In its present state Community law does not preclude the adoption of national provisions to the effect that the person who first files the design acquires the exclusive right to it without its being necessary to inquire whether that person is also the author of the design or a person entitled under him and without those concerned being entitled to allege that the person filing the design is not the author, the person commissioning him or his employer.

3. Although a right to a design, as a legal entity, does not as such fall within the class of agreements or concerted practices envisaged by Article 85 (1), the exercise of that right may be subject to the prohibitions contained in the Treaty when it is the purpose, the means or the result of an agreement, decision or concerted practice.

4. The proprietor of a right to a design acquired under the legislation of a Member State may prevent the importation of products from another Member State which are identical in appearance to the design which has been filed, provided that the products in question have not been put into circulation in the other Member State by, or with the consent of, the proprietor of the right or a person legally or economically dependent on him, that as between the natural or legal persons in question there is no kind of agreement or concerted practice in restraint of competition and finally that the respective rights of the proprietors to the right to the design in the various Member States were created independently of one another.

In Case 144/81

REFERENCE to the Court under Article 177, of the EEC Treaty by the Gerechtshof [Regional Court of Appeal], The Hague, for a preliminary ruling in the proceedings pending before that court between

KEURKOOP BV, whose registered office is in Rotterdam,

appellant,

and

NANCY KEAN GIFTS BV, whose registered office is in The Hague,

respondent,

on the interpretation of Article 36 if the EEC Treaty with a view to determining the conformity with Community law of the Uniform Benelux Law on Designs the terms of which were adopted by the Convention of 25 October 1966 (Tractatenblad 1966, No 292, p. 3),

THE COURT

composed of: J. Mertens de Wilmars, President, G. Bosco, A. Touffait and O. Due (Presidents of Chambers), P. Pescatore, Lord Mackenzie Stuart, A. O'Keeffe, T. Koopmans, U. Everling, A. Chloros and F. Grévisse, Judges,

Advocate General: G. Reischl
Registrar: J. A. Pompe, Deputy Registrar

gives the following

JUDGMENT

Facts and Issues

The facts of the case, the course of the procedure and the observations submitted pursuant to Article 20 of the Protocol on the Statute of the Court of Justice of the EEC may be summarized as follows:

I — Facts and written procedure

This case is about a design for a ladies' handbag.

The design for the bag, created in the United States, was the subject of a registration, "US Patent Design 250.734", dated 28 March 1977, which mentions as "Inventor" a certain Mr Siegel and as licensee the company Amba Marketing Systems Inc. The product was marketed in the United States by the Ambassador mail-order undertaking. As it was regarded as out of fashion in the United States, the bag no longer figures in Ambassador's catalogue.

Nancy Kean Gifts BV, whose registered office is at The Hague, is an exclusively commercial undertaking. In order to sell the bag in question in the Netherlands Nancy Kean Gifts, which bought it from Renoc AG of Zug, Switzerland, filed the design with the Benelux Designs Office on 23 April 1979. It states that the bag which it markets is manufactured in Taiwan, from where it is directly dispatched to the Netherlands.

At the beginning of 1980 Nancy Kean Gifts found that the mail-order company

Keurkoop, whose registered office is in Rotterdam, was offering by way of gift under the name "Elite" and by way of sale under the name "Ideal", a ladies' handbag the appearance of which was virtually identical with the registered design of the bag which it was selling itself. Keurkoop is said to have obtained the handbag in question from a wholesale exporter in Taiwan, the Formosa Keystone Products Corporation, which in turn obtained its supplies from two manufacturers, also established in Taiwan, namely the Taiwan Plastic Company and Ocean Light Industries Corporation.

Being of the opinion that Keurkoop was infringing its exclusive rights under the Uniform Benelux Law on Designs, Nancy Kean Gifts instituted proceedings for an interlocutory injunction against Keurkoop before the President of the Arrondissementsrechtbank [District Court], Rotterdam. By judgment of 8 May 1980 the President of that court granted the applications made by Nancy Kean Gifts and prohibited Keurkoop from "manufacturing, importing, selling, offering for sale, exhibiting, delivering, using or holding in stock with a view to any such action, for industrial or commercial purposes, one or more ladies' handbags having an appearance identical to or displaying only minor differences from that of the design registered by the plaintiff" (this wording is taken almost literally from Article 14 of the Uniform Benelux Law which is annexed to the Convention of 25 October 1966 and which entered into force on 1 January 1975).

Keurkoop lodged an appeal against that judgment with the Gerechtshof, The Hague

For the purpose of replying to the arguments presented before it, the Gerechtshof began by defining the position of Nancy Kean Gifts and its rights in relation to the Uniform Benelux Law.

Its conclusions may be summarized as follows:

1. Nancy Kean Gifts is not the author of the design for the bag and did not file the design with the consent of the author or of a person entitled under him.

2. However, for the purpose of the application of the Uniform Benelux Law on Designs it is unnecessary for the request for protection to come from the author. As Article 3 (1) of the Law states: "The exclusive right in a design is acquired by virtue of the first registration effected in Benelux territory." Nor does the law lay down any requirement relating to the manifestation of artistic or creative activity. It only provides, in Article 1, that "a new appearance of a product serving a utility purpose may be protected as design" (paragraph 11 of the judgment of the Gerechtshof).

Having thus established the position of Nancy Kean Gifts and the scope of the Uniform Benelux Law, the Gerechtshof, The Hague, by judgment of 20 May 1981, pursuant to Article 177 of the EEC Treaty, referred the following questions to the Court of Justice for a preliminary ruling:

"1. Is it compatible with the rules contained in the EEC Treaty concerning the free movement of goods, in particular with the provisions of Article 36 thereof, to give application to the Uniform Benelux Law on Designs in so far as the effect of that law is to grant exclusive rights in a design, such as

referred to in that law and serving an object and function described in paragraph 11 of this judgment, to the person who was the first to file it with the competent authority, when no person other than the person claiming to be the author of the design or the person commissioning or employing the author has the opportunity to challenge the right of the person who filed the design and/or to defeat an application for an injunction lodged by that person by relying on the fact that the latter is not the author of the design or the person commissioning or employing the author?

2. Can the application for an injunction be defeated in so far as it concerns products which the defendant has obtained in a country belonging to the Common Market other than the country (belonging to the Common Market) for which the injunction is sought if no rights of the person who filed the design and who seeks the injunction are infringed in that other country by the marketing of those products?"

The Gerechtshof stresses that according *inter alia* to Article 3 (1) of the Uniform Benelux Law, the Benelux legislature considered the exclusive right in a design as an industrial property right within the meaning of the International Convention for the Protection of Industrial Property, signed in Paris on 20 March 1883, to which all the Member States of the Community are parties.

The reference for a preliminary ruling was lodged at the Court Registry on 5 June 1981.

In accordance with Article 20 of the Protocol on the Statute of the Court of Justice of the EEC written observations were submitted by Keurkoop, the appellant in the main action, represented by A. F. Savornin Lohman, of the Rotterdam Bar, who has Chambers in Brussels, by the Government of the Netherlands, represented by F. Italianer, Secretary General of the Ministry for Foreign Affairs, acting as Agent, by the United Kingdom, represented by G. Dagtoglou, of the Treasury Solicitor's Department, acting as Agent, by the French Government, represented by F. Bersani, Assistant Secretary-General of the Interministerial Committee for Questions of European Economic Cooperation, acting as Agent, by the Commission of the European Communities, represented by R. Wägenbaur, Legal Adviser, assisted by Th. Van Rijn, a member of its Legal Department, acting as Agents.

Upon hearing the report of the Judge-Rapporteur and the views of the Advocate General the Court decided, in pursuance of Article 45 of the Rules of Procedure, to prescribe measures of inquiry.

By letter of 15 December 1981 the Registrar of the Court asked the parties to the main action and the Commission to reply to the following questions:

1. *Keurkoop BV and Nancy Kean Gifts BV*

   What is the origin of the handbags which they marketed or disposed of by way of gift in the Netherlands? Where were they manufactured? From where were they imported? Where were they bought?

   What is the precise date on which the design for the bag became protected?

2. *Keurkop BV*

   What does this company mean when it maintains that the bag registered by Nancy Kean Gifts is a copy?

3. *The Commission and the parties to the main action*

What information do they have as regards the marketing of the bag which was the subject of a registration "US Patent Design 250.734", mentioning Mr Siegel as inventor and the company Amba Marketing Systems Inc. as licensee, in other countries of the Common Market. By whom was this bag marketed? Where was it manufactured and from where was it imported?

4. *The Commission*

Is the handbag protected by the legislation of other Member States relating to designs? For whose benefit?

The parties to the main action and the Commission were required to submit their observations by 2 March 1982.

Keurkoop did so on 25 February 1982, Nancy Kean Gifts on 21 January 1982 and the Commission on 2 March 1982.

In accordance with Article 54 of the Rules of Procedure, the President fixed as the date for the opening of the oral procedure the date of expiry of the period allowed for the submission of the written observations in reply to the questions put by the Court.

II — Summary of the written observations submitted to the Court

First question

Keurkoop would like the Court to broaden the examination of the first question and to take into account the full scope of the problem raised by this case. The question whether or not a third party may contest a registration in reality merges, in Keurkoop's view, into the context of a general attack upon the very terms of the Uniform Benelux Law or at least upon the interpretation given to that law by the Gerechtshof. According to Keurkoop, in order to give a helpful answer to the court making the reference the Court of Justice should consider "how far, in the light of the specific objective ... of a right in a design for the purposes of Article 36 of the Treaty, national rules may go in granting an exclusive right to the person obtaining registration where it is established", on the one hand, that there has been, on the part of such person, "a copying of the design" and, on the other hand, that that person is neither an industrialist nor a craftsman but a "mere trader".

In Keurkoop's opinion the national court was wrong not to include in the questions referred to the Court of Justice this latter aspect of the problem. However, the position of Nancy Kean Gifts, confirmed, it seems, by the Gerechtshof, is untenable in law inasmuch as, contrary to its objective and purpose, the protection of designs enables a trader or an importer-reseller, whose only merit is to have filed the design before his competitors, to secure a monopoly on the Benelux market. According to Keurkoop that was not the merit which the Uniform Benelux Law intended to protect.

It is apparent from the explanatory statement relating to Article 1 of the Uniform Benelux Law that "this law is intended to encourage industrialists and craftsmen who are desirous of taking greater interest in the form of the utility products which they manufacture" (Netherlands Text, Sch. and Jord., Edition 1974, p. 26).

This essential function of the right in a design is confirmed by the terms of the International Convention of Paris and by the laws of the various Member States.

According to Keurkoop, under the Paris Convention there was never any question of "commercial" designs. The list of industrial property rights contained in Article 1 (2) of the Convention mentions industrial designs.

The laws of the various Member States govern the protection of designs according to three different procedures:

(a) In the Federal Republic of Germany, the United Kingdom and in Italy the rules governing designs are closely linked with those governing patents.

The Geschmacksmustergesetz [Law on Ornamental Designs] of 1876, the Registered Designs Act 1949 and the Italian Decree of 25 August 1940 grant protection for industrial designs.

In the Federal Republic of Germany a preliminary draft law states that a design may not be protected if it is a copy of another creation. In the United Kingdom utility objects may be protected provided always that the person registering the design is its author or has had it manufactured on his behalf. In Italy, proof is required that the person filing the design is its author or a person entitled under him; proof to the contrary may be supplied by any person concerned.

(b) In other countries such as France, production of designs comes under the rules for the protection of literary and artistic property which stress the individual and intellectual contribution of the author. Article 2 (3) of the French Law of 11 March 1957 enables not only the author himself but also third parties concerned to plead that the person filing the design has copied it.

(c) The Danish Law of 27 May 1970 has some features in common with the Uniform Benelux Law, but with the twofold difference that, on the one hand, the Danish Designs Office requires novelty and conducts *ex proprio motu* an inquiry into this and, on the other hand, any person concerned may complain of copying on the part of the person filing the design.

According to Keurkoop it follows from the foregoing that the Uniform Benelux Law is contrary to the commonly accepted concept of the protection of designs inasmuch as it shields the person filing a design, irrespective of his status (in this case that of a mere trader) and by virtue of the mere formal act of filing it, from the complaint that he has copied it, even if he admits this before the court, as occurred in this case. In Keurkoop's view, discrimination between importer-resellers results precisely from the fact that under the Uniform Benelux Law it is impossible for third parties concerned to oppose registration by raising the objection that the design has been copied.

By authorizing the misuse of an industrial property right the Uniform Benelux Law sets up a partition between the market in the Netherlands or the Benelux countries and that of the other Member States. Keurkoop stresses that the handbag in question is sold by other mail-order undertakings in the Netherlands, the Federal Republic of Germany, France, Belgium and Luxembourg.

According to Keurkoop the first question should be examined in the light of the foregoing considerations. The absence of harmonization of national laws on designs cannot prevent the Court from judging the consequences of the application of the Uniform Benelux Law in relation to the Community principle of the free movement of goods and to the definition of protection which, in this field, is commonly accepted in the domestic laws of the Member States.

Keurkoop emphasizes, first, that it is thanks to the case-law of the Court that the law on trade marks and patents has progressed at the Community level (it refers to R. Ludding's study "Mededingingsrecht in de EEG" [Competition Law in the EEC], Eur. Monografieën, No 27, Kluwer 1979), secondly, that where the action undertaken by the plaintiff amounts to prohibiting imports the Court generally examines whether, in such circumstances, such action is justified (cf. *inter alia* Case 58/80 *Dansk Supermarked* v *Imerco* [1981] ERC 181) and finally that the Court has already ruled on the problem of restrictions in the matter of proof in cases concerning industrial property *(inter alia* in Case 102/77 *Hoffmann-La Roche* v *Centrafarm* [1978] ECR 1139 and Case 3/78 *Centrafarm* v *American Home Products* [1978] ECR 1823).

Thus whatever the manner in which the Court may be disposed to define the specific objective of the protection of designs, Keurkoop considers that it is "intolerable that, by the indirect means of restrictions in the matter of evidence, the defendant should be deprived in advance of the opportunity of pleading in the course of the proceedings the fact that the person filing a design has copied it and that the court should be denied the opportunity to hold copying to be a ground for dismissal of the action".

For that reason, in Keurkoop's view, the first question should be answered in the negative.

In the *Commission* 's opinion it seems at first sight surprising that in the context of this dispute the Netherlands court decided to put to the Court of Justice questions for a preliminary ruling relating to the interpretation of Articles 30 and 36 of the Treaty. The Commission, which refers to the judgment in Cases 51, 86 and 96/75 *EMI Records* v *CBS Schallplatten* [1976] ECR 811, at pages 811, 871 and 913 respectively, considers that in so far as the products at issue were imported directly, both by Keurkoop and Nancy Kean Gifts, from countries outside the Common Market, intra-Community trade is not concerned.

To the Commission it seems that it was Keurkoop's argument which led the national court to refer the matter to the Court of Justice. According to that argument, intra-Community trade is concerned, since this particular model of bag, which comes from Taiwan, is sold elsewhere in the Common Market and is thus capable of being imported into the Netherlands from other Member States.

Pursuing this line of thought, the Commission remarks that the subject-matter of this case is concerned with the question to what extent restrictions on imports are justified on the basis of the protection of industrial property rights. It follows from the Court's case-law that Article 36 of the Treaty allows a derogation from the principle of the free movement of goods only where that derogation is justified by the protection

of rights which constitute the specific subject-matter of the industrial and commercial property.

The Commission emphasizes that the Court has not yet had occasion to define the content of the specific subject-matter of the right in a design. According to the case-law on other industrial and commercial property rights the specific subject-matter of a right in a design may be defined as the exclusive right of the proprietor to be the first to market a product having a specific industrial form.

According to the Commission, in the internal legal systems of the Member States, the right in a design is covered, in some cases, by the protection of literary and artistic property and, in others, by industrial and commercial property. Thus the definition of the proprietor of the right differs from one legal system to another. In countries where the protection of the right in a design coincides with copyright the proprietor of the right is generally the author of the design or a person entitled under him. In other countries, the protection of the right in a design is granted to the person who first files it.

The Commission considers that in the absence of harmonization of national laws on the subject the Member States should be left with the task of ascertaining the proprietor of the right in a design and that, in so far as the author has the opportunity of asserting his rights, the Uniform Benelux Law is in conformity with the provisions of the Treaty.

In the view of the *Netherlands Government*, which concurs in the analysis of the Gerechtshof in regard to the scope of the Uniform Benelux Law, that law has the advantage of simplicity and legal certainty.

Legal certainty is ensured by the fact that the protection has its origin in the act of filing the design and the entry of the right claimed in public registers to which third parties have access. The simplicity resides in the procedures prescribed for filing and in the fact that it was decided not to lay down or to verify compliance with, any requirement that the person filing the design should have supplied himself the efforts leading to its creation.

The Netherlands Government takes the view that when filing is effected by a person other than the author and when the author himself does not object it is in conformity with the spirit informing the property system in question that third parties should not be entitled to contest the right of the person filing the design.

The Netherlands Government stresses that Articles 56 (1) and 57 (1) (e) of the Convention for the European Patent for the Common Market embody the principle that the exclusive right is to be granted to the first person filing the patent and that the right may be contested only by the author of the work. This principle is also accepted in the Netherlands Law on Patents (Rijksoctrooiwet, Articles 6 and 51 (1) (b)).

The Netherlands Government recalls that, according to the consistent case-law of the Court, the rules of the Treaty do not affect the existence but only, in certain circumstances, the exercise of rights conferred by the legislature of a Member State in the field of industrial and commercial property. To accept that third parties may contest the right of the first person to file a design amounts, in the present case, to affecting the very existence of the right granted by the Uniform Benelux Law. For that reason, according to the Netherlands Government, the first question should be answered in the affirmative.

The *French Government* states that efforts at unification or harmonization of national laws relating to the protection of industrial and commercial property were mainly concentrated in the field of patents (Conventions of Strasbourg, Munich and Luxembourg) and of trade marks (the Commission's proposals for a Community trade mark and for the harmonization of national laws).

In the French Government's view, in the absence of a Community scheme for protecting designs or for harmonizing national laws, recourse should be had to Article 36 of the Treaty which acknowledges the right of the national legislatures in this field, subject only to the reservation that they do not introduce disguised restrictions into intra-Community trade. If experience were to show that obstacles to the establishment or functioning of the common market result from the application of certain national laws on the protection of industrial and commercial property, the French Government considers that the solution can only be found in the creation of a uniform law or in the approximation of national laws.

According to the *United Kingdom* there is no doubt that industrial designs are a form of industrial property within the meaning of Article 36 of the Treaty.

Article 1 (2) of the International Convention for the Protection of Industrial Property signed in Paris in 1883 and last revised in Stockholm in 1967, to which all the Member States are parties, identifies industrial designs as one of the objects of protection of industrial property. The United Kingdom also notes that according to Regulation No 17 (Official Journal, English Special Edition 1959-1962, p. 87), adopted by the Council in 1962 under Article 87 of the EEC Treaty, the term "industrial property rights" is described, in Article 4 (2) (2) (b), as covering "in particular patents, utility models, designs or trade marks".

According to the United Kingdom the object of the Uniform Benelux Law is not the exclusive protection of the author of the design. It is also intended to protect anyone who, desirous of introducing a new design, has made a substantial investment (both of money and of skill) in launching and popularizing the design and, if he is a manufacturer, in the actual manufacture. It is right that the law should give him a limited monopoly so that someone else cannot take advantage of his investment by marketing a substantially indentical product.

The United Kingdom considers that, so long as there are no Community rules in a particular area of law, the Court should not be called upon to look in detail at the laws of a given Member State.

According to the United Kingdom the first question submitted by the Netherlands court should be answered to the effect that the application of the relevant provisions of the Uniform Benelux Law on Designs is compatible with the rules contained in the EEC Treaty concerning the free movement of goods.

Second question

According to *Keurkoop* the second question is so worded as to convey the

impression that Nancy Kean Gifts filed the design for the handbag in question not only in the Benelux countries but also in other Member States. However, Nancy Kean Gifts filed the design only with the Benelux Designs Office.

Keurkoop notes that the second question, which adopts the terms of its last ground of appeal, is no longer of any interest in so far as Keurkoop's aim was to urge the national court, should Nancy Kean Gifts plead in the proceedings on appeal that there was a legal relationship with Ambassador or Siegel, or both, under which it was authorized to file the design in the Netherlands, to take into account the fact that the handbag had perhaps been lawfully marketed in another Member State by Ambassador or Siegel, or both, or with its or his consent. As the Gerechtshof has accepted that Nancy Kean Gifts was not entitled to file the design in its author's name, it follows, in Keurkoop's view, that the fourth ground of appeal and, consequently, the second question put to the Court, is no longer of any importance.

Keurkoop considers, however, that the Court might take advantage of the second question, as worded, and rule on the question whether in other Member States there are undertakings which, like Nancy Kean Gifts, exercise independently on their territory the right in the design in respect of the Ambassador handbag, without any action against them on the part of Ambassador. Such a situation, which would be contrary to Article 85 of the Treaty, might possibly be condemned by the Court.

The *Commission* considers that the answer to the second question turns on the point whether or not marketing in the Member State of exportation was carried out by the proprietor of the right in the country of importation or with his consent.

If the answer to that point is in the affirmative the Commission observes that according to consistent case-law of the Court (cf. *inter alia* Case 187/80 *Merck* v *Stephar* [1981] ECR 2063, Case 15/74 *Centrafarm* v *Sterling Drug* [1974] ECR 1147, Case 119/79 *Terrapin* [1976] ECR 1039) the right in the design is exhausted. If the answer to the point is in the negative the proprietor of the right will be entitled to resist the importation of such products (Case 24/67 *Parke Davis* [1968] ECR 55 and Case 15/74 *Centrafarm* v *Sterling Drug*, cited above) unless such action in fact constitutes a disguised restriction on trade between the Member States.

The Commission reserves the right to discuss this problem during the oral procedure as the material contained in the file does not of itself make such an analysis possible.

According to the *Netherlands Government* the fact that marketing in the Member State of exportation does not infringe the rights of the person filing the design in the Member State of importation may be the consequence of two situations, that is to say, that in the Member State of exportation either there is no possibility of protecting a design or protection has not been requested.

If, in the latter case, the same conclusion were arrived at as in the event of marketing in the Member State of exportation being carried out with the consent of the proprietor of the exclusive right, a person filing a design in one or more Member States would be forced to seek protection for the design in all the Member States, failing which he would

have no means of protecting himself against parties infringing his rights.

Such a solution would, in the view of the Netherlands Government, have the effect of destroying the objectives of the national laws on the subject by affecting not only the exercise of the right but, in reality, "the right itself, as from its inception".

The Netherlands Government stresses that, according to Article 81 of the Convention for a European Patent for the Common Market, signed in Luxembourg on 15 December 1975, rights conferred by a national patent become exhausted when the product has been put on the market in one of the Member States by the proprietor of the patent or with his express consent. It suggests that the second question be answered in the affirmative if such consent exists and in the negative if it does not.

The *French Government* shares this view to some extent but none the less emphasizes that too strict an application of the solutions arrived at by the Court, *inter alia* in Case 24/67 *Parke Davis* and 187/89 *Merck* v *Stephar*, might give rise to forms of conduct which would run directly counter to the objectives of the Treaty. In order to prevent their right from being exhausted undertakings might either refuse to develop their industrial property rights in the Member States which offer no protection, which would prejudice the principle of the free movement of goods, or completely and systematically leave the market in those States to their competitors, which would distort competition.

The French Government concludes that so long as the laws on designs are not harmonized and inasmuch as the Court cannot accept any breach of the principles of free movement and free competition, effect should be given, in pursuance of Article 36, to national laws protecting industrial property rights.

The *United Kingdom* states that in Case 24/67 *Parke Davis* and in Case 119/75 *Terrapin*, the Court upheld the application of national industrial property rights where there was no connection between the goods produced by the proprietor of the industrial property right and those marketed in another Member State without his consent.

According to the United Kingdom the second question should be answered in the negative in so far as, on the one hand, the marketing by Keurkoop concerns products which that company obtained in a Member State of the Community other than that in which the proceedings for an injunction were brought and, on the other hand, the marketing in the latter Member State does not infringe any right of Nancy Kean Gifts. It considers that a different answer would constitute a radical development of Community law and would all but destroy the value of any national industrial property right which was not matched by equivalent rights in all Member States.

III — Written observations submitted in answer to the questions put by the Court

The answers given by Keurkoop and Nancy Kean Gifts to the first question

put by the Court have been noted under the heading "Facts and procedure".

In answer to the second question in which Keurkoop was asked what it means "when it maintains that the bag registered by Nancy Kean Gifts is a copy" Keurkoop replies that an interpretation, in conformity with the Treaty, of the specific subject-matter or the essential function of the right in industrial designs (inasmuch as they constitute industrial and commercial property within the meaning of Article 36 of the Treaty) implies that the only person who may benefit from protection is he who, with a view to the shaping (or improvement of the form) of his industrial product, has invented a design or has had one invented by a third party on his behalf. The protection thus afforded is intended to compensate for the efforts, whether material or non-material, or both, expended by the author or by the person entitled under him, in his capacity as a person engaged in industry.

When Keurkoop states, therefore, that the design for a bag filed by Nancy Kean Gifts constitutes a copy, it wishes to convey that Nancy Kean Gifts has nothing to do with the creation of the design for this bag but that, as is apparent, moreover, from its own statements in the main action, it knowingly appropriated, without any right or consent, the shape for a handbag created by a third party (Siegel).

Such a monopolization, especially when claimed by an importer as against one or more other importers, is incompatible with the essential function of the right in industrial designs within the Common Market.

The third question put to the Commission and to the parties to the main action, relating to the handbag that was the subject of the American registration, was concerned with ascertaining by whom the bag was marketed, where it was manufactured and from where it was imported.

Keurkoop states that, as far as it knows, this bag is no longer marketed by or in the name of Siegel or Amba.

It recalls that the handbag in question in this case has been manufactured for a long time in conformity with Siegel's design, by a number of Taiwanese infringers of the right in the design in Taiwan and marketed in the Member States of the Community mentioned in its written observations.

Without expressly referring to the bag which was the subject of the registration "US Patent Design 250.734" Nancy Kean Gifts indicates that the handbag is marketed in the Federal Republic of Germany by Otto GmbH which imports it directly from Taiwan. In the United Kingdom the handbag is sold by Nancy Kean Gifts Ltd and in Denmark by the Atelier Nancy APS. Nancy Kean Gifts states that the two last-mentioned legal persons belong to the same group as itself and that they also buy the handbag manufactured in Taiwan from Renoc AG of Zug, Switzerland.

The Commission says it has not the information to allow it to answer the third question.

In the fourth question the Commission was asked whether the handbag at issue was protected by the laws on designs in

other Member States and, if so, for whose benefit.

The Commission states that a handbag of the same design is protected in France, under the legislation on designs, for the benefit of Peter Herman of New York.

The Commission is pursuing its inquiries and will certainly inform the Court of any results which it may obtain.

Although the fourth question was addressed to the Commission, Keurkoop is desirous of giving the following information.

It is apparent from the extract from the French Designs Register, which was annexed to Keurkoop's letter, that Peter Herman filed the design for a handbag on 18 April 1979 under No 31937. According to Keurkoop there is *prima facie* no doubt that the bag in question is identical to the one which was filed in Benelux in the name of Nancy Kean Gifts. The following observations are therefore called for on the part of Keurkoop.

First, it should be noted that the design was filed in France on Wednesday, 18 April 1979, and in Benelux on Monday, 23 April 1979, — an interval of five days only (two working days). That cannot be mere chance. Such a coincidence amounts in itself at the very least to strong evidence of an agreement or concerted practice within the meaning of Article 85 of the Treaty.

Secondly, it is interesting to note that both in France and in Benelux four designs were filed on each occasion, three of which were identical. This reinforces the presumption of the existence of a concerted practice.

Thirdly, and in the light of the foregoing, it should be remarked that in the letter of 21 January 1982 addressed to the Registrar of the Court, Nancy Kean Gifts gave its views on the situation in the Federal Republic of Germany, the United Kingdom and Denmark, but not on that existing in France. Nancy Kean Gifts might be asked to give a fuller explanation on this matter, in particular on the question how Herman managed to obtain the designs of Nancy Kean Gifts and *vice versa*.

Keurkoop adds that no design of the handbag seems to have been filed in the United Kingdom or Denmark.

According to information received from the German Patents Office at Munich, no design has been filed from abroad in regard to this bag.

In Italy no inquiry seems to be possible unless the name of the person presumed to have filed the design can be given.

In Greece there is as yet no registration of designs.

IV — Oral procedure

Keurkoop, represented by A. F. de Savornin Lohman, of the Rotterdam Bar, Nancy Kean Gifts, represented by A. N. Huizenga, Advocate, the French Government, represented by A. Carnelutti, acting as Agent, the German Government, represented by Mr Seidel, acting as Agent, and the Commission of the European Communities, represented by R. Wägenbaur and T. van Rijn, acting as Agents, presented oral argument at the sitting on 7 April 1982.

The Advocate General delivered his opinion at the sitting on 8 June 1982.

Decision

1 By judgment of 20 May 1981, received at the Court on 5 June 1981, the Gerechtshof [Regional Court of Appeal], The Hague, referred to the Court for a preliminary ruling under Article 177 of the Treaty two questions concerning the free movement of goods to enable the national court to determine the conformity with Community law of the Uniform Benelux Law on Designs the terms of which were adopted by the Convention of 25 October 1966 (Tractatenblad 1966, No 292, p. 3) and which entered into force on 1 January 1975.

2 It appears from the particulars supplied by the national court that the company Nancy Kean Gifts whose registered office is at The Hague filed a design for a ladies' handbag with the Benelux Designs Office on 23 April 1979.

3 The design filed by Nancy Kean Gifts appears similar to an American design which was filed on 28 March 1977 as "US Patent Design 250.734" and mentioned as inventor Mr Siegel and as licensee the company Amba Marketing Systems Inc.

4 Nancy Kean Gifts which obtained supplies from the company Renoc AG of Zug, Switzerland, states that the handbag which it markets is made in Taiwan whence it is directly dispatched to the Netherlands.

5 At the beginning of 1980 Nancy Kean Gifts found that another undertaking, the company Keurkoop BV, whose registered office is in Rotterdam, was offering a ladies' handbag the appearance of which Nancy Kean Gifts considered to be identical with the design which it was itself selling and, in reliance on its exclusive right to the design, commenced proceedings for an interlocutory injunction against Keurkoop before the President of the Arrondissementsrechtbank [District Court], Rotterdam.

6 According to the particulars supplied by Keurkoop, it obtained the handbag in question from a wholesale exporter, the Formosa Keystone Products Corporation whose registered office is in Taiwan and which in turn obtains its supplies from two manufacturers, also established in Taiwan, namely the Taiwan Plastic Company and Ocean Lights Industries Corporation.

7 According to written statements given to the Court by the parties to the main action and the Commission the following appears to be the position. According to Nancy Kean Gifts the bag in question is marketed in the Federal Republic of Germany by Otto GmbH, which imports it directly from Taiwan. In the United Kingdom the bag is sold by Nancy Kean Gifts Ltd and in Denmark by Atelier Nancy APS. These last two legal persons belong to the same group as Nancy Kean Gifts. They also buy the bags which are manufactured in Taiwan from Renoc AG, a Swiss company. Keurkoop adds that the bag is also sold in the Netherlands by Otto (Tilburg) and Euro Direct Service (Tegelen). Finally, according to Keurkoop and the Commission, the same design of handbag was filed on 18 April 1979 with the French Designs Registry by Peter Herman of New York.

8 By a judgment of 8 May 1980 the President of the Arrondissementsrechtsbank, Rotterdam, granted the application made by Nancy Kean Gifts and prohibited Keurkoop from "manufacturing, importing, selling, offering for sale, exhibiting, delivering, using or holding in stock with a view to any such action, for industrial or commercial purposes, one or more ladies' handbags having an appearance identical to or displaying only minor differences from that of the design registered by the plaintiff".

9 Keurkoop lodged an appeal against that judgment with the Gerechtshof, The Hague, which in answer to the first two submissions made to it stated its views on several issues. Those views must be recorded because of the light which they throw on the questions referred to the Court.

10 The Gerechtshof first of all found that Nancy Kean Gifts was not the author of the design for the bag which it had filed and that it had not filed the design with the consent of the author or of a person entitled under him as regards Benelux territory or as a result of any legal connection with any such person.

11 At paragraph 11 of the grounds of its judgment the Gerechtshof defined the scope of the Uniform Benelux Law on Designs. The Gerechtshof pointed out that in the Benelux countries creative work was protected by copyright but the subject-matter of the protection provided by the Uniform Law was according to Article 1 thereof only "the new appearance of a product serving a utility purpose". By virtue of Article 4, products known in the past but forgotten for 50 years in the Benelux countries may be new within the meaning of the law. Furthermore the Uniform Law does not require that the novelty be the result of a creative act, that is to say, essentially artistic. Contrary to what Keurkoop maintains, Article 3 (1) which provides that "the exclusive right to a design shall be acquired by the person who is first to file it" is in no way based on the presumption that the person filing the design is the author of it. The Uniform Law seeks to protect the industrial manufacturer or craftsman who wishes his product, whether it be artistic or commonplace, to be distinguished from others, and it does not matter whether the person filing the design is an industrial manufacturer or craftsman. The aim of the law is to prevent the infringement during a specific period of designs chosen by industrial manufacturers and craftsmen and the test of infringement is whether the public may easily mistake one design for another.

12 In view of the two other submissions made to it by Keurkoop the national court considers it necessary to refer the following two questions to the Court for a preliminary ruling:

"1. Is it compatible with the rules contained in the EEC Treaty concerning the free movement of goods, in particular with the provisions of Article 36 thereof, to give application to the Uniform Benelux Law on Drawings or Designs in so far as the effect of that law is to grant exclusive rights in a design, such as referred to in that law and having an object and function described in ground 11 of this judgment, to the person who was

the first to file it with the competent authority, and when no person other than the person claiming to be the author of the design or the person commissioning or employing the author has the opportunity to challenge the right of the person who filed the design and/or to defeat an application for an injunction lodged by that person by relying on the fact that he is not the author of the design or the person commissioning or employing the author?

2. Can the application for an injunction be defeated in so far as it concerns products which the defendant has obtained in a country belonging to the Common Market other than the country (belonging to the Common Market) for which the injunction is sought if no rights of the person who filed the design and who seeks the injunction are infringed in that other country by the marketing of those products?"

First question

13 The first question is essentially concerned with the question whether the provisions of Article 36 of the Treaty allow the application of a national law which, like the Uniform Benelux Law on Designs, gives an exclusive right to the first person to file a design, without persons other than the author or those claiming under him being entitled, in order to challenge such exclusive right or defend an action for an injunction brought by the holder of the right, to contend that the person filing the design is not the author of it, the person who commissioned the design from him or his employee.

14 By way of a preliminary observation it should be stated that, as the Court has already held as regards patent rights, trade marks and copyright, the protection of designs comes under the protection of industrial and commercial property within the meaning of Article 36 inasmuch as its aim is to define exclusive rights which are characteristic of that property.

15 According to Article 1 of the Uniform Benelux Law protection is afforded by that law only to the novel feature of a product serving a utility purpose, that is to say, according to Article 4, a product which in fact has not been commonly known in the industrial or commercial circles concerned in the Benelux territory during the 50 years prior to the filing of the design. According to Article 3 the exclusive right to a design is acquired by the first person to file it without it being necessary to inquire whether that person is

also the author of the design or a person entitled under him. The reason for the rule is to be found in the function of the right to the design in economic life and in a concern for simplicity and efficacy. Finally, by virtue of the detailed rules laid down in Article 5 of the law the author of the design may, during a period of five years, claim the right to its registration and may at any time claim to have the registration annulled.

16 Those features, which are neither exhaustive nor limitative, nevertheless allow it to be said that legislation having characteristics of the kind of those which have just been described constitutes legislation for the protection of industrial and commercial property for the purposes of Article 36 of the Treaty.

17 Although it is true that, by virtue of Article 15 of the Uniform Benelux Law on Designs, any person or body concerned, including the Public Prosecutor's Department, may claim that the rights attached to the registration are null and void by contesting, in particular, the novelty of the product in the territory concerned; they may not, on the other hand, allege that the person filing the design is not the author, the person commissioning him or his employer. In view of this restriction the national court wonders whether the Uniform Law comes within the scope of Article 36 of the Treaty.

18 On that issue the Court can only state that in the present state of Community law and in the absence of Community standardization or of a harmonization of laws the determination of the conditions and procedures under which protection of designs is granted is a matter for national rules and, in this instance, for the common legislation established under the regional union between Belgium, Luxembourg and the Netherlands referred to in Article 233 of the Treaty.

19 Consequently the rules on the free movement of goods do not constitute an obstacle to the adoption of provisions of the kind contained in the Uniform Benelux Law on Designs, as described by the national court.

20 The answer to the first question must therefore be that national legislation having the characteristics of the Uniform Benelux Law on Designs falls within the scope of the provisions of Article 36 of the Treaty on the protection of industrial and commercial property. In the present state of its development Community law does not prevent the adoption of national provisions of the kind contained in the Uniform Benelux Law, as described by the national court.

Second question

21 The second question is essentially concerned with the question whether, in view of the provisions of the Treaty the owner of an exclusive right to a design protected by the legislation of a Member State may rely on that legislation in order to oppose the importation of products, whose appearance is identical to the design which has been filed, from one of the Member States of the Community where their marketing does not infringe any right of the owner to the exclusive right in the country of importation.

22 First of all it must be observed that in principle the protection of industrial and commercial property established by Article 36 would be rendered meaningless if a person other than the owner of the right to the design in a Member State could be allowed to market in that State a product which is identical in appearance to the protected design. That observation loses none of its force in the particular case, cited by the national court, where a person who wishes to market a product in a Member State has obtained supplies for that purpose in another Member State where the marketing of the product does not infringe the rights of the person who filed the design and who is the owner of the exclusive right thereto in the first State.

23 It must however be borne in mind that as far as the provisions on the free movement of goods are concerned prohibitions and restrictions on imports must, by virtue of Article 36, be justified *inter alia* on grounds of the protection of industrial and commercial property and must not in particular constitute disguised restrictions on trade between Member States.

24 Article 36 is thus intended to emphasize that the reconciliation between the requirements of the free movement of goods and the respect to which industrial and commercial property rights are entitled must be achieved in such a way that protection is ensured for the legitimate exercise, in the form of prohibitions on imports which are "justified" within the meaning of that article, of the rights conferred by national legislation, but is refused, on the other hand, in respect of any improper exercise of the same rights which is of such a nature as to maintain or establish artificial partitions within the common market. The exercise of industrial and commercial property rights conferred by national legislation must consequently be restricted as far as is necessary for that reconciliation.

25 The Court has consistently held that the proprietor of an industrial or commercial property right protected by the legislation of a Member State may not rely on that legislation in order to oppose the importation of a product which has lawfully been marketed in another Member State by, or with the consent of, the proprietor of the right himself or a person legally or economically dependent on him.

26 Furthermore, the proprietor of an exclusive right may not rely on his right if the prohibition on importation or marketing of which he wishes to avail himself could be connected with an agreement or practice in restraint of competition within the Community contrary to the provisions of the Treaty, in particular to those of Article 85.

27 Although a right to a design, as a legal entity, does not as such fall within the class of agreements or concerted practices envisaged by Article 85 (1), the exercise of that right may be subject to the prohibitions contained in the Treaty when it is the purpose, the means or the result of an agreement, decision or concerted practice.

28 It is therefore for the national court to ascertain in each case whether the exercise of the exclusive right in question leads to one of the situations which fall under the prohibitions contained in Article 85 and which may, in the context of the exercise of exclusive rights to designs take very different forms, such as, for example, the situation where persons simultaneously or successively file the same design in various Member States in order to divide up the markets within the Community among themselves.

29 It follows from the foregoing that the answer to be given to the second question is that the proprietor of a right to a design acquired under the legislation of a Member State may oppose the importation of products from another Member State which are identical in appearance to the design which has been filed, provided that the products in question have not been put into circulation in the other Member State by, or with the consent of, the proprietor of the right or a person legally or economically dependent on him, that as between the natural or legal persons in question there is no kind of agreement or concerted practice in restraint of competition and finally that the respective rights of the proprietors of the right to the design in the various Member States were created independently of one another.

Costs

30 The costs incurred by the Government of the Netherlands, the United Kingdom, the French Government and the Commission of the European Communities, which have submitted observations to the Court, are not recoverable. As the proceedings are, in so far as the parties to the main action are concerned, in the nature of a step in the proceedings before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT

in answer to the questions referred to it by the Gerechtshof, The Hague, by judgment dated 22 May 1981, hereby rules:

1. National legislation having the characteristics of the Uniform Benelux Law on Designs falls within the scope of the provisions of Article 36 of the Treaty on the protection of industrial and commercial property. In the present state of its development Community law does not prevent the adoption of national provisions of the kind contained in the Uniform Benelux Law, as described by the national court.

2. **The proprietor of a right to a design acquired under the legislation of a Member State may prevent the importation of products from another Member State which are identical in appearance to the design which has been filed, provided that the products in question have not been put into circulation in the other Member States by, or with the consent of, the proprietor of a right or a person legally or economically dependent on him, that as between the natural or legal persons in question there is no kind of agreement or concerted practice in restraint of competition and finally that the respective rights of the proprietors of the right to the design in the various Member States were created independently of one another.**

Mertens de Wilmars Bosco Touffait

Due Pescatore Mackenzie Stuart O'Keeffe

Koopmans Everling Chloros Grévisse

Delivered in open court in Luxembourg on 14 September 1982.

P. Heim
Registrar

J. Mertens de Wilmars
President

OPINION OF MR ADVOCAT GENERAL REISCHL DELIVERED ON 8 JUNE 1982 [1]

Mr President,
Members of the Court,

Although there is already a well-established body of case-law on the question of the extent to which exceptions to the principle of the free movement of goods are permitted on the basis of national rights to a patent or trade mark, or of national copyright, these are the first proceedings for a preliminary ruling in which it is necessary to consider the question of the effects of the relevant provisions of the EEC Treaty on the exercise, by the proprietor of a national *right in a design*, of the powers vested in him.

Nancy Kean Gifts BV, a commercial undertaking whose registered office is at The Hague, sells amongst other things

1 — Translated from the German