In Case 1/81

REFERENCE to the Court under Article 177 of the EEC Treaty by the Landgericht [Regional Court] Hamburg for a preliminary ruling in the action pending before that court between

PFIZER INC., New York, USA,

and

EURIM-PHARM GMBH, Piding/Bad Reichenhall, Federal Republic of Germany,

on the interpretation of Article 36 of the EEC Treaty,

THE COURT (First Chamber)

composed of: G. Bosco, President of Chamber, A. O'Keeffe and T. Koopmans, Judges,

Advocate General: F. Capotorti
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 in accordance with Article 20 of the Protocol on the Statute of the Court of Justice of the EEC may be summarized as follows:

I — Facts and procedure

1. The plaintiff in the main proceedings, Pfizer Inc., is a major American manufacturer of pharmaceutical products, with subsidiaries in most of the

Member States of the Community, in particular the Federal Republic of Germany and the United Kingdom. It produces *inter alia* a wide-spectrum antibiotic marketed under the name 'Vibramycin'. In the Federal Republic of Germany the present company is the proprietor of that trade mark and the trade mark 'Pfizer', both of which are entered in its name on the German trade-mark register.

The German subsidiary of the plaintiff, Pfizer GmbH, sells the antibiotic 'Vibramycin' in packages which reflect the practice of German doctors in prescribing medicaments, namely in packs of 8, 16 and 40 capsules and also a pack of 100 capsules intended for clinics.

The defendant in the main proceedings, Eurim-Pharm GmbH, imports pharmaceutical products into the Federal Republic of Germany from other Member States of the Community. It imports the antibiotic 'Vibramycin' from Pfizer Ltd, the plaintiff's subsidiary in the United Kingdom, for marketing in the Federal Republic of Germany after re-packaging.

In Great Britain the product is distributed in packs of 10 and 50 capsules, sealed in groups of five in blister strips. The words 'Vibramycin' and 'Pfizer' appear on the sheet incorporated in the back of the strip.

In order to conform to German rules and practices, the defendant re-packages the blister strips of five capsules in folding boxes designed by it, without changing the strip or its contents. On the front side, the box has an opening with a transparent covering which enables the word 'Vibramycin' and, in small letters, the word 'Pfizer', which appear on the backing sheet of the strip to be clearly seen; the following words are placed, on the back of the box by the importer: 'Wide-spectrum antibiotic — manufacturer: Pfizer Ltd., Sandwich, Kent, GB — importer: Eurim-Pharm GmbH, wholesalers of pharmaceutical products, 8229 Piding; packaged by the importer: Eurim-Pharm GmbH, 8229 Piding'. A leaflet giving information about the medical preparation, in accordance with the requirements of German law, is inserted in the packaging.

2. The plaintiff in the main proceedings considers that the practice of re-packaging in that way constitutes an infringement of its rights in respect of the trade mark 'Vibramycin', of which it is the proprietor in the Federal Republic of Germany.

Initially, on 27 June 1979, it obtained an injunction from the Landgericht [Regional Court] Hamburg, confirmed by judgment of 10 August 1979, prohibiting the defendant, subject to the usual penalties, from re-packaging 'Vibramycin' capsules produced by a Pfizer company in a new wrapping, in such a manner that the trade mark 'Vibramycin' remains visible from the outside and, moreover, from marketing articles re-packaged in that way.

In its judgment of 10 August 1979 the Landgericht held that by marketing the product in the packaging designed by it the defendant was infringing the national trade-mark right of which the plaintiff was the proprietor. In fact, from the point of view of the public, the name 'Vibramycin', visible on the blister strips

through a transparent opening in the external packaging, appeared to be an integral part of the external packaging. That practice constituted an infringement of the trade-mark right within the meaning of paragraph 15 of the German trade-mark law ('Warenzeichengesetz'). That law refers not only to the object contained in the packaging but also to the unit constituted by that object and its packaging. The guarantee of origin, which is the essential function of a trade mark, particularly in the field of pharmaceutical products, and constitutes part of the specific subject-matter of the trade-mark right recognized by Community law, relates to the whole item offered for sale bearing the trade mark of the manufacturer. Furthermore, the fact that the trade mark was affixed to the blister strip did not mean that the trade-mark right no longer subsisted as regards inclusion of the mark on the outer wrapping.

Moreover, the Landgericht considered that the plaintiff's reliance on national trade-mark law was not adverse to Community law. In fact, it may be seen from the judgments of the Court given on 23 May 1978 in Case 102/77 (*Hoffmann-La Roche* v *Centrafarm* [1978] ECR 1139) and on 10 October 1978 in Case 3/78 (*Centrafarm* v *American Home Products* [1978] ECR 1823) that the application of the concepts of 'disguised restriction' and 'arbitrary discrimination' within the meaning of the second sentence of Article 36 of the Treaty presupposes the existence of a subjective factor in the form of the proprietor's use of his trade-mark right for the purpose of hindering the free movement of goods within the common market and thus partitioning the national markets. The existence of such a factor must be demonstrated to the court of trial (cf. paragraph 23 of the decision in Case 3/78 cited above).

The defendant appealed and by judgment of 24 January 1980 the Hanseatische Oberlandesgericht [Hanseatic Higher Regional Court] reversed the judgment of the Landgericht and lifted the injunction.

In the statement of reasons on which its judgment was based, the Oberlandesgericht explicitly left open the question of infringement of the national trade-mark law, considering that the exercise of the trade-mark right in the case in point was excluded in any event by Articles 30 and 26 of the EEC Treaty. In fact, it was not open to the plaintiff to rely upon the first sentence of Article 36 of the Treaty because the exercise of the trade-mark right by its proprietor, having regard to the marketing system adopted by it, contributed to an artificial partitioning of the markets of the Member States, leading to a disguised restriction on importation within the meaning of the second sentence of Article 36. Such a restriction existed by virtue of the fact that the packaging of the pharmaceutical product intended for the British market was inappropriate for the German market because of the different practices of German doctors in prescribing medicinal products.

Moreover, the appellate court considered that the re-packaging carried out by the defendant did not detract from the specific subject-matter of the trade-mark right, namely its function by identifying the origin of the product. In this case, the re-packaging carried out by the defendant in fact caused the original packaging to be seen in the form of the blister strip bearing the trade mark affixed by the manufacturer. It did not therefore have the appearance of simulation as to the origin of the product in question.

Furthermore, the Oberlandesgericht stated that it was of little importance whether the plaintiff intended in fact to partition the markets of the two Member States by putting different packagings of the medical preparation 'Vibramycin' into circulation in the United Kingdom and the Federal Republic of Germany. On the contrary, it was sufficient to show that the measures whose effect is to partition the markets are attributable to the trade-mark proprietor and that they are of an arbitrary nature.

3. In the proceedings now pending before the Landgericht, the plaintiff stated that, in the pharmaceuticals sector, only the product together with its complete packaging accompanied by all the prescribed information may be regarded as a marketable product. By substituting a new packaging for the original packaging and the accompanying information provided by the original manufacturer, a new marketable product is created which must be designated as a trade-marked product if a trade mark clearly appears on it. In this case, the defendant's expedient of allowing the trade mark 'Vibramycin' printed on the blister strip to appear through an opening in the new packaging constituted an 'affixing' of the trade mark within the meaning of the German law on trade marks. The trade-mark proprietor's right to oppose any unauthorized affixing of the trade mark on his product was part of the specific subject-matter of the trade-mark right and therefore justified an exception such as is provided for in the first sentence of Article 36 of the EEC Treaty.

Moreover, the conditions laid down in the second sentence of Article 36 of the Treaty were not met, since in this case there was no subjective factor attributable to the proprietor of the trade mark associated with any means of imposing arbitrary discrimination or a disguised restriction. Any partitioning of the markets arose solely because of the differing practices of doctors in prescribing medicinal products in the United Kingdom and the Federal Republic of Germany.

The defendant in the main proceedings before the Landgericht contended that its practice of re-packaging did not encroach upon the plaintiff's national trade-mark right because it left untouched the trade mark affixed by its proprietor to the product in question. Moreover, the specific subject-matter of the trade-mark right, referred to in the first sentence of Article 36 of the EEC Treaty, did not confer the power which the proprietor has under the national law to take action to stop the purchaser of a product lawfully bearing the mark from 'showing' the mark after re-packaging the product.

On the other hand, for the reasons stated by the Hanseatische Oberlandesgericht, the plaintiff's exercise of his trade-mark right was incompatible with the second sentence of Article 36 of the EEC Treaty.

In the statement of the reasons on which the order making the reference is based, the Landgericht states that it adheres to the point of view expounded in the judgment of 10 August 1979 to the effect that the defendant is infringing the plaintiff's German trademark right. The national court is however of the opinion that the plaintiff's exercise of its trade-mark right gives rise in the present case to a quantitative restriction on imports, which in principle is prohibited by Article 30 of the EEC Treaty. In that connection, it should be determined whether the defendant's exercise of its trade-mark right is admissible by virtue of the exception provided for in the first sentence of Article 36 of the EEC Treaty

or whether such exercise constitutes a disguised restriction on trade between Member States prohibited by the second sentence of Article 36 of the Treaty.

Consequently, the national court referred the following preliminary questions to the Court of Justice:

'1. Is the proprietor of a trade mark protected in his favour in Member State A entitled under Article 36 of the EEC Treaty, in reliance upon this right, to prevent an importer from buying from a subsidiary undertaking of the proprietor of the trade mark medicinal preparations to which the proprietor's trade mark has been lawfully affixed with his consent in Member State B of the Community and which have been placed on the market under that trade mark, from re-packaging those products in accordance with the different practices of doctors in prescribing medicaments prevailing in Member State A and from placing those products on the market in Member State A in an outer packaging designed by the importer on the reverse side of which there is a transparent window through which is visible the label of the proprietor of the trade mark which is on the reverse side of the blister strip directly surrounding the product?

2. Is it sufficient, for the purpose of establishing that there is an unlawful restriction of trade as envisaged by the second sentence of Article 36 of the EEC Treaty, for the use of the national trade-mark right in connection with the marketing system adopted by the proprietor of the trade mark objectively to lead to a partitioning of the markets between Member States, or is it necessary, on the contrary, for it to be shown that the proprietor of the trade mark exercises his trade-mark right in connection with the marketing system which he employs with the ultimate objective of bringing about an artificial partitioning of the markets?'

4. The order of 5 November 1980 of the Landgericht Hamburg making the reference was received at the Court Registry on 7 January 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 the plaintiff in the main proceedings, Pfizer Inc., represented by Helmut Droste and Rolf Pietzcker and Partners, Rechtsanwälte, Hamburg, acting as Agents, by the defendant in the main proceedings, Eurim-Pharm GmbH, represented by H. Pflüger, W. Schön, F. Pärn and Partners, Rechtsanwälte, Hamburg, acting as Agents, and by the Commission of the European Communities, represented by Mr Götz zur Hausen, a member of its Legal Department, acting as Agent.

Upon hearing the report of the Judge-Rapporteur and the views of the Advocate General, the Court (First Chamber) decided to open the oral procedure without any preparatory inquiry.

II — Summary of the written observations submitted to the Court

First question

The *plaintiff in the main proceedings* points out in the first place that, in its previous case-law relating to the limitation of national trade-mark rights, which are covered by Article 36 of the EEC Treaty, in relation to the principle of freedom of trade, the Court of Justice

relied on the finding of the national court in question that, under the applicable national legislation all the elements of a trade-mark infringement existed. In the statement of the grounds on which its order making a reference was based, the Landgericht Hamburg held that the form adopted by the defendant for re-packaging the imported trade-marked article constituted an infringement of the German trade-mark right of which the plaintiff is the proprietor.

Subsequently, the plaintiff contends that, in the judgment of 23 May 1978 delivered in Case 102/77 (*Hoffmann-La Roche* v *Centrafarm* [1978] ECR 1139) the Court has already answered the first question to the effect that the proprietor of a trade mark which is protected in two Member States at the same time is justified by virtue of the first sentence of Article 36 of the EEC Treaty in taking measures to prevent a product, to which the trade mark has lawfully been affixed in one of those States, from being placed on the market in the other Member State after being placed in a new packaging to which the trade mark has been affixed by a third party.

In so far as the plaintiff's protected trade mark is affixed to the defendant's trade-marked article in a manner which, from the technical point of view, differs from that described in Case 102/77, the Court of Justice is bound by the national court's finding that that variation likewise constitutes an infringement of the national trade-mark law. Moreover, the technical details of the re-packaging method used by the defendant do not provide grounds for a different interpretation of Article 36 of the Treaty.

Accordingly, the first question raised by the Landgericht should be answered in the affirmative.

On a more general level, the plaintiff in the main proceedings also draws attention to the importance which the Court attributed in its judgments in Case 102/77 (cited above) and in Case 3/78 (*Centrafarm* v *American Home Products* [1978] ECR 1823) to the consumer's confidence that the goods purchased have not been subjected to any interference after being marketed by the manufacturer. That confidence, which is an aspect of the guarantee of origin deriving from the trade mark, is part of the specific subject-matter of the trade-mark right. It was precisely for that reason that the Court concluded that the trade-mark proprietor was entitled to prevent his mark from being affixed to a re-packaged article.

Accordingly, the plaintiff maintains that the form in which the manufacturer puts a trade-marked article on the market is characterized by the affixing of a trade mark. The consumer associates the mark, and therefore his confidence, with that form.

Moreover, the presentation of the packaging of pharmaceutical products, in particular the insertion of a set of essential instructions, is the subject of rules in all the Member States. In that connection the plaintiff emphasizes the risks inherent in re-packaging by third parties.

It states that, for those reasons, it is impossible, from a legal point of view, to separate a pharmaceutical product from its packaging. Modification of the outside packaging of the product constitutes an action which affects the original condition of the trade-marked article, which is altered in a manner affecting the aspects both of public security and the guarantee of origin.

The *defendant in the main proceedings* points out in the first place that the first sentence of Article 36 of the Treaty authorizes only restrictions on the free

movement of goods which are justified on the grounds of protection of the specific subject-matter of industrial and commercial property rights. According to the case-law of the Court, the specific subject-matter of the trade-mark right is in particular to ensure that the proprietor of the trade mark has the exclusive right to use it when the product is first put into circulation. Having regard to the main function of a trade mark, which is to guarantee the origin of the product bearing it, only the proprietor of the trade mark is entitled to identify the product by affixing the mark.

Although the first sentence of Article 36 thus respects national laws in so far as they confer on the proprietor an exclusive right to affix the mark, the question submitted for a preliminary ruling raises another problem, namely that, in the opinion of the national court, German trade-mark law authorizes the proprietor of a trade mark to prevent the marketing of a product to which he has affixed his trade mark by a third party who has changed the packaging and made the trade mark affixed by the proprietor thereof visible through the new packaging. In this case, it is a question of determining whether the specific subject-matter of the trade-mark right covers, in addition to the proprietor's exclusive right to affix his trade mark, an exclusive right, which may or may not be conferred under a national legal system, to ensure that the mark which he has affixed to the product is visible.

The defendant in the main proceedings contends that the grant of such an exclusive right is embodied in individual provisions of the national law which are unconnected with the specific subject-matter of the trade-mark right. That subject-matter may only be defined on the basis of what is regarded as the nature of the trade-mark right by legal opinion common to the countries of the Community.

To demonstrate the absence of common legal concepts in this field, the defendant draws attention on the one hand to the wide interpretation of the German law on trade marks which the Landgericht had to adopt in order to justify its position and on the other hand the fact that the Hanseatische Oberlandesgericht refrained from giving any decision on the question whether in this case there was an infringement of national trade-mark law. Furthermore, considerable differences exist between national legal concepts relating to ancillary aspects of trade-mark protection.

Finally, the defendant in the main proceedings contends that consideration should not be given merely to the extent to which the various national laws are in harmony; on the contrary, the starting point must be the objectives of Community law, in accordance with which a negative answer must be given to the question raised. In this respect, it refers to the opinion of Mr Advocate General Capotorti in Case 102/77 (*Hoffmann-La Roche* v *Centrafarm*), to the effect that "even if one or more domestic legal systems provide protection for certain ancillary functions of a trade mark it nevertheless remains true that in the Community system such protection can be held permissible only in so far as it is not at variance with the full observance of the principle of the free movement of goods ... National legislation, learned writing and case-law ... clearly proceeded from the specific requirements of their respective national markets; in the present case, however, regard must be had for the dictates of the common market and for the legal requirements of the EEC Treaty" ([1978] ECR at p. 1175).

The *Commission of the European Communities* points out in the first place that the way in which the first question is formulated does not make it fully clear that the blister-strip packaging had the trade mark affixed to it by the proprietor thereof and was not altered by the importer.

It then goes on to place the question raised within the context of the relevant case-law.

The specific subject-matter of the trade-mark right is in particular to ensure the proprietor's exclusive right to use the mark, when a product is first put into circulation, and to protect him against any competitors who might abuse the position and reputation of the mark by selling products wrongly bearing it (cf. judgment of 10 October 1978 in Case 3/78, *Centrafarm* v *American Home Products,* cited above, paragraph 11 of the decision). Where it is to be determined whether the conduct of a third party jeopardizes the existence of the trade-mark right, that is to say, whether it affects the substance thereof, the exact scope of the trade-mark right must be defined. In that respect the Court takes into account the essential function of the trade mark, namely the guarantee to the consumer or final user of the identity of the origin of the trade-marked product (cf. judgments of 31 October 1974 in Case 16/74, *Centrafarm* v *Winthrop* [1974] ECR 1183, of 22 June 1976 in Case 119/75, *Terrapin* v *Terranova* [1976] ECR 1039, of 23 May 1978 in Case 102/77, cited above, and of 10 October 1978 in Case 3/78, also cited above). It is an essential feature of the guarantee of origin that only the proprietor of the trade mark may affix it to the product. That guarantee implies that the consumer may be certain that the original condition of the product has not been altered by a third party without the consent of the proprietor of the trade mark.

In this case, the trade mark was neither removed nor altered by Eurim-Pharm GmbH.

According to the Commission, the argument of the plaintiff in the main proceedings that the trade-mark right relates to the totality of the packaging and its content marketed in the Federal Republic of Germany as a unit in itself is not valid under Community law. It considers that the essential function of the trade mark, namely the guarantee of identity or origin, relates to the trade-marked product and not to its packaging. Where that trade mark appears on the immediate wrapping of the product, the protection provided by the trade mark does not extend to a further external packaging. The word "Vibramycin" appearing on the blister strip immediately surrounding the medicinal capsules conveys the following meaning: "The product contained in this packaging has been manufactured by the proprietor of the mark 'Vibramycin' or has been stamped with that mark with his consent." Accordingly, a third party who does no more than present the product as trade-marked by the proprietor but in a different packaging does not affix the trade mark to the product. To that extent, the circumstances giving rise to this case are not comparable with the facts of Cases 3/78 and 102/77 cited above.

Since the essential function of the trade mark has not been encroached upon by the defendant's practice, the trade-mark right of the plaintiff in the main proceedings has not been affected.

Consequently, the first sentence of Article 36 of the Treaty may not be relied upon to justify a prohibition on the marketing in the Federal Republic of Germany of the pharmaceutical products imported from the United Kingdom.

Second question

The *plaintiff in the main proceedings* maintains that in Case 3/78 (cited above) the Court has already answered the second question, holding that there may be a disguised restriction on trade if it is established that the practice of using different marks for a single product is adopted by the proprietor *with the aim* of artificially partitioning the markets.

However, the Court also declared that it might be lawful for the manufacturer of a product to use different marks for the same product in different Member States (paragraph 20 of the decision).

The considerations expounded in the judgment cited above are not confined to the use of separate marks but also to the use of packagings of different sizes. In this case, that practice is in fact adopted for legitimate motives, namely the practices followed in prescribing medicaments which differ considerably from one country to another. In Case 102/77 (cited above), the Court has moreover already recognized that it is lawful to offer for sale packagings of different sizes conforming to the requirements of the national market concerned.

The *defendant in the main proceedings* points out that the second sentence of Article 36 gives effect to two fundamental principles of the Treaty, namely the general prohibition on discrimination contained in Article 7 and the principle of unity of the market contained in Article 2. In the same way as Article 7 refers to all objective discrimination practised on grounds of nationality, the specific implementation of the second sentence of Article 36 does not take into account the motives of the party taking the action.

Furthermore, it is not appropriate to draw a distinction on the one hand between disguised restrictions on trade which are objective and which are the result of for example measures for the protection of health or national treasures and, on the other hand, disguised restrictions which may also be intentional and may result in particular from measures protecting industrial property.

It is evident from the judgment in Case 102/77 (cited above) that the Court did not consider that any special factor of subjective intention was necessary. Although in Case 3/78 (cited above) the Court indicated that the subjective aim on the part of the proprietor of the trade mark to partition the markets was a circumstance relevant to its decision, in so doing it was examining an individual case and for precisely that reason the same approach cannot be transposed to other cases. Moreover, the judgment delivered in Case 3/78 does not give the slightest indication that the Court wished to make a subsequent rectification to the judgment in Case 102/77.

Finally, the defendant in the main proceedings points out that the Oberlandesgericht Karlsruhe, in a judgment of 7 September 1978 (GRUR 1978, 712-715), and the Hanseatische Oberlandesgericht, in its judgment of 24 January 1980, concur in their opinion that it is sufficient, to establish the existence of a disguised restriction on trade between Member States within the

meaning of the second sentence of Article 36, for the exercise of the trade-mark right by its proprietor to lead objectively to the partitioning of the markets.

The *Commission* is of the opinion that the second question arises only if an affirmative answer is given to the first question, that is to say if the conduct of the defendant is in fact regarded as affecting the very existence of the trade-mark right in question.

In so far as it is appropriate to answer the second question, the Commission proposes the adoption of the solution put forward in the judgment in Case 102/77, with which this case is analogous inasmuch as a single trade mark is protected in two Member States for the benefit of the proprietor and in respect of the same product.

It states that the facts in those two cases are to be distinguished from those in Case 3/78, in which the proprietor owned different marks in the various Member States for the same product. In such a case it seems justified not to take the view that the exercise of the trade-mark right constitutes a disguised restriction on trade on the sole ground that it contributes objectively to a partitioning of the markets.

III — Oral procedure

At the sitting on 2 July 1981 oral argument was presented by the following: Rolf Pietzcker, Rechtsanwalt, Hamburg, for Pfizer Inc., the plaintiff in the main proceedings; F. Pärn, Rechtsanwalt, Hamburg, for Eurim-Pharm GmbH, the defendant in the main proceedings; Horst Teske, Ministerialrat im Bundesministerium der Justiz [Adviser in the Federal Ministry of Justice], acting as Agent, on behalf of the Government of the Federal Republic of Germany; and Götz zur Hausen, on behalf of the Commission of the European Communities, a member of its Legal Department, acting as Agent.

The Advocate General delivered his opinion at the sitting on 8 October 1981.

Decision

1 By order of 5 November 1980, which was received at the Court on 7 January 1981, the Landgericht [Regional Court] Hamburg referred to the Court for a preliminary ruling two questions on the interpretation of Article 36 of the Treaty.

2 The questions were raised in connection with proceedings between two undertakings in the pharmaceuticals sector, one of which, the plaintiff in the main proceedings (hereinafter referred to as "Pfizer"), the proprietor of a certain trade mark in serveral Member States, seeks to prevent the other, the

defendant in the main proceedings (hereinafter referred to as "Eurim-Pharm"), which has purchased a product with that trade mark put into circulation in one Member State, from distributing it in another Member State after re-packaging it.

3 The product in question, a wide-spectrum antibiotic called "Vibramycin", is marketed in the Federal Republic of Germany by the German subsidiary of Pfizer and is protected by a registered mark of which Pfizer is the proprietor. The British subsidiary of Pfizer manufactures the same product and markets it, in different packagings, at prices considerably lower than those applied in the Federal Republic of Germany.

4 After informing Pfizer of its intentions, Eurim-Pharm marketed in the Federal Republic of Germany the Vibramycin purchased in the United Kingdom in original packagings containing 50 capsules sealed in groups of five into blister strips bearing the words "Vibramycin Pfizer" on the sheets incorporated in the strips. With a view to marketing the product in the Federal Republic of Germany, Eurim-Pharm enclosed each blister strip in a folding box designed by it, without altering the strip or its contents. On the front side of the box is an opening covered with transparent material through which are visible the words "Vibramycin Pfizer" appearing on the sheet incorporated in the original strips. On the back of the box the following wording has been affixed: "Wide-spectrum antibiotic — manufacturer: Pfizer Ltd., Sandwich, Kent, GB — importer: Eurim-Pharm GmbH, wholesalers of pharmaceutical products, 8229 Piding; packaged by the importer: Eurim-Pharm GmbH, 8229 Piding". The importer inserted a leaflet in the box containing information relating to the medicinal product, in accordance with the provisions of German law.

5 In its order making the reference, the Landgericht held that the operation carried out by Eurim-Pharm constituted an infringement of Pfizer's rights under German trade-mark law. However, in view of the fact that at an earlier stage of the proceedings in the same case the higher court had taken the view that in the circumstances exercise of the trade-mark right was precluded by Articles 30 and 36 of the Treaty, the Landgericht submitted the following two questions for a preliminary ruling:

"1. Is the proprietor of a trade mark protected in his favour in Member State A entitled under Article 36 of the EEC Treaty, in reliance upon this right, to prevent an importer from buying from a subsidiary undertaking of the proprietor of the trade mark medicinal preparations to which the proprietor's trade mark has been lawfully affixed with his consent in Member State B of the Community and which have been placed on the market under that trade mark, from re-packaging those products in accordance with the different practices of doctors in prescribing medicaments prevailing in Member State A and from placing those products on the market in Member State A in an outer packaging designed by the importer on the reverse side of which there is a transparent window through which is visible the label of the proprietor of the trade mark which is on the reverse side of the blister strip directly surrounding the product?

2. Is it sufficient, for the purpose of establishing that there is an unlawful restriction on trade as envisaged by the second sentence of Article 36 of the EEC Treaty, for the use of the national trade-mark right in connection with the marketing system adopted by the proprietor of the trade mark objectively to lead to a partitioning of the markets between Member States, or is it necessary on the contrary, for it to be shown that the proprietor of the trade mark exercises his trade-mark right in connection with the marketing system which he employs with the ultimate objective of bringing about an artificial partitioning of the markets?"

First question

6 It should in the first place be borne in mind that, according to the case-law of the Court, as evinced in particular in the judgment of 23 May 1978 (Case 102/77 *Hoffmann-La Roche* v *Centrafarm* [1978] ECR 1139), although the Treaty does not affect the existence of the rights recognized by the legislation of a Member State in the fields of industrial and commercial property, the exercise of those rights may nevertheless, depending on the circumstances, be subject to the prohibitions contained in the Treaty. Inasmuch as it creates an exception to the fundamental principle of free movement of goods in the common market, Article 36 in fact permits derogations from that principle only to the extent to which they are justified for the purpose of safeguarding the rights which constitute the specific subject-matter of that property.

7 The specific subject-matter of the trade-mark right is in particular to guarantee to the proprietor that he has the exclusive right to use that trade

mark for the purpose of putting a product into circulation for the first time and therefore to protect him against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing that trade mark.

8 In order to answer the question whether that exclusive right involves the right to prevent the trade mark from being affixed by a third person after the product has been re-packaged, regard must be had to the essential function of the trade mark, which is to guarantee the identity of the origin of the trade-marked product to the consumer or final user by enabling him to distinguish without any possibility of confusion between that product and products which have another origin. This guarantee of origin means that the consumer or final user may be certain that a trade-marked product which is offered to him has not been subject at a previous stage in the marketing process to interference by a third person, without the authorization of the proprietor of the trade mark, affecting the original condition of the product.

9 In consequence, the right attributed to the proprietor of the trade mark enabling him to prevent any use thereof which is likely to impair the guarantee of origin as defined above, is therefore part of the specific subject-matter of the trade-mark right.

10 No use of the trade mark in a manner liable to impair the guarantee of origin takes place in a case such as the one in point where, according to the findings of the national court and the terms of the question submitted by it, a parallel importer has re-packaged a pharmaceutical product merely by replacing the outer wrapping without touching the internal packaging and by making the trade mark affixed by the manufacturer on the internal packaging visible through the new external wrapping.

11 In such circumstances the re-packaging in fact involves no risk of exposing the product to interference or influences which might affect its original condition and the consumer or final user of the product is not liable to be misled as to the origin of the product, above all where, as in this case, the parallel importer has clearly indicated on the external wrapping that the

product was manufactured by a subsidiary of the proprietor of the trade mark and has been re-packaged by the importer.

12 The fact that the parallel importer inserted in the external packaging a leaflet containing information relating to the medicinal product — a fact which is not even mentioned in the question submitted — does not affect this conclusion.

13 The answer to the first question should therefore be that Article 36 of the Treaty must be interpreted as meaning that the proprietor of a trade-mark right may not rely on that right in order to prevent an importer from marketing a pharmaceutical product manufactured in another Member State by the subsidiary of the proprietor and bearing the latter's trade mark with his consent, where the importer, in re-packaging the product, confined himself to replacing the external wrapping without touching the internal packaging and made the trade mark affixed by the manufacturer to the internal packaging visible through the new external wrapping, at the same time clearly indicating on the external wrapping that the product is manufactured by the subsidiary of the proprietor and re-packaged by the importer.

Second question

14 As a result of the answer given to the first question an answer to the second question is no longer necessary to enable the national court to decide the case before it.

Costs

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

On those grounds,

THE COURT (First Chamber)

in answer to the questions referred to it by the Landgericht Hamburg by order of 5 November 1980 hereby rules:

Article 36 of the Treaty must be interpreted as meaning that the proprietor of a trade-mark right may not rely on that right in order to prevent an importer from marketing a pharmaceutical product manufactured in another Member State by the subsidiary of the proprietor and bearing the latter's trade mark with his consent, where the importer, in re-packaging the product, confined himself to replacing the external wrapping without touching the internal packaging and made the trade mark affixed by the manufacturer to the internal packaging visible through the new external wrapping at the same time clearly indicating on the external wrapping that the product was manufactured by the subsidiary of the proprietor and re-packaged by the importer.

Bosco O'Keeffe Koopmans

Delivered in open court in Luxembourg on 3 December 1981.

A. Van Houtte
Registrar

G. Bosco
President of the First Chamber