regulation provides:

'1. Community plant variety rights may form in full or in part the subject of contractually granted exploitation rights. Exploitation rights may be exclusive or non-exclusive.

2. The holder may invoke the rights conferred by the Community plant variety right against a person enjoying the right of exploitation who contravenes any of the conditions or limitations attached to his exploitation right pursuant to paragraph 1.'

8 Article 94 of the Regulation provides:

‘1. Whosoever:

(a) effects one of the acts set out in Article 13(2) without being entitled to do so, in respect of a variety for which a Community plant variety right has been granted;

…

may be sued by the holder to enjoin such infringement or to pay reasonable compensation or both.

2. Whosoever acts intentionally or negligently shall moreover be liable to compensate the holder for any further damage resulting from the act in question. In cases of slight negligence, such claims may be reduced according to the degree of such slight negligence, but not however to the extent that they are less than the advantage derived therefrom by the person who committed the infringement.’

9 Article 104 of the Regulation reads as follows:

‘1. Actions for infringement may be brought by the holder. Persons enjoying exploitation rights may bring such actions unless that has been expressly excluded by agreement with the holder in the case of an exclusive exploitation right or by the Office pursuant to Articles 29 or 100(2).

2. Any person enjoying exploitation rights shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in an infringement action brought by the holder.'

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

10 Nicolaï NV ('Nicolaï') is the 'breeder', within the meaning of Article 11(1) of Regulation No 2100/94, of a new variety of apple trees, namely the Nicoter variety. That is the only variety to produce apples which, provided they satisfy certain quality requirements, are marketed under the Kanzi trade mark. In order to prevent a deterioration of the quality of that variety and that trade mark, a system equivalent to a selective distribution network was introduced, involving specifications containing restrictions on the production of the trees and on the production, preservation, selection and marketing of the fruits.

11 On 27 April 2001 Nicolaï filed an application in respect of apple trees of the Nicoter variety, which was then published in the *Official Gazette of the Community Plant Variety Office* on 15 June 2001.

12 On 3 September 2002 the plant variety right associated with that application was brought into Better3fruit NV ('Better3fruit') by Nicolaï. Better3fruit is therefore the holder of the Community plant variety right granted for trees of the Nicoter variety.

13 Better3fruit is also the proprietor of the trade mark for Kanzi apples.

14 In 2003, Better3fruit and Nicolaï concluded a licensing contract under which Nicolaï acquired an exclusive right to grow and market apple trees of the Nicoter variety. That contract stipulates that Nicolaï '… will not dispose of or sell any product covered by the licence unless the other party signs in advance the grower's licence referred to in Annex 6 (where the other party is a grower) or the marketing licence referred to in Annex 7 (where the other party is a trader)'.

15 On 24 December 2004, Nicolaï sold 7 000 apple trees of the Nicoter variety to Mr Hustin. In that transaction, Mr Hustin did not undertake to comply with any particular conditions with regard to the growing of the apples or the sale of the harvest.

16 The licensing contract concluded in 2003 between Better3fruit and Nicolaï was terminated on 20 January 2005. On a date which is a matter of disagreement between the parties to the main proceedings, GKE acquired, for apple trees of the Nicoter variety, the exclusive exploitation rights provided for by the Community plant variety right. GKE thus became the person enjoying the right of exploitation in the place of Nicolaï.

17 On 4 December 2007, it was established that Mr Goossens was selling apples under the Kanzi trade mark. It transpired that those apples had been supplied to him by Mr Hustin.

18 On the basis of that finding, GKE brought an action for infringement of the Community plant variety right against Mr Hustin and Mr Goossens. On 29 January 2008, the president of the Rechtbank van Koophandel te Antwerpen (Antwerp Commercial Court), hearing an application for interim measures, decided that both Mr Hustin and Mr Goossens had infringed GKE's Community plant variety right.

19 The Hof van Beroep te Antwerpen (Antwerp Court of Appeal) reversed that decision by judgment of 24 April 2008. Although it took the view that Nicolaï had not in fact complied with its commitments under the licensing contract, that court decided that there had been no infringement of GKE's Community plant variety right in the case

of Mr Hustin and Mr Goossens, given that the limitations referred to in the licensing contract between Better3fruit and Nicolaï were not enforceable against Mr Hustin and Mr Goossens.

20 GKE lodged an appeal in cassation against that judgment of the Hof van Beroep te Antwerpen. The Hof van Cassatie (Court of Cassation), uncertain as to the scope to be given to the rule of exhaustion laid down in Article 16 of Regulation No 2100/94, decided to stay the proceedings and to refer the following two questions to the Court of Justice for a preliminary ruling:

'1. Should Article 94 of … Regulation No 2100/94 …, read in conjunction with Articles 11(1), 13(1) to (3), 16, 27 and 104 of [that r]egulation … be interpreted in such a way that the holder or the person enjoying the right of exploitation may bring an action for infringement against anyone who effects acts in respect of material which was sold or disposed of to him by a licensee of the right of exploitation if the limitations in the licensing contract between the licensee and the holder of the Community plant variety right that were stipulated to apply in the event of the sale of that material were not respected?

2. If so, is it of significance for the assessment of the infringement that the person effecting the aforementioned act is aware or is deemed to be aware of the limitations thus imposed in the said licensing contract?'

Consideration of the questions referred

21 By its first question, the referring court asks, in essence, whether the holder of the Community plant variety right or the person enjoying the right of exploitation may bring an action for infringement against a third party who has acquired material from

another person enjoying the right of exploitation where that other person does not comply, in the event of the sale of the material, with the conditions or limitations set out in the licensing contract between the holder and that other person.

22 As a preliminary point, it should be observed that the case in the main proceedings relates solely to whether the new person enjoying the right of exploitation, namely GKE, may bring an action for infringement against third parties, in this instance Mr Hustin and Mr Goossens, who acquired the material from the former person enjoying the right of exploitation, Nicolaï, which, when selling that material, contravened the conditions or limitations set out in the licensing contract that it had entered into at the time with the holder of the Community plant variety right, namely Better3fruit.

23 Although the first hypothesis referred to by the referring court, that is to say the right of the holder to himself bring such an action for infringement against that third party, does not appear relevant, in view of the specific features of the main proceedings, it must none the less be stated that Article 94(1) of Regulation No 2100/94 reserves the right to bring an action for infringement to the holder of the Community plant variety right.

24 Given that the right of the person enjoying the right of exploitation to bring such an action depends on the right of the holder, it is first of all necessary to ascertain to which precise conditions Regulation No 2100/94 makes the holder's exercise of that right subject.

25 As regards the plant variety right established by Regulation No 2100/94, it should be noted that the Regulation provides for different levels of right and different means of obtaining redress.

26 First, there is a 'primary' right, which covers variety constituents in accordance with Article 13(2) of Regulation No 2100/94. Harvested material, for its part, is covered by a 'secondary' right, which, although also referred to in Article 13(2) of that regulation, is significantly restricted by paragraph 3 of the same article. Thus, although variety

constituents and harvested material are both covered by the term 'material', within the meaning of Article 13(2) of that regulation, the right laid down for each category is none the less different.

27 Second, Regulation No 2100/94 provides for several possibilities of obtaining redress. In accordance with Article 94(1) of that regulation, whosoever effects one of the acts set out in Article 13(2) without being entitled to do so in respect of a variety for which a Community plant variety right has been granted may be sued for infringement.

28 As regards in particular licensing contracts, Article 27(2) of Regulation No 2100/94 provides that the holder may invoke the rights conferred by the Community plant variety right against a person enjoying the right of exploitation who contravenes any of the conditions or limitations attached to his exploitation right pursuant to Article 27(1).

29 A distinction must therefore be drawn between, on the one hand, actions brought by a holder against a person enjoying the right of exploitation and, on the other, actions brought against a third person who effects acts in respect of protected material without being entitled to do so.

30 As regards the second situation referred to in paragraph 29 above, which is the subject of the dispute in the main proceedings, it should be added that Article 104(1) of Regulation No 2100/94 provides for the possibility, for the person enjoying the right of exploitation, to bring an action for infringement in the place of the holder. GKE, as person enjoying the right of exploitation, is therefore entitled to bring an action for infringement against Mr Hustin and Mr Goossens.

31 However, it should be noted that, in accordance with the rule of 'exhaustion' contained in Article 16 of Regulation No 2100/94, the Community plant variety right does not extend to acts concerning any material of the protected variety which has been disposed of to others by the holder or with his consent, in any part of the European Union, unless such acts involve either further propagation of the variety in question, except where such propagation was intended when the material was disposed of, or an export of variety constituents into a third country which does not protect varieties of the plant genus or species to which the variety belongs, except where the exported material is for final consumption purposes.

32 It follows from Article 16 of Regulation No 2100/94 and from the rule set out therein that, in a case such as that at issue in the main proceedings, the action for infringement brought by GKE, in its capacity as the new person enjoying the right of exploitation acting in the place of the holder, namely Better3fruit, against Mr Hustin and Mr Goossens can be envisaged only to the extent that the holder's right is not exhausted.

33 In this respect, it is apparent from the documents before the Court that Better3fruit and Nicolaï concluded a licensing contract under the terms of which Better3fruit granted to Nicolaï the exclusive right to grow and market the apple trees of the Nicoter variety, as well as the use of the rights associated with those trees.

34 That licensing contract contained conditions or limitations whereby Nicolaï did not have the right to dispose of any product covered by the licence unless the third party concerned undertook to comply with those conditions or limitations.

35 It is therefore necessary to examine whether, in the light of the factors set out in the two preceding paragraphs, the right of the holder of the Community plant variety right is exhausted.

36 The scope of the principle of exhaustion, as set out in Article 16 of Regulation No 2100/94, has not yet been interpreted by the Court of Justice.

37 The referring court raises the question, none the less, whether the case-law of the Court of Justice relating to the scope of that principle of exhaustion in the field of trade mark law is applicable by analogy.

38 It is apparent from that case-law, which concerns the relationship between the proprietor of a mark and the licensee thereof, that where a licensee puts goods bearing the mark on the market he must, as a rule, be considered to be doing so with the consent of the proprietor of the trade mark (see Case C-59/08 *Copad* [2009] ECR I-3421, paragraph 46).

39 However, according to that same case-law, the licence agreement does not constitute the absolute and unconditional consent of the proprietor to the licensee putting the goods bearing the trade mark on the market (see *Copad*, paragraph 47).

40 As regards in particular the plant variety right, Article 27(2) of Regulation No 2100/94 expressly provides for the possibility, for the holder, to invoke the rights conferred on him by the plant variety right against a person enjoying the right of exploitation where that person contravenes any of the clauses of the licensing contract.

41 As regards, on the other hand, the action for infringement against third parties referred to in Article 94 of Regulation No 2100/94, account should be taken of the fourteenth recital in the preamble to that regulation according to which the protection enjoyed by the holder is not to be excessive. It is therefore clear that an infringement of any clause of the licensing contract does not always result in vitiation of the holder's consent. In particular, that consent cannot be considered to be vitiated where

the person enjoying the right of exploitation contravenes a provision of the licensing contract which does not affect the consent to the placing of the goods on the market and which therefore has no effect on the exhaustion of the holder's right.

42 Since the file submitted to the Court does not contain copies of Annexes 6 and 7 to the licensing contract, to which reference is made in the clause concerned of that contract, the Court does not have sufficient information to ascertain what type of provision is concerned in the main proceedings. It is therefore for the referring court to characterise the provisions of the licensing contract in question on the basis of the facts and circumstances of the case before it.

43 If the referring court were to establish that the protected material was disposed of by the person enjoying the right of exploitation in breach of a condition or limitation in the licensing contract relating directly to the essential features of the Community plant variety right, it would have to be concluded that that disposal of the material, by the person enjoying the right of exploitation to a third party, was effected without the holder's consent, so that the latter's right is not exhausted. However, infringement of contractual provisions of any other nature in the licensing contract does not prevent exhaustion of the holder's right.

44 In the light of the foregoing considerations, the answer to the first question is that, in circumstances such as those at issue in the main proceedings, Article 94 of Regulation No 2100/94, read in conjunction with Articles 11(1), 13(1) to (3), 16, 27 and 104 thereof, must be interpreted as meaning that the holder or the person enjoying the right of exploitation may bring an action for infringement against a third party which has obtained material through another person enjoying the right of exploitation who has contravened the conditions or limitations set out in the licensing contract that that other person concluded at an earlier stage with the holder to the extent that the conditions or limitations in question relate directly to the essential features of the

Community plant variety right concerned. It is for the referring court to make that assessment.

45 By its second question, the referring court asks, in essence, whether it is of significance for the assessment of the infringement that the third party effecting the acts on the material sold or disposed of was aware or was deemed to be aware of the conditions or limitations imposed in the licensing contract.

46 In this respect, it should be noted that Article 94(1) of Regulation No 2100/94 specifies the conditions under which the holder of the Community plant variety right may bring an action for infringement against the person who committed the infringement with a view to enjoining the infringement, receiving payment of reasonable compensation or obtaining a combination of both those forms of compensation.

47 Article 94(2) of that regulation lists the situations in which the holder may, in addition, bring an action against a person who commits an infringement in order to obtain compensation for the damage caused by that person. For the holder to be able to claim such compensation for the damage suffered, the person who committed the infringement must, in accordance with Article 94(2), have acted intentionally or negligently. In cases of slight negligence, such claims may as a rule be reduced according to the degree of such slight negligence.

48 It is apparent from a comparison of the wording of Article 94(1) and (2) that Article 94(1) does not contain any subjective element. It is therefore clear that subjective elements, such as awareness of the conditions or limitations imposed in the licensing contract, do not in principle play any role in the assessment of an infringement or of the right to bring an action against the person who committed that infringement.

49 In the light of the foregoing, the answer to the second question is that it is of no significance for the assessment of the infringement that the third party which effected the acts on the material sold or disposed of was aware or was deemed to be aware of the conditions or limitations imposed in the licensing contract.

Costs

50 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 (First Chamber) hereby rules:

1. **In circumstances such as those at issue in the main proceedings, Article 94 of Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights, as amended by Council Regulation (EC) No 873/2004 of 29 April 2004, read in conjunction with Articles 11(1), 13(1) to (3), 16, 27 and 104 thereof, must be interpreted as meaning that the holder or the person enjoying the right of exploitation may bring an action for infringement against a third party which has obtained material through another person enjoying the right of exploitation who has contravened the conditions or limitations set out in the licensing contract that that other person concluded at an earlier stage with the holder to the extent that the conditions or**

limitations in question relate directly to the essential features of the Community plant variety right concerned. It is for the referring court to make that assessment.

2. It is of no significance for the assessment of the infringement that the third party which effected the acts on the material sold or disposed of was aware or was deemed to be aware of the conditions or limitations imposed in the licensing contract.

[Signatures]