ORDER OF THE COURT (Fifth Chamber)

28 October 2010 *

In Case C-449/09,

REFERENCE for a preliminary ruling under Article 234 EC from the Sofiyski gradski sad (Bulgaria), made by decision of 30 October 2009, received at the Court on 18 November 2009, in the proceedings

Canon Kabushiki Kaisha

v

IPN Bulgaria OOD,

THE COURT (Fifth Chamber),

composed of J.-J. Kasel, President of the Chamber, acting for the President of the Fifth Chamber, M. Ilešič (Rapporteur), and E. Levits, Judges,

* Language of the case: Bulgarian.

Advocate General: Y. Bot,
Registrar: A. Calot Escobar,

the Court intending to give a decision on the action by reasoned order in accordance with Article 104(3), first subparagraph, of the Rules of Procedure,

after hearing the Advocate General,

makes the following

Order

1 This reference for a preliminary ruling concerns the interpretation of Article 5 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).

2 The reference has been made in proceedings between the Japanese company Canon Kabushiki Kaisha ('Canon') and IPN Bulgaria OOD ('IPN Bulgaria'), a Bulgarian company, concerning goods manufactured by Canon and sent, without its consent, to Bulgaria from a non-Member State, with IPN Bulgaria as consignee.

Directive 89/104

3 Article 5 of Directive 89/104 is headed 'Rights conferred by a trade mark'. Article 5(1)(a) provides:

'The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered'.

4 Article 5(3) states inter alia that the following may be forbidden:

'(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under the sign;

...'

5 Article 7 of Directive 89/104 in its original form, headed 'Exhaustion of the rights conferred by a trade mark', stated in paragraph 1:

'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.'

6 In accordance with Article 65(2) of the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3), read in conjunction with Annex XVII, Point 4, to that agreement, the original version of Article 7(1) of Directive 89/104 was amended for the purposes of that agreement, with the expression 'in the Community' being replaced by the words 'in a Contracting Party'.

7 Directive 89/104 was repealed by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version) (OJ 2008 L 299, p. 25), which entered into force on 28 November 2008. However, having regard to the time at which the facts occurred, the disputes in the main proceedings remain governed by Directive 89/104.

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

8 Canon manufactures camera equipment, copiers, printers and other equipment. Its goods are marketed under the word sign 'CANON'. In the European Union, that sign is registered as a Community mark and, in many Member states, including the Republic of Bulgaria, as a national mark.

9 By letter of 29 April 2008, Burgas Regional Customs Directorate (Regionalna Direktsia Burgas) (Bulgaria) informed a representative of Canon that on 22 April 2008 it had seised a cargo of ink cartridges bearing the mark CANON. The cargo came from Hong Kong (China) and had been imported into Bulgaria through the port of Bourgas. The consignee of the goods was IPN Bulgaria.

10 By order of 16 May 2008, the Sofiyski gradski sad (Sofia City Court), granted Canon's application for an interim injunction, ordering the goods in question to be seised. That decision was upheld by order of 26 June 2008 of the Sofiyski apelativen sad (Sofia Court of Appeal). Pursuant to that injunction, those goods were placed in temporary storage at the Burgas District Customs Directorate (Rayona mitnicheska direktsia Burgas).

11 Canon then brought proceedings against IPN Bulgaria before the Sofiyski gradski sad, claiming that by importing the goods in question it had infringed the exclusive rights conferred by the mark CANON.

12 In the course of these proceedings, it has been remarked that the ink cartridges at issue are authentic goods under the mark CANON and must therefore be considered 'original' products. According to the order for reference, those goods were sent to Bulgaria without Canon's consent. IPN, however, dispute that there was 'importation'. It argues, in that regard, that a customer established in Serbia ordered those goods from it, so that their transportation to that destination through Bulgaria was an external transit.

13 The parties are in dispute as to whether, as a matter of law, the proprietor of a mark is entitled to prohibit a third party from importing into the European Economic Area (EEA) original goods bearing that mark, without his consent.

14 During those proceedings, the Varhoven kasatsionen sad (Supreme Court of Cassation) delivered an interpretive judgment on that question, holding that the sole fact of importing original goods from a non-Member State without the consent of the proprietor of the mark borne by those goods, does not infringe the exclusive rights conferred by the mark.

15 Questioning the compatibility of that interpretive decision with European Union law, the Sofiyski gradski sad decided to stay proceedings and to refer the following question to the Court:

'Is Article 5 of [Directive 89/104], in so far is it confers on the trade mark proprietor the exclusive right to prevent all third parties not having his consent from using in the course of trade any sign which is identical with the trade mark, for example importing or exporting goods under the sign, to be interpreted as meaning that the trade mark proprietor's rights include the right to prohibit use of the trade mark without his consent through the importation of original goods, provided that the trade mark proprietor's rights under Article 7 of the Directive are not exhausted?'

The question referred for a preliminary ruling

16 In accordance with the first subparagraph of Article 104(3) of the Rules of Procedure, where the answer to a question referred for a preliminary ruling may be clearly deduced from existing case-law the Court may, after hearing the Advocate General, give its decision by reasoned order in which reference is made to its previous judgment or to the relevant case-law.

17 Clearly that is the case for the present reference for a preliminary ruling.

18 As regards, first, the concept of 'importation' within the meaning of Article 5(3)(c) of Directive 89/104, it is observed that in Case C-405/03 *Class International* [2005] ECR I-8735, the Court held, in paragraphs 42 to 44, that where original goods sent to a Member State from a non-Member State have not yet been released for free circulation, but are placed under the customs warehousing procedure, there is no 'importation'within the meaning of that provision.

19 On the other hand, for goods that have been physically brought into the EEA, but not yet released for free circulation, the proprietor of the mark may rightly claim infringement of his exclusive rights conferred by Article 5(1) and (3)(b) of Directive 89/104, if it is established that those goods are the subject of a sale or an offer for sale that necessarily entails putting them on the market in the EEA (*Class International*, paragraph 58).

20 In accordance with those principles, it is incumbent on the referring court to investigate whether IPN Bulgaria is preparing to put the goods at issue in the main proceedings on the market in the EEA, or to offer or sell those goods to another trader who is bound to put them on the market in the EEA (see, by analogy, *Class International*, paragraph 60).

21 As regards, second, the question asked, in essence, by the referring court, as to whether Article 5 of Directive 89/104 is to be interpreted as meaning that the proprietor of a mark may prohibit original products bearing that mark from being put on the market for the first time in the EEA without his consent, it is held that it is clear from several judgments of the Court that the answer is in the affirmative.

22 The Court held, in Case C-355/96 *Silhouette International Schmied* [1998] ECR I-4799, paragraph 26, that Directive 89/104 cannot be interpreted as leaving it open to the Member States to provide in their domestic law for exhaustion of the rights conferred by a trade mark in respect of products put on the market in third countries.

23 In later judgments, the Court specified that, in light of *Silhouette International Schmied*, the effect of Directive 89/104 is to limit exhaustion of the rights conferred on the proprietor of a trade mark to cases where goods have been put on the market in the EEA and thus to allow the proprietor to control the initial marketing in the EEA of goods bearing the mark (Joined Cases C-414/99 to C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691, paragraph 33; Case C-244/00 *Van Doren + Q* [2003] ECR I-3051, paragraph 26; and Case C-16/03 *Peak Holding* [2004] ECR I-11313, paragraph 36).

24 Accordingly, where goods bearing a mark have not previously been put on the market in the EEA by the proprietor of that mark or with his consent, Article 5 of Directive 89/104 confers on that proprietor exclusive rights which entitle him inter alia to prohibit any third party from importing those goods, offering them, or putting them on the market or stocking them for these purposes (see *Peak Holding*, paragraph 34).

25 It follows from all of that case-law that, if the referring court concludes from its investigation of the facts referred to in paragraph 20 of the present order that IPN Bulgaria is preparing to put the goods at issue in the main proceedings on the market in the EEA, or to offer or sell those goods to another trader who is bound to put them on the market in the EEA, which would mean that, having regard to the uncontested facts established in the main proceedings, this is a case of original goods being put on the market for the first time in the EEA, without the consent of the proprietor of the

mark, the case-law according to which that proprietor may prevent that putting on the market is to be applied.

26 In light of the above, the answer to the question referred is that Article 5 of Directive 89/104 must be interpreted as meaning that the proprietor of a trade mark may prevent original goods bearing that mark from being put on the market in the EEA for the first time without his consent.

Costs

27 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 (Fifth Chamber) hereby orders:

Article 5 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the proprietor of a trade mark may prevent original goods bearing that mark from being put on the market in the European Economic Area for the first time without his consent.

[Signatures]