JUDGMENT OF THE COURT (First Chamber)

15 October 2009 *

In Case C-324/08,

REFERENCE for a preliminary ruling under Article 234 EC from the Hoge Raad der Nederlanden (Netherlands), made by decision of 11 July 2008, received at the Court on 16 July 2008, in the proceedings

**Makro Zelfbedieningsgroothandel CV,**

**Metro Cash & Carry BV,**

**Remo Zaandam BV**

v

**Diesel SpA,**

* Language of the case: Dutch.

THE COURT (First Chamber),

composed of A. Tizzano (Rapporteur), President of Chamber, acting as President of the First Chamber, E. Levits, A. Borg Barthet, M. Ilešič and J.-J. Kasel, Judges,

Advocate General: D. Ruiz-Jarabo Colomer,
Registrar: M.-A. Gaudissart, head of unit,

having regard to the written procedure and further to the hearing on 25 June 2009,

after considering the observations submitted on behalf of:

— Makro Zelfbedieningsgroothandel CV, Metro Cash & Carry BV and Remo Zaandam BV, by T. van Engelen and V. Tsoutsanis, advocaten,

— Diesel SpA, by S. Klos, A.A. Quaedvlieg and B.R.J. van Ramshorst, advocaten,

— the Italian Government, by I. Bruni, acting as Agent, assisted by S. Fiorentino, avvocato dello Stato,

— the Commission of the European Communities, by H. Krämer and A. Nijenhuis, acting as Agents,

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

gives the following

## Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 7(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), as amended by the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3; 'Directive 89/104').

2 That reference was made in proceedings between Makro Zelfbedieningsgroothandel CV ('Makro'), Metro Cash & Carry BV and Remo Zaandam BV, on the one hand, and Diesel SpA ('Diesel'), on the other hand, with regard to the marketing by Makro of shoes bearing a trade mark owned by Diesel, without Diesel's express consent.

## Legal framework

*Community legislation*

3 Article 5(1) to (3) of Directive 89/104 provided:

'(1) 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;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

(2) Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(3) The following, inter alia, may be prohibited under paragraphs l and 2:

(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;

(d) using the sign on business papers and in advertising.'

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

'(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.

(2) Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.'

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

*International law*

6 Article 2.23(3) of the Benelux Convention on intellectual property (trade marks and designs), signed at The Hague on 25 February 2005, which replaced the former Article 13(A)(9) of the Benelux uniform law on trademarks, states:

'The exclusive rights do not include the right to prohibit use of the trade mark in relation to goods which have been put on the market in the European Community or in the European Economic Area ("EEA") under that trade mark by the proprietor or with his consent, unless there are legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.'

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

7 Diesel is the proprietor of the word mark Diesel, following registration of that mark for the Benelux countries.

8 Distributions Italian Fashion SA, established in Barcelona (Spain) ('Difsa'), was the distributor of goods bearing the Diesel trade mark in Spain, Portugal and Andorra.

9 On 29 September 1994, Difsa entered into an exclusive distribution agreement with the Spanish company Flexi Casual SA ('Flexi Casual'), under which Flexi Casual was granted exclusive selling rights in Spain, Portugal and Andorra in respect of a number of goods, including shoes, bearing the word mark Diesel. Under Article 1.4 of the contract, Flexi Casual was permitted to conduct 'market tests' on the shoes bearing the mark Diesel, by offering such footwear for sale to its customers in the geographic areas in question, with a view 'to reliably determining market requirements'.

10 On 11 November 1994, Difsa therefore granted to Flexi Casual a licence authorising it to manufacture and distribute shoes of its own design in order to test the market, so that those goods could be offered to Diesel for distribution or for the 'assignment of the manufacturing licence'.

11 On 21 October 1997, a manager of Flexi Casual wrote to Cosmos World SL ('Cosmos') granting it a licence to manufacture and sell shoes, bags and belts bearing the Diesel trade mark. Thus, under that agreement, but without express approval of any kind by Difsa or Diesel, Cosmos manufactured and marketed shoes bearing that mark.

12 During the summer of 1999, Makro offered for sale shoes bearing the word and figurative mark Diesel acquired by two Spanish undertakings which had bought them from Cosmos.

13 Thus, on 26 October 1999 Diesel, claiming that it had never consented to the marketing of the shoes in question by Cosmos, brought an action before the Rechtbank te Amsterdam against Makro and against one of Makro's partners, Deelnemingmij Nedema BV, seeking, inter alia, termination of the infringement of its copyright and of its rights as proprietor of the trade mark in question, together with damages for the loss suffered by it.

14 By judgment of 29 December 2004, the Rechtbank te Amsterdam granted the application in most respects. On appeal, the Gerechtshof te Amsterdam upheld the judgment by decision of 17 August 2006.

15 The applicants in the main proceedings thereupon appealed on a point of law against that judgment to the Hoge Raad der Nederlanden, claiming, inter alia, that the rights conferred by the Diesel trade mark were exhausted because Cosmos had marketed the shoes in question with Diesel's consent, within the meaning of Article 2.23(3) of the Benelux Convention on intellectual property and Article 7(1) of Directive 89/104.

16 The arguments relied upon by the parties before the national court concern in particular the criteria to be applied in order to determine whether Diesel had implicitly given its consent, within the meaning of Article 7(1) of that directive, to the marketing of the shoes manufactured by Cosmos in the EEA. In that regard, the parties disagree in particular on the relevance of the interpretation of that provision given in Joined Cases C-414/99 to C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691 since, in the case which gave rise to that judgment, the goods bearing the mark in question had been put on the market for the first time outside the EEA and not directly within it as in the main proceedings.

17 In that context, the Hoge Raad der Nederlanden decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

'(1) In the case where goods bearing a trade mark proprietor's mark have first been placed on the market within the EEA, but not by him or with his express consent, must the same criteria be applied in determining whether this has occurred with the (implied) consent of the trade mark proprietor, within the meaning of Article 7(1) of [Directive 89/104], as are applied in the case where such goods have previously been placed on the market outside the EEA by the trade mark proprietor or with his consent?

2) If the answer to Question 1 is in the negative, what criteria — whether or not derived (in part) from the judgment of the Court of Justice in Case C-9/93 *IHT Internationale Heiztechnik and Danzinger* [1994] ECR I-2789 — must be applied in the first case referred to in that question in order to determine whether the trade mark proprietor has given (implied) consent within the meaning of the First Directive relating to trade marks?'

**Questions referred for a preliminary ruling**

*The first question*

18 By its first question, the national court asks, essentially, whether the notion of the trade mark proprietor's 'implied consent', for the purposes of Article 7(1) of Directive 89/104, can be interpreted on the basis of the criteria set out in *Zino Davidoff and Levi Strauss*, where the goods bearing the mark concerned were first put on the market directly in the EEA and not previously outside that area.

19 In that regard, it should be noted at the outset that, in paragraph 46 of *Zino Davidoff and Levi Strauss*, the Court stated that the consent to the placing on the market in the EEA of goods previously marketed outside the EEA may result not only from an express statement of that consent but may also 'be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside the EEA which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced his rights'. In paragraphs 53 to 58 of that judgment, the Court added that such implied consent must be based on evidence capable of positively establishing that the trade mark proprietor has renounced any intention to enforce his exclusive rights, and that, in particular, such consent cannot be inferred from the mere silence of the proprietor.

20 That being clear, it must be recalled that, according to well-established case-law, Articles 5 to 7 of Directive 89/104 effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the Community (Case C-355/96 *Silhouette International Schmied* [1998] ECR I-4799, paragraphs 25 and 29, and *Zino Davidoff and Levi Strauss*, paragraph 39).

21 In particular, Article 5 of the directive confers on the trade mark proprietor exclusive rights which entitle him, inter alia, to prevent any third party from importing goods bearing the mark, offering the goods, or putting them on the market or stocking them for these purposes. Article 7(1) of the directive contains an exception to that rule, in that it provides that the trade mark proprietor's rights are exhausted where the goods have been put on the market in the EEA by him or with his consent (*Zino Davidoff and Levi Strauss*, paragraph 40; Case C-244/00 *Van Doren + Q* [2003] ECR I-3051, paragraph 33; and Case C-16/03 *Peak Holding* [2004] ECR I-11313, paragraph 34).

22 It is therefore apparent that consent, which is tantamount to the proprietor's renunciation of his exclusive rights within the meaning of Article 5, constitutes the decisive factor in the extinction of those rights and must, therefore, be so expressed that an intention to renounce those rights is unequivocally demonstrated (Case C-59/08 *Copad* [2009] ECR I-3421, paragraph 42).

23 Such an intention will normally be gathered from an express statement of that consent (see, to that effect, *Zino Davidoff and Levi Strauss*, paragraph 46, and *Copad*, paragraph 42). However, the requirements deriving from the protection of the free movement of goods, enshrined, inter alia, in Articles 28 EC and 30 EC, have led the Court to hold that such a rule can be qualified.

24 Thus, first, the Court has held that exhaustion of the exclusive rights provided for in Article 5 of Directive 89/104 can occur, inter alia, when the goods are put on the market by an operator with economic links to the proprietor of the trade mark, for example a licensee (see, to that effect, *IHT Internationale Heiztechnik and Danzinger*, paragraph 34, and *Copad*, paragraph 43).

25 Second, as noted in paragraph 19 of the present judgment, the Court's case-law also makes clear that, even in situations where the goods in question were first placed on the market in the EEA by a person having no economic link to the proprietor of the trade mark and without his express consent, the intention to renounce the exclusive rights provided for in Article 5 of Directive 89/104 may result from that proprietor's implied consent, it being possible to infer such consent on the basis of the criteria set out in paragraph 46 of *Zino Davidoff and Levi Strauss*.

26 Whilst it is true that the Court, in paragraph 46 of *Zino Davidoff and Levi Strauss*, referred to goods first being placed on the market outside the EEA, such a reference must be read in the light of the fact that, in the case which gave rise to that judgment, the goods in question had previously been marketed outside the EEA and had then been imported and placed on the market within it.

27 There is nothing, however, in the wording of the judgment in *Zino Davidoff and Levi Strauss* which gives grounds for concluding that the statements made by the Court in

paragraph 46 of that judgment, concerning the facts and circumstances from which the implied consent of a trade mark proprietor may be inferred, are applicable only in a factual context such as that and cannot have general application.

28 Thus, paragraphs 53 to 55 of that judgment, which set out the requirements to be satisfied in order to prove implied consent, are expressed in general terms, with no distinction being made in principle depending upon whether marketing first occurred outside the EEA or within it.

29 Moreover, such a distinction would run counter to the system established by Directive 89/104.

30 According to the very wording of Article 7(1) of that directive, the Community rule of exhaustion at issue in the present case can apply only to goods which have been put on the market in the EEA with the consent of the proprietor of the trade mark concerned. In other words, for the purposes of the extinction of the exclusive rights of the trade mark proprietor laid down in Article 5 of that directive, what is important is only the fact that the goods in question have been marketed within the EEA.

31 By contrast, as has also been made clear by the Community case-law, possible marketing outside the EEA does not have any exhaustive effect in that regard (see Case C-173/98 *Sebago and Maison Dubois* [1999] ECR I-4103, paragraph 21; *Van Doren + Q*, paragraph 26; and *Peak Holding*, paragraph 36).

32 Therefore, in order to ensure the protection of the rights conferred by the trade mark and to make possible the further marketing of goods bearing a trade mark without the proprietor of the trade mark being able to oppose that, it is essential that the proprietor can control the first placing of those goods on the market in the EEA, irrespective of the

fact that they may have first been marketed outside that area (see, to that effect, *Sebago and Maison Dubois*, paragraphs 20 and 21; *Zino Davidoff and Levi Strauss*, paragraph 33; *Van Doren + Q*, paragraph 26; and *Peak Holding*, paragraphs 36 and 37).

33 It follows from the above considerations that the purely factual question whether the goods bearing the trade mark concerned were marketed for the first time within the EEA or outside it is not, as such, relevant for the purposes of the application of the exhaustion rule laid down in Article 7(1) of Directive 89/104.

34 In those circumstances, if the possibility of inferring from certain facts and circumstances the implied consent of the trade mark proprietor — within the meaning of the judgment in *Zino Davidoff and Levi Strauss* — were to be limited to only those cases in which the first marketing of the goods in question occurred outside the EEA, that would not be in accordance with either the wording or the objectives of Article 7(1) of Directive 89/104.

35 In the light of the foregoing, the answer to the question referred is that Article 7(1) of Directive 89/104 must be interpreted as meaning that the consent of the proprietor of a trade mark to the marketing of goods bearing that mark carried out directly in the EEA by a third party who has no economic link to that proprietor may be implied, in so far as such consent is to be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market in that area which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced his exclusive rights.

*The second question*

36 An answer to the second question is called for only in the event of a negative answer to the first question. Since it has been answered in the affirmative, it is not necessary to consider the second question.

## Costs

37 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:

**Article 7(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, must be interpreted as meaning that the consent of the proprietor of a trade mark to the marketing of goods bearing that mark carried out directly in the European Economic Area by a third party who has no economic link to that proprietor may be implied, in so far as such consent is to be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market in that area which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced his exclusive rights.**

[Signatures]