



Reports of Cases

OPINION OF ADVOCATE GENERAL
MENGOZZI
delivered on 12 September 2017¹

Case C-291/16

Schweppes SA
v
Red Paralela SL,
Red Paralela BCN SL, formerly Carbòniques Montaner SL,
interveners
Orangina Schweppes Holding BV,
Schweppes International Ltd,
Exclusivas Ramírez SL

(Request for a preliminary ruling from the Juzgado de lo Mercantil No 8 de Barcelona (Commercial Court No 8, Barcelona, Spain))

(References for a preliminary ruling — Approximation of laws — Trade marks — Directive 2008/95/EC — Article 7(1) — Exhaustion of the rights conferred by a trade mark — Parallel trade marks — Assignment of trade marks in respect of part of the territory of the European Economic Area (EEA))

1. More than 20 years after its judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), the Court of Justice is once again called upon to answer questions referred for a preliminary ruling concerning the exhaustion of the rights conferred by a trade mark in the context of the voluntary fragmentation of parallel rights which have the same origin but have arisen in various different States of the European Economic Area (EEA). In that context, the Court is again asked to reflect upon the balance that must be struck between trade mark protection and the free movement of goods.

2. The present request for a preliminary ruling concerns, in particular, the interpretation of Article 7(1) of 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 marks² and Article 36 TFEU.

3. The request was made in the course of proceedings brought by Schweppes SA, a Spanish company, against Red Paralela SL and Red Paralela BCN SL, previously Carbòniques Montaner SL (together ‘the Red Paralela companies’) concerning the latter companies’ importation into Spain from the United Kingdom of bottles of tonic water bearing the SCHWEPPES trade mark.

¹ Original language: French.

² OJ 2008 L 299, p. 25, and corrigendum at OJ 2009 L 11, p. 86. Directive 2008/95 is to be repealed, with effect from 15 January 2019, by Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (OJ 2015 L 336, p. 1), which entered into force on 12 January 2016 and Article 15 of which corresponds, in substance, to Article 7 of Directive 2008/95.

The main proceedings, the questions referred and the proceedings before the Court

4. The SCHWEPPEES trade mark dates back to 1783, when Jacob Schwebpe invented the first industrial process for the carbonisation of water, which resulted in a drink then known as ‘Schweppes’s Soda Water’, and founded the company J. Schwebpe & Co. in Geneva (Switzerland). Over the years, the SCHWEPPEES trade mark has acquired a worldwide reputation in the market for tonic waters.

5. In Europe, the sign ‘Schweppes’ is registered as a series of national trade marks, word marks and figurative marks, all of which are identical, or practically identical, in all the EEA States.

6. For many years, Cadbury Schweppes was the sole proprietor of those registered rights. In 1999, it sold the rights relating to the SCHWEPPEES trade mark in 13 States of the EEA to The Coca-Cola Company (‘Coca-Cola’). It retained ownership of the rights in 18 other States.³ In 2009, Cadbury Schweppes, which had since become Orangina Schweppes Group, was acquired by the Japanese group Suntory.

7. The SCHWEPPEES trade marks registered in Spain are owned by Schweppes International Ltd, the English subsidiary of Orangina Schweppes Holding BV, which is the ultimate parent company of the Orangina group. Schweppes, the Spanish subsidiary of Orangina Schweppes Holding, holds an exclusive licence for the exploitation of the marks in Spain.

8. On 29 May 2014, Schweppes initiated infringement proceedings against the Red Paralela companies, concerning the importation from the United Kingdom and the sale in Spain of bottles of tonic water bearing the SCHWEPPEES trade mark. According to Schweppes, the alleged actions are unlawful, in that the bottles of tonic water were put up and placed on the market not by itself or with its consent, but by Coca-Cola, which has no connection with Orangina Schweppes Group. Schweppes maintains that, in those circumstances, and given the fact that the signs and products in question are identical, consumers will be unable to identify the commercial origin of the goods.

9. The Red Paralela companies are defending those infringement proceedings, arguing exhaustion of the trade mark rights, in so far as concerns products bearing the SCHWEPPEES trade mark originating in Member States of the European Union in which Coca-Cola is the proprietor of the mark, resulting from tacit consent. The Red Paralela companies also assert that there are undeniable legal and economic links between Coca-Cola and Schweppes International in the common exploitation of the sign ‘Schweppes’ as a universal mark.⁴

10. According to the findings made by the referring court, the relevant facts of the present case are as follows:

- despite being the proprietor of the parallel marks in only some EEA States, Schweppes International has promoted a global image of the SCHWEPPEES trade mark;

³ In its written observations, Schweppes observes that the transfer to Coca-Cola of the SCHWEPPEES trade mark worldwide, which Cadbury Schweppes had originally envisaged, met with opposition from the European Commission, and that the fragmentation of the mark in the territory of the EEA was the result of that opposition.

⁴ In the proceedings before the referring court, the Red Paralela companies made a counterclaim against Schweppes, Orangina Schweppes Holding and Schweppes International, alleging, first, infringement of Article 101 TFEU and, secondly, acts of unfair competition. They have since withdrawn the first of those two heads of claim because, following their complaint to the Comisión Nacional de los Mercados y la Competencia (National Commission on Markets and Competition, Spain), that body has commenced infringement proceedings against Schweppes on the ground of potentially anticompetitive conduct consisting in the conclusion of agreements with the company’s independent distributors in Spain, which include Exclusivas Ramírez SL, a company which is also a defendant to the counterclaim, with a view to restricting the distribution and sale in Spain of goods designated by the SCHWEPPEES trade mark that have not been manufactured by that company, and to limit parallel imports of such goods (Expediente S/DC/0548/15 SCHWEPPEES). On 29 June 2017, following acceptance by SCHWEPPEES of a number of undertakings modifying the content of those agreements, the proceedings were closed with no finding of infringement (the decision to close proceedings is published on the website of the Comisión Nacional de los Mercados y la Competencia (National Commission on Markets and Competition), available at https://www.cnmc.es/sites/default/files/1724145_1.pdf).

- Coca-Cola, which is the proprietor of the parallel marks registered in the other EEA States, has contributed to maintaining that global trade mark image;
- that global image is a cause of confusion for the relevant public in Spain regarding the commercial origin of goods bearing the SCHWEPPEES trade mark;
- Schweppes International is responsible for the European website that deals specifically with the SCHWEPPEES trade mark (www.schweppes.eu), which not only provides general information about goods bearing that trade mark, but also contains links to various local websites, in particular the United Kingdom website that is managed by Coca-Cola;
- Schweppes International, which holds no rights in the SCHWEPPEES trade mark in the United Kingdom (where the mark is owned by Coca-Cola) refers on its website to the British origins of the mark;
- Schweppes International and Schweppes use the image of the United Kingdom goods in their advertising;
- in the United Kingdom, Schweppes International promotes and provides customer information concerning goods bearing the SCHWEPPEES trade mark on social media;
- the presentation of goods bearing the SCHWEPPEES trade mark that are sold by Schweppes International is very similar — and in some Member States, such as the Kingdom of Denmark and the Kingdom of the Netherlands, identical — to the presentation of goods bearing the same mark that are of United Kingdom origin;
- Schweppes International, whose registered office is in the United Kingdom, and Coca-Cola coexist peacefully in the United Kingdom;
- following the transfer of some of the parallel marks to Coca-Cola in 1999, the two proprietors of the SCHWEPPEES trade marks in the EEA have, in their respective territories, applied in parallel for the registration of new, identical or similar SCHWEPPEES trade marks with respect to the same goods (such as, *inter alia*, the SCHWEPPEES ZERO trade mark);
- even though Schweppes International is the proprietor of the parallel marks in the Netherlands, the trade mark is exploited in that country (that is to say, the goods are prepared, bottled and sold) by Coca-Cola in its capacity as licensee;
- Schweppes International makes no objection to the online sale of trademarked goods of United Kingdom origin in several EEA States in which it is the proprietor of the SCHWEPPEES trade mark, such as Germany and France. Moreover, goods bearing that trade mark are sold throughout the territory of the EEA through web portals, with no distinction as to origin;
- Coca-Cola has made no opposition, on the basis of its trade mark rights, to Schweppes International's application for registration of an EU trade mark containing the verbal element 'Schweppes'.

11. It was in those circumstances that the Juzgado de lo Mercantil No 8 de Barcelona (Commercial Court No 8, Barcelona, Spain) decided to stay the proceedings before it and to refer the following questions to the Court for a preliminary ruling:

- '(1) Is it compatible with Article 36 TFEU and with Article 7(1) of Directive 2008/95 and Article 15(1) of Directive (EU) 2015/2436 for the proprietor of a trade mark in one or more Member States to prevent the parallel importing or marketing of goods coming from another Member State which

bear a trade mark that is identical or practically identical and is owned by a third party, when the said proprietor has promoted a global trade mark image that is associated with the Member State from which originate the goods of which it intends to prohibit the importation?

- (2) Is it compatible with Article 36 TFEU and with Article 7(1) of Directive 2008/95 and Article 15(1) of Directive 2015/2436 for goods to be sold under a trade mark, which is well known, within the EU when the registered proprietors maintain throughout the EEA a global trade mark image which gives rise to confusion in the minds of average consumers concerning the commercial origin of the goods?
- (3) Is it compatible with Article 36 TFEU and with Article 7(1) of Directive 2008/95 and Article 15(1) of Directive 2015/2436 for the proprietor of national trade marks which are identical or similar in various Member States to oppose the importation into a Member State where it owns the trade mark of goods, identified by a trade mark identical or similar to its own, coming from a Member State in which it is not the proprietor, when at least in another Member State where it is not the proprietor of the trade mark it has expressly or tacitly consented to the importation of those same goods?
- (4) Is it compatible with Article 7(1) of Directive 2008/95 and Article 15(1) of Directive 2015/2436 and with Article 36 TFEU for the proprietor A of a trade mark X of a Member State to oppose the importation of goods identified by the said trade mark if those goods come from another Member State where a trade mark identical to X (Y) is recorded as registered by another proprietor B which markets the same and:
 - proprietors A and B maintain intense commercial and economic relations, although there is no strict dependency between them regarding the joint exploitation of trade mark X;
 - proprietors A and B maintain a coordinated trade mark strategy deliberately promoting vis-à-vis the relevant public an appearance or image of a single and global trade mark; or
 - proprietors A and B maintain intense commercial and economic relations, although there is no strict dependency between them regarding the joint exploitation of the trade mark X, and in addition they maintain a coordinated trade mark strategy deliberately promoting vis-à-vis the relevant public an appearance or image of a single and global trade mark?

12. Written observations have been submitted to the Court by Schweppes, the Red Paralela companies, Schweppes International, Orangina Schweppes Holding, the Greek and Netherlands Governments and the Commission.

13. Schweppes, the Red Paralela companies, Schweppes International, Orangina Schweppes Holding and the Commission presented oral argument at the hearing, which was held on 31 May 2017.

Analysis

The admissibility of the questions referred for a preliminary ruling

14. Schweppes, Schweppes International and Orangina Schweppes Holding ask the Court to declare the request for a preliminary ruling inadmissible.

15. They allege, first, that the factual context described by the referring court is not only vitiated by manifest errors,⁵ but is also incomplete, inasmuch as the position expressed by Schweppes and Schweppes International has been deliberately and arbitrarily omitted, in violation of their rights of defence.⁶

16. I would observe in this connection that, in accordance with the settled case-law of the Court, in a request for a preliminary ruling under Article 267 TFEU, which is based on a clear separation of functions between the national courts and the Court of Justice, the national court alone has jurisdiction to find and assess the facts in the case in the main proceedings.⁷ In that context, the Court is empowered to rule on the interpretation or validity of EU law in the light of the factual and legal situation as described by the referring court, in order to provide that court with such guidance as will assist it in resolving the dispute before it.⁸ Consequently, it is on the basis of the facts indicated by the Juzgado de lo Mercantil No 8 de Barcelona (Commercial Court No 8, Barcelona) in its order for reference that the questions referred by that court for a preliminary ruling must be answered.

17. Secondly, Schweppes, Schweppes International and Orangina Schweppes Holding argue that the questions referred for a preliminary ruling are abstract and rest upon general, hypothetical assertions, and that it is therefore impossible for the Court to assess the need for them and their relevance.

18. It is settled case-law that the procedure provided for by Article 267 TFEU is an instrument for cooperation between the Court of Justice and national courts by means of which the Court provides national courts with the criteria for the interpretation of EU law which they need in order to decide the disputes before them.⁹ In the context of that cooperation, the national court seised of the dispute is in the best position to assess, having regard to the particular features of the case, whether a preliminary ruling is necessary to enable it to give judgment and the relevance of the questions which it refers to the Court.¹⁰ That does not alter the fact that it is for the Court, where appropriate, to examine the circumstances in which the case was referred to it by a national court in order to assess whether it has jurisdiction and, in particular, determine whether the interpretation of EU law that is sought bears any relation to the facts of the main action or its purpose, so that the Court is not led to deliver advisory opinions on general or hypothetical questions.¹¹

19. In the present case, neither the order for reference nor the documents produced by Schweppes prove that the questions referred for a preliminary ruling clearly bear no relation to the facts of the main action or its purpose. Nor may that relationship be denied purely because one of the parties to the dispute contests the merits of the factual findings made by the referring court.

5 Schweppes, Schweppes International and Orangina Schweppes Holding deny, amongst other things, that there are economic and legal links between Orangina Schweppes Group and Coca-Cola, in particular, in the sense of economic and/or legal dependency, that the goods manufactured by Coca-Cola have appeared on any web page hosted by any of the domains belonging to Orangina Schweppes Group, that the latter has appropriated the territory of the United Kingdom with regard to the SCHWEPPEES trade marks, that it uses goods manufactured by Coca-Cola in its institutional advertising, that it does not defend its intellectual property rights in the market and allows confusion to arise in the minds of consumers, and that it conducts with Coca-Cola a concerted policy of registering intellectual property rights.

6 Schweppes, Schweppes International and Orangina Schweppes Holding observe, in this connection, that Schweppes has brought an action for a declaration that the order for reference is an invalid judicial act. The referring court has declared that action inadmissible and it may become the subject of a *recurso de amparo* (an appeal on grounds of the violation of constitutional rights) before the Tribunal Constitucional (Constitutional Court, Spain).

7 See, inter alia, judgments of 25 October 2012, *Rintisch* (C-553/11, EU:C:2012:671, paragraph 15) and of 28 July 2016, *Kratzer* (C-423/15, EU:C:2016:604, paragraph 27).

8 See, inter alia, judgments of 9 November 2006, *Chateignier* (C-346/05, EU:C:2006:711, paragraph 22) and of 28 July 2016, *Kratzer* (C-423/15, EU:C:2016:604, paragraph 27).

9 See, to that effect, in particular, judgments of 16 July 1992, *Meilicke* (C-83/91, EU:C:1992:332, paragraph 22); of 27 November 2012, *Pringle* (C-370/12, EU:C:2012:756, point 83); and of 24 October 2013, *Stoilov i Ko* (C-180/12, EU:C:2013:693, paragraph 36).

10 See, to that effect, in particular, judgments of 16 July 1992, *Lourenço Dias* (C-343/90, EU:C:1992:327, paragraph 15); of 21 February 2006, *Ritter-Coulais* (C-152/03, EU:C:2006:123, paragraph 14); of 24 October 2013, *Stoilov i Ko* (C-180/12, EU:C:2013:693, paragraph 37); and of 28 July 2016, *Association France Nature Environnement* (C-379/15, EU:C:2016:603, paragraph 46).

11 See, to that effect, in particular, judgments of 16 December 1981, *Foglia* (244/80, EU:C:1981:302, paragraphs 18 and 21); of 30 September 2003, *Inspire Art* (C-167/01, EU:C:2003:512, paragraph 45); and of 24 October 2013, *Stoilov i Ko* (C-180/12, EU:C:2013:693, paragraph 38).

20. Finally, Schweppes, Schweppes International and Orangina Schweppes Holding allege that, since the case-law of the Court of Justice on exhaustion of the rights conferred by a trade mark is settled and consistent, the interpretation of the provisions of EU law which the national court seeks is a matter of *acte clair*. The reference to the Court of Justice was therefore unnecessary and should be declared inadmissible.

21. On this point, I would point out that the Court has already had occasion to hold that the fact that the answer to a question referred to the Court for a preliminary ruling may be clearly deduced from existing case-law, or leaves no scope for any reasonable doubt, within the meaning of the judgment of 6 October 1982, *Cilfit and Others* (283/81, EU:C:1982:335) — if that is indeed so in the present case — in no way prevents a national court from making a reference for a preliminary ruling to this Court¹² and does not have the effect of depriving this Court of jurisdiction to rule on such a question.¹³ Moreover, the case-law as stated in the judgment of 6 October 1982, *Cilfit and Others* (283/81, EU:C:1982:335), gives the national court sole responsibility for determining whether the correct application of EU law is so obvious as to leave no scope for any reasonable doubt and for deciding, as a result, to refrain from referring to the Court of Justice a question concerning the interpretation of EU law which has been raised before it¹⁴ and take upon itself the responsibility of resolving it.¹⁵

22. In light of the foregoing considerations, the request for a preliminary ruling should be declared admissible.

Substance

23. By the four questions which it refers for a preliminary ruling, the national court seeks, in substance, to establish whether Article 36 TFEU and Article 7(1) of Directive 2008/95¹⁶ preclude, in circumstances such as those described in the order for reference, the licensee of the proprietor of a national trade mark from invoking the exclusive rights enjoyed by the latter under the law of the Member State in which the trade mark is registered in order to oppose the importing into and/or marketing in that State of goods bearing an identical trade mark which come from another Member State, one in which that trade mark, which was once owned by the group to which both the proprietor of the mark in the importing State and its licensee belong, is owned by a third party which has acquired the rights to it by assignment.

24. I shall analyse the questions referred together. I shall begin by recalling the principles laid down in the case-law on exhaustion of the rights conferred by a trade mark, including where there is fragmentation across several EEA States of parallel rights originally held by the same proprietor. Next, I shall analyse the way in which those principles might be applied in circumstances such as those of the case in the main proceedings. Lastly, I shall, on the basis of my analysis, propose an answer to the questions referred by the national court for a preliminary ruling.

¹² See, to that effect, judgment of 6 October 1982, *Cilfit and Others* (283/81, EU:C:1982:335, paragraph 15 et seq.).

¹³ Judgment of 11 September 2008, *UGT-Rioja and Others* (C-428/06 to C-434/06, EU:C:2008:488, paragraphs 42 and 43).

¹⁴ See judgments of 15 September 2005, *Intermodal Transports* (C-495/03, EU:C:2005:552, paragraph 37), and of 9 September 2015, *X and van Dijk* (C-72/14 and C-197/14, EU:C:2015:564, paragraph 58).

¹⁵ Judgment of 9 September 2015, *X and van Dijk* (C-72/14 and C-197/14, EU:C:2015:564, paragraph 58).

¹⁶ Article 15(1) of Directive 2015/2436, which is also referred to in the questions referred, is not applicable to the facts of the case in the main proceedings.

Exhaustion of the rights conferred by a trade mark

25. In principle, the laws of the Member States recognise the right of trade mark proprietors to oppose the importing and marketing by third parties of goods bearing their trade mark.¹⁷ When such goods are brought in from another Member State, the exercise of this right gives rise to a restriction on the free movement of goods. Since that restriction is justified on grounds of the protection of industrial and commercial property, it falls within the scope of the first sentence of Article 36 TFEU and is therefore permitted, unless it constitutes a ‘means of arbitrary discrimination’ or a ‘disguised restriction on trade between Member States’, as referred to in the second sentence of Article 36 TFEU.

26. Introduced into Union law through the case-law and codified in Article 7(1) of First Directive 89/104,¹⁸ then Article 7(1) of Directive 2008/95 and lastly in Article 15(1) of Directive 2015/2436,¹⁹ the principle of exhaustion of the rights conferred by a trade mark delimits the extent of the rights of exclusivity that are recognised by the Member States, with the aim of preventing those rights from being exercised in such a way as to compartmentalise the internal market by the partitioning of national markets.

27. In the interests of striking a balance between the territoriality of trade marks and the free movement of goods, this principle postulates that, once goods that legally bear a trade mark have been placed on the market in the European Union (or, more broadly, in the EEA) with the proprietor’s consent or by the proprietor itself, the latter may not, relying on its right of exclusivity, oppose the subsequent movement of those goods.

28. The first formulation of this principle dates back to the judgment of 31 October 1974, *Centrafarm and de Peijper* (16/74, EU:C:1974:115).²⁰ In that judgment the Court stated, first of all, that, while the Treaty did not affect the existence of industrial and commercial property rights recognised by the laws of a Member State, the exercise of those rights could nevertheless be affected by the prohibitions contained in the Treaty.²¹ It then stated: ‘inasmuch as it provides an exception to one of the fundamental principles of the [internal] market, Article 36 [TFEU] only admits of derogations from the free movement of goods where such derogations are justified for the purpose of safeguarding rights which constitute the specific subject-matter of this property’.²² The Court then went on to state, with regard to trade marks, that the specific subject matter of that industrial property was ‘the guarantee that the owner of the trade mark has the exclusive right to use that trade mark, for the purpose of putting products protected by the trade mark into circulation for the first time, [which] is therefore intended 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’.²³ The Court concluded that, given that subject matter, the obstacle which resulted from the right, accorded to the proprietor of the trade mark by the legislation of a Member State concerning industrial and commercial property, to oppose the importation of goods bearing the trade mark was ‘not justified

¹⁷ It should be borne in mind that the rules relating to the rights conferred by trade marks and the rights which trade mark proprietors enjoy in the European Union have been harmonised completely. See, regarding 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), judgment of 3 June 2010, *Coty Prestige Lancaster Group* (C-127/09, EU:C:2010:313, paragraph 27 and the case-law cited), and also judgment of 16 July 1998, *Silhouette International Schmied* (C-355/96, EU:C:1998:374, paragraphs 25 and 29).

¹⁸ See footnote 17 above.

¹⁹ See also Article 13(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the [European Union] trade mark (OJ 2009 L 78, p. 1) and Article 15(1) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ 2017 L 154, p. 1), which will replace Regulation No 207/2009 on 1 October 2017.

²⁰ The same principle had already been established with regard to rights relating to copyright in the judgment of 8 June 1971, *Deutsche Grammophon Gesellschaft* (78/70, EU:C:1971:59, paragraph 12). In relation to patents, see judgment of 31 October 1974, *Centrafarm and de Peijper* (15/74, EU:C:1974:114, paragraphs 10 to 12).

²¹ See judgment of 31 October 1974, *Centrafarm and de Peijper* (16/74, EU:C:1974:115, paragraph 6).

²² See judgment of 31 October 1974, *Centrafarm and de Peijper* (16/74, EU:C:1974:115, paragraph 7).

²³ See judgment of 31 October 1974, *Centrafarm and de Peijper* (16/74, EU:C:1974:115, paragraph 8).

when the product [had] been put on the market in a legal manner in the Member State from which it [had] been imported, by the trade mark owner himself or with his consent, so that there [could] be no question of abuse or infringement of the trade mark'.²⁴ According to the Court, if it were otherwise, the proprietor of a trade mark 'would be able to partition off national markets and thereby restrict trade between Member States, in a situation where no such restriction was necessary to guarantee the essence of the exclusive right flowing from the trade mark'.²⁵ In other words, trade would, in such case, be 'fettered unjustifiably'.²⁶

29. In order for the principle of exhaustion to operate, two conditions must be met: first, the goods bearing the trade mark must have been put on the market in the EEA and, second, the proprietor of the trade mark must, if it has not itself put the goods on the market, have consented to their being put on the market. Because of the limitations which the principle entails for the exclusive rights of the trade mark proprietor, there is a noticeable tendency for the Court to interpret the concepts which circumscribe its application strictly.

30. With respect to the first of the two abovementioned conditions, the Court, ruling on the interpretation of Article 7(1) of First Directive 89/104, has held that there is no 'putting on the market' within the meaning of that provision unless the goods bearing the trade mark are actually sold, since it is the act of sale alone which enables the proprietor to 'realise the economic value of the trade mark' and third parties to acquire 'the right to dispose of the goods bearing the trade mark'.²⁷

31. As regards the second condition, concerning imputation of the putting on the market of the goods bearing the proprietor's trade mark, the Court has held, again interpreting Article 7(1) of First Directive 89/104, that consent to such putting on the market 'constitutes the decisive factor' in the extinction of the exclusive right conferred by the trade mark²⁸ and must, therefore, be so expressed 'that an intention to renounce that right is unequivocally demonstrated'.²⁹

32. Such intention will normally be gathered from an express statement of consent.³⁰ However, as the Court recognised in its judgment of 15 October 2009, *Makro Zelfbedieningsgroothandel and Others* (C-324/08, EU:C:2009:633, paragraph 23), the requirements deriving from the protection of the free movement of goods have led it to hold that such a rule 'can be qualified'.

33. Thus, the Court has held that exhaustion of the exclusive rights conferred by a trade mark can occur, inter alia, when the goods are put on the market by an *operator that is economically linked* to the trade mark proprietor, such as, inter alia, a licensee.³¹ I shall come back to that particular situation later on.

²⁴ See judgment of 31 October 1974, *Centrafarm and de Peijper* (16/74, EU:C:1974:115, paragraph 10).

²⁵ See judgment of 31 October 1974, *Centrafarm and de Peijper* (16/74, EU:C:1974:115, paragraph 11).

²⁶ See the Opinion of Advocate General Jacobs in *Bristol-Myers Squibb and Others* (C-427/93, C-429/93, C-436/93, C-71/94 and C-232/94, EU:C:1995:440, points 60 and 61).

²⁷ See judgment of 30 November 2004, *Peak Holding* (C-16/03, EU:C:2004:759, paragraphs 40 and 42). See also judgment of 14 July 2011, *Viking Gas* (C-46/10, EU:C:2011:485, paragraph 32).

²⁸ The first putting of the goods on the market by the proprietor itself (by a sale or other transfer of ownership) constitutes such consent. In such case, exhaustion occurs by virtue of the putting of the goods on the market and is not conditional on the proprietor's consent to the further marketing of the goods in the EEA; see judgment of 30 November 2004, *Peak Holding* (C-16/03, EU:C:2004:759, paragraphs 52 and 53).

²⁹ See judgments of 23 April 2009, *Copad* (C-59/08, EU:C:2009:260, paragraph 42), and of 15 October 2009, *Makro Zelfbedieningsgroothandel and Others* (C-324/08, EU:C:2009:633, paragraph 22).

³⁰ See judgments of 20 November 2001, *Zino Davidoff and Levi Strauss* (C-414/99 to C-416/99, EU:C:2001:617, paragraph 46), and of 23 April 2009, *Copad* (C-59/08, EU:C:2009:260, paragraph 42).

³¹ See, to that effect, judgments of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraph 34); of 23 April 2009, *Copad* (C-59/08, EU:C:2009:260, paragraph 43); and of 15 October 2009, *Makro Zelfbedieningsgroothandel and Others* (C-324/08, EU:C:2009:633, paragraph 24).

34. It is also clear from the case-law of the Court that, even in situations where the goods in question were first put on the market in the EEA by a party having no economic link to the proprietor of the trade mark and without the proprietor's express consent, an intention to renounce the exclusive rights conferred by the trade mark may result from the proprietor's *implied consent*, it being possible to infer such consent on the basis of the criteria set out in paragraph 46 of the judgment of 20 November 2001, *Zino Davidoff and Levi Strauss* (C-414/99 to C-416/99, EU:C:2001:617).³²

35. In that judgment, which concerned a case of the initial marketing of trademarked goods outside the EEA, but whose general application was recognised in the judgment of 15 October 2009, *Makro Zelfbedieningsgroothandel and Others* (C-324/08, EU:C:2009:633, paragraphs 26 et seq.), the Court stated that consent to the placing of goods on the market in the EEA could also be inferred from facts and circumstances prior to, simultaneous with or subsequent to that placing of the goods on the market which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced its rights.³³

36. In paragraphs 53 to 58 of that same 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 its exclusive rights and that, in particular, such consent could not be inferred from the mere silence of the trade mark proprietor.³⁴ The Court clarified, in this regard, that implied consent could not be inferred, in particular, from the fact that the proprietor of the trade mark had not communicated to all subsequent purchasers of the goods placed on the market outside the EEA its opposition to marketing within the EEA, from the fact that the goods carried no warning of a prohibition on their being placed on the market within the EEA or from the fact that the trade mark proprietor had transferred the ownership of the goods bearing the trade mark without imposing any contractual reservations and that, according to the law governing the contract, the property right transferred included, in the absence of such reservations, an unlimited right of resale or, at the very least, a right to market the goods subsequently within the EEA.³⁵

37. In so far as concerns the object of consent, the Court has clarified that the latter relates only to the 'further commercialisation' of the trademarked goods, with the consequence that the principle of exhaustion applies only to *specific individual items* of the goods in question, such that the trade mark proprietor may still prohibit use of the trade mark for individual items which have not been first put on the market with its consent.³⁶

38. Lastly, it must be borne in mind that the Court has repeatedly held that the provisions of the European Union directives on trade marks which enshrine the principle of the exhaustion of the rights conferred by a trade mark must be interpreted in the light of the Treaty rules on the free movement of goods.³⁷

³² See judgments of 15 October 2009, *Makro Zelfbedieningsgroothandel and Others* (C-324/08, EU:C:2009:633, paragraph 25), and of 3 June 2010, *Coty Prestige Lancaster Group* (C-127/09, EU:C:2010:313, paragraph 37).

³³ See judgment of 20 November 2001, *Zino Davidoff and Levi Strauss* (C-414/99 to C-416/99, EU:C:2001:617, paragraph 46), as clarified by the judgment of 15 October 2009, *Makro Zelfbedieningsgroothandel and Others* (C-324/08, EU:C:2009:633, paragraph 35 and the operative part).

³⁴ See also judgment of 15 October 2009, *Makro Zelfbedieningsgroothandel and Others* (C-324/08, EU:C:2009:633, paragraph 19).

³⁵ See judgments of 20 November 2001, *Zino Davidoff and Levi Strauss* (C-414/99 to C-416/99, EU:C:2001:617, paragraph 60), and of 3 June 2010, *Coty Prestige Lancaster Group* (C-127/09, EU:C:2010:313, paragraph 39). Similarly, the application of national rules on the enforceability against third parties of sales restrictions could not be invoked in order to attribute to the trade mark proprietor's silence an exhaustive effect upon the rights conferred by the trade mark; see judgment of 20 November 2001, *Zino Davidoff and Levi Strauss* (C-414/99 to C-416/99, EU:C:2001:617, paragraph 65).

³⁶ See judgment of 1 July 1999, *Sebago and Maison Dubois* (C-173/98, EU:C:1999:347, paragraphs 19 and 20).

³⁷ See judgments of 11 July 1996, *Bristol-Myers Squibb and Others* (C-427/93, C-429/93 and C-436/93, EU:C:1996:282, paragraph 27), and of 20 March 1997, *Phytheron International* (C-352/95, EU:C:1997:170, paragraph 18).

Exhaustion of the rights conferred by a trade mark where there is voluntary fragmentation of parallel exclusive rights which have the same origin

39. The Court has on three occasions been faced with the question of whether the proprietor of a trade mark registered in several Member States, one that once belonged to the same person and has subsequently been fragmented either voluntarily or as a result of a public constraint, may oppose the importation into the territory in which its right is protected of goods bearing the same trade mark that have been put into circulation in a Member State in which the trade mark is owned by a third party.

40. In the case which gave rise to the judgment of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72) — which was delivered before the judgment of 31 October 1974, *Centrafarm and de Peijper* (16/74, EU:C:1974:115), which, as I have mentioned, established the principle of exhaustion with regard to trade marks — the rights in the trade mark HAG in Belgium and Luxembourg had been assigned in 1935 by their owner, HAG AG, a German company, to its Belgian subsidiary Café Hag SA. After the Second World War, the shares in Café Hag, which had been placed under sequestration by the Belgian authorities as property of the enemy, were sold to a third party. In 1971, Café Hag assigned its rights in the mark HAG in Belgium and Luxembourg to the company Van Zuylen Frères, which did not itself produce the trademarked goods but obtained them from Café Hag. When HAG began delivering goods bearing its German trade mark HAG to retailers in Luxembourg, Van Zuylen Frères initiated infringement proceedings before the tribunal d'arrondissement de Luxembourg (District Court, Luxembourg), which referred to the Court of Justice two questions for a preliminary ruling concerning the application to the facts of the case in the main proceedings of the interpretation of the Treaty rules on cartels and on the free movement of goods.

41. After noting that, following the expropriation of Café Hag, there were no legal, financial, technical or economic links between the two owners of the trade marks that resulted from the fragmentation of the mark HAG, the Court held that Article 85 EEC (Article 101 TFEU) did not apply to the facts of the case in the main proceedings. As regards the interpretation of the rules on the free movement of goods, the Court first of all stated that the trade mark right protected the legitimate holder of a trade mark against infringement on the part of persons that lacked any legal title and that the exercise of that right tended to contribute to the partitioning off of the markets and thus to affect the free movement of goods between the Member States. The Court then held that the holder of a trade mark could not rely on the exclusiveness of a trade mark right with a view to prohibiting the marketing in a Member State of goods legally produced in another Member State under an identical trade mark having the same origin³⁸ (the doctrine of 'common origin').³⁹ Confirming that solution, the Court stated, in paragraph 14 of the judgment of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72), that 'whilst in [a single] market the indication of origin of a product covered by a trade mark [was] useful, information to consumers on this point [could] be ensured by means other than such as would affect the free movement of goods'.

42. The position adopted by the Court in the judgment of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72) — foreshadowed, with regard to the competition rules, by the judgment of 18 February 1971, *Sirena* (40/70, EU:C:1971:18, paragraph 11) and confirmed in the judgment of 22 June 1976, *Terrapin (Overseas)* (119/75, EU:C:1976:94, paragraph 6)⁴⁰ — was reversed in the judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359). The factual context was identical, but for the circumstance that now it was HAG that was seeking to prevent the importation into Germany, by the

³⁸ See judgment of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72, paragraphs 4, 5 and 10 to 12).

³⁹ See the Opinion of Advocate General Jacobs in *HAG GF* (C-10/89, not published, EU:C:1990:112, point 7).

⁴⁰ In that judgment, the Court held that the fact that an undertaking established in a Member State, by virtue of a right to a trade mark which is protected by the legislation of that State, prevents the importation of products of an undertaking established in another Member State and bearing, by virtue of the legislation of that State, a name giving rise to confusion with the trade mark of the first undertaking was compatible with the provisions of the Treaty relating to the free movement of goods, provided that there were no agreements restricting competition and no legal or economic ties between the undertakings and that their respective rights *had arisen independently of one another*.

company that succeeded Van Zuylen Frères, of goods bearing the HAG trade mark from Belgium. The Court nevertheless considered that it was ‘necessary to reconsider the interpretation given in that judgment in the light of the case-law which [had] developed with regard to the relationship between industrial and commercial property and the general rules of the Treaty, particularly in the sphere of the free movement of goods’.⁴¹

43. After recalling the principle of the exhaustion of the rights conferred by trade marks as developed in the case-law, the Court first of all emphasised that, for the trade mark to be able to fulfil the role assigned it in the system of undistorted competition sought by the Treaty, it must offer a ‘guarantee that all goods bearing it have been produced under the control of a single undertaking which is accountable for their quality’. Next, it stated that the specific subject matter of trade marks — for the protection of which derogations from the fundamental principle of the free movement of goods are permitted — was, in particular, to guarantee to the proprietor of the trade mark that he had the right to use that trade mark for the purpose of putting a product into circulation for the first time and that, in order to determine the exact scope of this exclusive right, regard must be had to the essential function of the trade mark, which was to guarantee the identity of the origin of the marked product to the consumer or ultimate user by enabling him without any possibility of confusion to distinguish that product from products which have another origin.

44. In the judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359), the trade mark’s function of indicating origin became the central element in evaluating the scope, and limits, of the rights conferred by a trade mark, even though, in the judgment of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72), the Court had ascribed little importance to that function in the structure of its reasoning (see point 41 above). That change in perspective led the Court to consider ‘the absence of any consent’ on the part of HAG to the putting into circulation in another Member State of similar products bearing an identical trade mark that were manufactured and marketed ‘by an undertaking ... economically and legally independent’ of it as a ‘determinant’ factor in its assessment of whether HAG was entitled to oppose the importation of those goods into Germany.⁴² Indeed, if a trade mark proprietor did not have such a right, consumers would no longer be able to identify for certain the origin of the marked goods and the trade mark proprietor might be held ‘responsible for the poor quality of goods for which he was in no way accountable’.⁴³ According to the Court, the fact that the two trade marks in question had originally belonged to the same proprietor was irrelevant, since, ‘from the date of expropriation and notwithstanding their common origin, each of the marks independently fulfilled its function, within its own territorial field of application, of guaranteeing that the marked products originated from one single source’.⁴⁴

45. The Court abandoned the doctrine of common origin once and for all in the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261).

46. The factual context of the case in the main proceedings which gave rise to that judgment may be distinguished from that of the cases in the proceedings which led to the judgments of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72), and of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359), essentially in that the fragmentation of the trade mark in question was the result not of the action of a public authority, but of a voluntary assignment that had taken place in the context of insolvency proceedings. That assignment concerned one branch of activity of the French subsidiary of the American Standard group, which, through its German and French subsidiaries, held the trade mark Ideal-Standard in Germany and France. The German subsidiary of American Standard opposed the marketing in Germany of goods which bore the same trade mark as that which it owned in Germany and had been imported from France, where they were manufactured by the company to which the

41 See judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359, paragraph 10).

42 See judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359, paragraph 15).

43 See judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359, paragraph 16).

44 See judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359, paragraph 18).

French subsidiary of the group had made the assignment. The marketing was being carried out by a subsidiary of the assignee company established in Germany. By contrast with the cases in the main proceedings which gave rise to judgments of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72), and of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359), the goods at issue were not identical, but merely similar to those manufactured by the proprietor of the trade mark in Germany.

47. In the grounds of its judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), the Court first of all emphasised that national trade mark rights are not only territorial but also independent of each other, and that that independence meant that a trade mark right may be assigned for one country without at the same time being assigned by its owner in other countries.⁴⁵ It then reviewed the subject matter of trade mark rights and the limits which the principle of exhaustion imposed on the exercise of such rights.

48. In that context, the Court stated, in paragraph 34 of the judgment, that the principle ‘[applied] where the owner of the trade mark in the importing State and the owner of the trade mark in the exporting State [were] the same or where, even if they [were] separate persons, they [were] economically linked’.⁴⁶ The Court then identified several situations in which the principle applied, those being, in addition to the case where trademarked goods are put into circulation by the same undertaking, where they are put into circulation by a licensee, by a parent company, by a subsidiary of the same group, or by an exclusive distributor. According to the Court, what all those situations had in common was that the goods bearing the trade mark were manufactured *under the control of a single body*, and so the free movement of the goods did not call into question the function of the trade mark. In this connection, the Court also clarified that the decisive factor was ‘the *possibility* of control over the quality of goods, not the actual exercise of that control’.⁴⁷

49. As regards the application of those principles to the case of an assignment of a trade mark limited to one or several Member States only, the Court stated that such a situation had to be clearly distinguished from the case where the imported products came from a licensee or a subsidiary to which ownership of the trade mark right had been assigned in the exporting State. As the Court pointed out, ‘a contract of assignment by itself, that is, in the absence of any economic link, does not give the assignor any means of controlling the quality of products which are marketed by the assignee and to which the latter has affixed the trade mark’,⁴⁸ nor does it indicate implied consent on the part of the assignor to the circulation of such products in the territories in which it still holds its trade mark.⁴⁹

50. On the basis of those considerations, and rejecting the contrary arguments submitted by the Commission and by the importing company, the Court extended the principle of ‘the insulation of markets’,⁵⁰ expressed in the judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359), to the voluntary division of trade marks.

⁴⁵ See judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraph 26).

⁴⁶ See also, to the same effect, judgment of 20 March 1997, *Phytheron International* (C-352/95, EU:C:1997:170, paragraph 21).

⁴⁷ See judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraphs 37 and 38); my emphasis. See also, to that effect, judgment of 23 April 2009, *Copad* (C-59/08, EU:C:2009:260, paragraphs 44 to 46).

⁴⁸ See judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraph 41).

⁴⁹ See judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraph 43).

⁵⁰ This was the expression used by the Court in paragraph 44 of its judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261).

Application of those principles to the facts of the case in the main proceedings

51. It is in the light of the principles which I have just set out that the questions referred by the national court for a preliminary ruling must be answered and the Court must assess whether, in the circumstances of the case in the main proceedings, Schweppes may legitimately oppose the importing by a third party into Spain, where it is the proprietor of the SCHWEPPES trade marks, of goods bearing those marks that are marketed in the United Kingdom by Coca-Cola.

52. I would immediately admit that, at first sight, the facts of the case in the main proceedings appear to lend themselves to the straightforward application of the ruling in the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), as Schweppes, Schweppes International and Orangina Schweppes Holding plead.

53. Indeed, like the case which gave rise to the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), the present case concerns the voluntary fragmentation of parallel rights in several Member States. In addition, it is established that there are between Schweppes International and Coca-Cola none of the links which the Court considered in paragraph 34 of that judgment. Coca-Cola is neither a licensee nor an exclusive distributor of Schweppes International in the United Kingdom and there is no group relationship between the two companies.

54. Nevertheless, echoing the thoughts of the referring court, the Red Paralela companies and the Commission, and the Greek and Netherlands Governments ask the Court to take the analysis further and to recognise that the right of Schweppes (as licensee of Schweppes International, the proprietor of the trade marks at issue) to oppose the importation of the goods in question into Spain might, in the particular circumstances of the case in the main proceedings, have been exhausted.

55. While the positions expressed by those interested parties coincide substantially as their consequences, the arguments which they put forward diverge to some extent. While the Greek Government and the Commission invite the Court to clarify the scope of its ruling in the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), in the light of the facts of the case in the main proceedings, the Red Paralela companies and the Netherlands Government essentially argue that, by opposing the parallel importation of goods bearing the SCHWEPPES trade mark which they have not themselves manufactured and marketed, Schweppes and Schweppes International are, in the circumstances, guilty of an abuse of rights.

56. Before examining those various points of view, it is appropriate to consider briefly an argument which the Commission put forward, as a preliminary point, in its written observations, and which remains in the background of the reasoning with which the Commission, and also the Red Paralela companies in particular, respond to the questions referred by the national court for a preliminary ruling. That argument — which had been used against the abandonment of the doctrine of common origin in the case of the voluntary division or fragmentation of a trade mark — is that the assignment of parallel rights in respect of only part of the national trade marks owned by the assignor necessarily undermines the distinctive function of those trade marks, and that the transferor willingly accepts that and must accept the consequences thereof.⁵¹

⁵¹ As the Commission points out, it was essentially on the basis of this argument that, in his Opinion in *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:48, points 92 and 101), Advocate General Gulmann proposed that the Court should give precedence to the Treaty rules on the free movement of goods over the assignor's interest in preserving its exclusive right to market the goods bearing the trade mark in its own territory. In its judgment of 22 June 1976, *Terrapin (Overseas)* (119/75, EU:C:1976:94, paragraph 6), the Court itself relied, *inter alia*, on the same argument in order to justify and confirm, and extend to the case of voluntary division, the doctrine of common origin upheld in its judgment of 3 July 1974, *Van Zuylen* (192/73, EU:C:1974:72).

57. It must be recalled in this connection that this argument was firmly rejected by the Court in the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261). In that judgment, the Court expressly held that the assignor's acceptance of the weakening of the distinctive function of a trade mark which resulted from the division of the rights originally held could not entail the assignor's renunciation of its exclusive right to oppose the importation into its territory of goods marketed by the assignee in another member State of the EEA.⁵²

58. Indeed, as the Court emphasised in paragraph 48 of *IHT*, the function of a trade mark is to be assessed by reference to a particular territory. Accordingly, the fact that, following an assignment of limited territorial effect, the function of a trade mark as an indication of origin might be weakened for some consumers of the trademarked goods, in particular those who move between two States within the EEA in which the goods are manufactured and marketed by different undertakings, does not negate the interest of each proprietor of a national trade mark in maintaining exclusive rights within its own territory, so as to preserve the distinguishing function of its trade mark with regard to consumers in its territory.

59. Moreover, it is clear from the case-law which I mentioned earlier that exhaustion of the rights conferred by a trade mark does not occur until the goods bearing the trade mark are placed on the market.⁵³ Thus, while it is true that, by virtue of an assignment of limited territorial effect, the proprietor of parallel rights to a trade mark voluntarily renounces its position as the only party to market the goods bearing that trade mark in the EEA, there is no exhaustion as a result of that assignment, since, at the time when consent is given to the assignment, action to market the goods bearing the assigned trade mark has not yet been taken.

60. Having clarified that point, I would observe that at least some of the arguments which the Red Paralela companies develop in their observations before the Court are not entirely unconnected with the logic which underlies the argument which I referred to in point 56 above.

61. According to the Red Paralela companies, since Schweppes and Schweppes International have, with the benefit of an acquiescent, not to say collaborative attitude on Coca-Cola's part, maintained conduct directed at promoting a unique, global image of the SCHWEPPES trade mark, even after the fragmentation of that mark, they have *distorted the function* of the trade mark which they exploit in Spain *as an indicator of origin* and have therefore lost the right to oppose parallel importation into that Member State of goods which legally bear an identical mark and are marketed by Coca-Cola in another EEA State. The Red Paralela companies particularly emphasise the fact that Schweppes and Schweppes International have, within their group policy, in their commercial decisions, in their relations with customers and in their advertising messages, actively sought to associate the origin of their trade mark with the United Kingdom, the Member State from which most of the goods marketed by the Red Paralela companies in Spain actually come.

62. While the argument made by the Red Paralela companies has its appeal, I am not convinced by it.

63. For one thing, as I observed earlier, the weakening of the function of a trade mark as an indicator of origin, at least for some of the consumers concerned, is an inevitable consequence of a territorially limited assignment of parallel rights to one and the same trade mark. That weakening may be particularly acute when, as in the case in the main proceedings, the trade mark that is divided or fragmented has been held for many years by the same proprietor and has acquired a significant reputation as a unique or unitary trade mark. However, as I have already had occasion to emphasise,

⁵² See judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraphs 47 and 48).

⁵³ See point 30 above.

this consequence of assignment, which may be anticipated and is unavoidable, does not imply any restriction on the future exercise by the transferor of rights in parallel marks that have not been assigned.⁵⁴ Nor can the transferor be required, moreover, actively to take steps to prevent such a consequence.

64. For another thing, the reputation of a trade mark, as well as its image and evocative power, which are all elements of its value, may depend to an extent on the history of the mark, and thus on its origin. In such cases, the proprietor of a trade mark that has been the subject of several national registrations which transfers only some of its parallel rights in the mark retains an interest in continuing to refer to the history and origin of the unitary mark if that permits it to preserve the value of the sign or signs of which it retains ownership. Such a proprietor cannot therefore be criticised for continuing, after the transfer, to refer in its presentation of the goods, in its advertising messages and in its relations with customers to the geographic origin of the marks of which it remains the proprietor, even if, as is the case with the trade mark at issue in the main proceedings, its origin is linked to a State in which the rights in the mark are now held by an assignee. Similarly, and for the same reasons, such a proprietor cannot be criticised for referring to aspects of the history of the unitary mark when applying for new registrations, as occurred in the case in the main proceedings in relation to the signature of the inventor of the tonic waters that bear the SCHWEPPES trade mark.

65. Conduct of the type I have described, even if it is capable of weakening the distinguishing function of the trade mark exploited in Spain by Schweppes with regard to Spanish consumers, forms part of a strategy of preserving the companies' trade mark capital and is not the manifestation of an intent to create confusion in the minds of the said consumers as to the commercial origin (which should not be confused with the geographical origin) of the goods at issue in the main proceedings. It follows that, contrary to the argument made by the Red Paralela companies, the initiation by those companies of infringement proceedings in order to oppose the importation into the territory in which their trade mark is protected of goods bearing an identical trade mark cannot constitute an abuse of the rights conferred by their trade mark.⁵⁵

66. I would also observe that, even if it could be considered that the goods marketed respectively by Schweppes in Spain and by Coca-Cola in the United Kingdom came from truly independent sources, an issue which I shall deal with further on, the liberalisation of parallel imports, in favour of which the Red Paralela companies plead, would simply increase the likelihood of Spanish consumers mistaking the commercial origin of those goods. I do not think that Article 7(1) of Directive 2008/95 endorses such an effect.

67. It remains for me to examine the argument made by the Red Paralela companies that Schweppes International is exercising its trade mark rights in such a way as to discriminate in an arbitrary fashion between Member States, inasmuch as it permits the parallel importing of goods marketed by Coca-Cola in the United Kingdom into certain countries in which it is the proprietor of the SCHWEPPES trade mark, but not into others, such as Spain.

⁵⁴ See points 57 to 59 above.

⁵⁵ It is settled case-law that EU law cannot be relied on for abusive or fraudulent ends and that the national courts may, case by case, take account — on the basis of objective evidence — of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of that law (see, *inter alia*, judgments of 9 March 1999, *Centros*, C-212/97, EU:C:1999:126, paragraph 25; of 21 February 2006, *Halifax and Others*, C-255/02, EU:C:2006:121, paragraph 68; and of 20 September 2007, *Tum and Dari*, C-16/05, EU:C:2007:530, paragraph 64). In this connection, the Court has stated that proof of an abuse requires, first, a combination of objective circumstances in which, despite formal observance of the conditions laid down by the EU rules, the purpose of those rules has not been achieved, and, second, a subjective element consisting in the intention to obtain an advantage from the EU rules by artificially creating the conditions laid down for obtaining it — judgments of 16 October 2012, *Hungary v Slovakia* (C-364/10, EU:C:2012:630, paragraph 58 and the case-law cited), and of 12 March 2014, *O. and B.* (C-456/12, EU:C:2014:135, paragraph 58); see also judgment of 18 December 2014, *McCarthy and Others* (C-202/13, EU:C:2014:2450, paragraph 54).

68. Suffice it to point out in this connection that the mere fact that the proprietor of a trade mark tolerates the importation into the State in which its mark is protected of goods bearing an identical mark from another Member State, one in which they have been placed on the market by a third party without its consent, does not mean that the proprietor has implicitly waived its right to oppose the importation of goods of the same provenance into another Member State in which it is the proprietor of parallel rights. For one thing, as I already indicated in point 36 above, silence or a passive attitude on the part of the proprietor of a mark is not, in principle, sufficient to imply consent to the placing on the market of goods that bear an identical mark or give rise to confusion. That applies especially where such a passive attitude is relied upon to support a claim, such as that made by the Red Paralela companies, for the general liberalisation of parallel imports from a given territory. For another thing, as I also mentioned earlier, in point 37 above, the rights conferred by a trade mark are exhausted, as a result of the implied or express consent of the proprietor, only for those goods to which that consent relates. Lastly, I would incidentally observe that Schweppes International's renunciation of its right to oppose parallel imports from the United Kingdom into certain territories in which its marks are registered does not, in the light of the information given by the referring court, appear to have been systematic, but instead limited to the distribution channel via the internet.

69. Having discussed the arguments made by the Red Paralela companies, it is appropriate for me to address the Commission's position.

70. According to the Commission, in addition to the situations listed in paragraph 34 of the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), exhaustion of the rights conferred by a trade mark may also occur when the manufacture and marketing of goods bearing identical parallel marks is carried out as part of a *unitary policy and commercial strategy* of the proprietors of those marks.

71. This argument merits the Court's attention, in my view.

72. Contrary to what Schweppes, Schweppes International and Orangina Schweppes Holding argue, this argument is entirely consistent with the ruling in the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261).

73. While nothing in the text of the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261) expressly states that exhaustion of the rights conferred by a trade mark may occur in situations other than those listed in paragraph 34 thereof, the reasoning followed by the Court easily allows the assumption that that list is merely indicative.

74. Indeed, as the Commission has rightly pointed out, the criterion relied on in that judgment for the application of the principle of exhaustion where the person that holds the rights to the trade mark in the importing State and the person that has put the trademarked goods into circulation in the exporting State are not the same as the existence of 'economic links' between them.

75. Although the Court does not define the concept of 'economic links', merely confirming that such links exist in the three situations referred to in paragraph 34 of the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261) — that is to say, where there is a licence or a distribution agreement relating to the trade mark or where the two entities concerned belong to the same group — the logic underlying the grounds of that judgment and the language used by the Court offer some guidance in this regard.

76. That judgment marks, first and foremost, a shift in terminology from previous case-law. In earlier judgments, the Court found exhaustion of the right to oppose the importation of goods placed on the market in the EEA by a third party to follow from the existence of ‘economic or legal dependence’ between the third party and the proprietor of the trade mark.⁵⁶ In the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), it abandoned that formula and referred, more simply, to ‘economic links’, a concept which covers a potentially broader spectrum of relations between undertakings in the course of trade.⁵⁷

77. That terminological development reflects, in conceptual terms, a shift from a formal criterion, according to which control over the use of a trade mark, necessary for exhaustion, was regarded as possible only in the context of a relationship of strict dependency between the entities concerned (the existence of a relationship of ownership or of contracts formalising a relationship of authority in which one party has power to direct or manage the other and the other must submit to that power), to a more substantive criterion, according to which the nature of the relations between the entities is of less importance than the circumstance that, as a result of those relations, the trade mark happens to be under *unitary control*.⁵⁸

78. That latter criterion is capable of covering not only the classic situations illustrated in paragraph 34 of the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), in which use of the trade mark is under the control of a single person (the licensor or the manufacturer) or of an entity which constitutes an economic unit (the group), but also situations in which use of the mark is, in the importing State and the exporting State, subject to the *joint control* of two distinct persons — each of them being a proprietor of rights recognised nationally — that act, in the exploitation of the trade mark, as one and the same centre of interests.

79. In such situations, as in the cases referred to in paragraph 34 of the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), the trade mark happens to be under unitary control, in that the manufacture and the marketing of the goods bearing the mark may be attributed to a single decision-making centre. That unitary control means that national laws on trade mark rights may not be relied upon in order to restrict the movement of the goods in question.⁵⁹

80. Accordingly, where two or more proprietors of parallel trade marks reach an agreement to exercise joint control over the use of their signs, whether those signs have a common origin or not, each of them waives its right to oppose the importation into its own territory of the trademarked goods placed on the market in the exporting State by the other proprietor or proprietors party to the agreement, inasmuch as that placing on the market must be regarded as having taken place with its consent.

81. However, in order for such an effect of exhaustion to occur, it is important that the agreement should provide for the possibility of *determining directly or indirectly the goods to which the trade mark may be affixed and of controlling their quality*. That requirement, clearly expressed in paragraphs 37 and 38 of the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), as well as in paragraph 13 of the judgment of 17 October 1990, *HAG GF*

⁵⁶ See, inter alia, judgments of 9 July 1985, *Pharmon* (19/84, EU:C:1985:304, paragraph 22), and of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359, paragraph 12 and the case-law cited).

⁵⁷ On numerous occasions the Court has referred in its case-law on trade marks to similar concepts, which appears to require flexible interpretation. See, inter alia, the references to a ‘commercial connection’ or a ‘special relationship’ in its judgments of 23 February 1999, *BMW* (C-63/97, EU:C:1999:82, paragraph 51), and of 17 March 2005, *Gillette Company and Gillette Group Finland* (C-228/03, EU:C:2005:177, paragraph 42), to a ‘material link in the course of trade’ in its judgments of 12 November 2002, *Arsenal Football Club* (C-206/01, EU:C:2002:651, paragraph 56), and of 16 November 2004, *Anheuser-Busch* (C-245/02, EU:C:2004:717, paragraph 60), or to the concept of an ‘economically linked undertaking’ in its judgment of 25 January 2007, *Adam Opel* (C-48/05, EU:C:2007:55, paragraph 24).

⁵⁸ See, in particular, judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraph 39).

⁵⁹ See, to that effect, judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261, paragraph 39).

(C-10/89, EU:C:1990:359), relates to the essential function of the trade mark as an indicator of the commercial origin of the goods (or services) that bear it. I must emphasise in this connection that, where unitary control over a trade mark is exercised jointly by two or more proprietors of parallel rights, that function must be understood in the sense that the origin of which the trade mark is intended to be a guarantee is not defined by reference to the undertaking responsible for manufacturing the goods, but by reference to the centre that is responsible for the strategic decisions concerning the supply of the goods.

82. Subject to that proviso concerning the subject matter of the control, I therefore think, like the Commission, that it cannot be ruled out that the proprietors of the parallel trade marks which arise from the fragmentation of a single mark resulting from a territorially limited assignment of that mark may be regarded as ‘economically linked’, for the purposes of the application of the principle of exhaustion, when they coordinate their commercial policies with a view to exercising joint control of the use of their respective marks.⁶⁰

83. The arguments which have been raised against this position during the course of the present proceedings do not seem to me to be capable of succeeding.

84. First of all, and contrary to what has been argued, that position does not call into question the judgments of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359), and of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261).

85. Indeed, the solution adopted in those judgments was subject to the condition that, after the assignment, and despite the common origin of the trade marks, each of the marks *independently* fulfilled its function of guaranteeing that the marked goods originated from one single source.⁶¹ Only if that condition was met could the proprietors of the parallel marks resulting from the fragmentation be recognised as having the right to oppose the free movement of the trademarked goods — a right which the proprietor of the unitary mark *does not itself have* at the time when fragmentation occurs — with the consequence that parallel trade in the goods, permitted prior to the assignment, will be prohibited. However, that condition will clearly not be met where the transferor and the assignee or assignees reach an agreement to exploit their trade marks jointly and adopt a commercial strategy to preserve and maintain in their own signs the image of the unitary mark.

86. Allowing the principle of exhaustion to operate in such a situation is not only consistent with the judgments of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359), and of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), but also serves the aim by which the Court was guided in those judgments, namely striking the proper balance between the opposing objectives of free movement of goods and protection of the rights conferred by a trade mark. As the Court stated in paragraph 39 of the judgment of 22 June 1994, *IHT Internationale Heiztechnik and Danzinger* (C-9/93, EU:C:1994:261), the Treaty provisions on the free movement of goods debar the application of national laws which allow recourse to trade mark rights in order to prevent the free movement of a product bearing a trade mark whose use is *under unitary control*. Indeed, trade mark rights are not intended to allow their owners to partition national markets and thus promote the retention of price differences which may exist between Member States.⁶²

⁶⁰ I would observe that a similar argument was put by the Court of Appeal, Civil Division (England & Wales) in *Doncaster Pharmaceutical Group Ltd v. Bolton Pharmaceutical 100 Ltd* [2006] EWCA civ. 661. The parties having reached a settlement, the case did not give rise to a request for a preliminary ruling.

⁶¹ See judgment of 17 October 1990, *HAG GF* (C-10/89, EU:C:1990:359, paragraph 18).

⁶² See, *inter alia*, judgment of 11 July 1996, *MPA Pharma* (C-232/94, EU:C:1996:289, paragraph 19).

87. Secondly, it cannot be objected that the relationship that exists between proprietors of parallel trade marks which have reached an agreement on the common management of their signs is not comparable to the relationship between a licensor and its licensees, or between a manufacturer and its distributors, or between companies which are part of the same group. Indeed, as I emphasised earlier, it is the unitary control over the trade mark that results from all these relationships, not the formal aspects of the relationships, which triggers exhaustion.

88. Admittedly, the proprietor of the trade mark will draw a profit, directly or indirectly, from the first putting on the market of the trademarked goods by its licensee, by its distributor or by a company within the same group, which is not the case when that putting on the market is carried out by the proprietor of a parallel trade mark. In the absence of any such profit, it could be argued that a putting on the market capable of exhausting the trade mark proprietor's right has taken place. The case-law on the concept of 'putting on the market', to which I referred in point 30 above, seems to provide a basis for that view.

89. I would point out in this connection that the receipt of remuneration on the first marketing of a product is not, by contrast with the case for other items of intellectual or industrial property, such as, *inter alia*, patents, the specific subject matter of a trade mark, which is, as I have mentioned, 'the right to use that trade mark for the purpose of putting a product into circulation for the first time'.⁶³ It follows that, as Advocate General Jacobs stated in point 61 of his Opinion in *Bristol-Myers Squibb and Others* (C-427/93, C-429/93, C-436/93, C-71/94 and C-232/94, EU:C:1995:440), what matters for the application of the exhaustion principle is not whether the owner of the right obtains a fair reward from the sale, but whether he consents to it. The case-law which I mentioned in point 30 above should therefore be regarded as addressing the precise moment when trademarked goods are put into circulation, rather than as establishing a condition *sine qua non* of exhaustion.⁶⁴

90. Thirdly, contrary to what Schweppes in particular argues, the territorially limited assignment of a trade mark, as an authorised manner of transferring rights in a mark, would not be called into question if, as I suggest, the Court were to endorse the position argued by the Commission. It would still remain open to the parties to such an assignment, subject to observance of the competition rules, to stipulate a reciprocal prohibition on selling in their respective territories, as is the case with an exclusive licence agreement. The movement of the trademarked goods from one territory to another would accordingly be possible, without breaching the assignment agreement, only where imports are made by a third party.

91. Fourthly, and this is the most difficult aspect, there was a debate before the Court on the question of which party would bear the burden of proving the existence of coordination between the proprietors of parallel marks such as might give rise to unitary control of the kind I described earlier.

92. For one thing, since it could be objectively difficult for a third party to prove that matter, it would appear reasonable, as the Commission suggests, to qualify the rule that it is, in principle, for the parallel importer to prove the facts which demonstrate the exhaustion of the rights conferred by a trade mark.⁶⁵ I would point out in this connection that a reversal of the burden of proof is permitted by the Court, in particular, when application of that rule would allow the proprietor of a trade mark to partition national markets and thus assist the maintenance of price differences which may exist between Member States.⁶⁶

⁶³ See point 28 above.

⁶⁴ However, see the Opinion of Advocate General Jääskinen in *L'Oréal and Others* (C-324/09, EU:C:2010:757, points 47 and 73).

⁶⁵ See judgment of 8 April 2003, *Van Doren + Q* (C-244/00, EU:C:2003:204, paragraphs 35 and 36).

⁶⁶ See judgment of 8 April 2003, *Van Doren + Q* (C-244/00, EU:C:2003:204, paragraph 38), which refers to situations in which the proprietor of a trade mark markets its goods in the EEA using an exclusive distribution system.

93. For another thing, as the companies of the Schweppes group request, it would be appropriate to establish clear rules of evidence, to avert the uncertainty that would beset proprietors of parallel national trade marks.

94. However, whilst it would be excessive, in situations such as that in the main proceedings, to require the parallel importer to prove that the trade mark in the exporting State and in the importing State is subject to unitary control, it must nevertheless put forward a body of precise and consistent evidence indicating the existence of unitary control. The facts described by the referring court and set out in point 10 above are of a kind that might constitute such evidence.

95. If there is such a body of precise and consistent evidence, it would then be for the proprietor, if it means to oppose the importation of trademarked goods into its territory, to prove that it has not reached any agreement with, and is not collaborating with the proprietor of the trade mark in the exporting State to bring the mark under unitary control.

96. It will fall to the national court, in the light of all the circumstances of the particular case and, where appropriate, after requesting that the assignment agreement and other relevant documents be produced in order to throw light on the connections between the proprietors of the parallel marks, to determine whether the conditions for exhaustion of the right of the proprietor of the trade mark in the importing State have been met with regard to the goods in question.

97. It is important to reiterate in this connection that such conditions can be deemed to have been met only if the unitary control over the trade mark allows the entities which exercise that control the possibility of determining directly or indirectly the goods to which the trade mark may be affixed and of controlling their quality.

The answers to the questions referred

98. On the basis of the foregoing analysis, it is to my mind appropriate to answer together the questions referred by the national court for a preliminary ruling and rule that Article 36 TFEU and Article 7(1) of Directive 2008/95 preclude the licensee of the proprietor of a national trade mark from invoking the exclusive rights enjoyed by the latter under the law of the Member State in which the trade mark is registered in order to oppose the importing into and/or marketing in that State of goods bearing an identical trade mark which come from another Member State, one in which that trade mark, which was once owned by the group to which both the proprietor of the mark in the importing State and its licensee belong, is owned by a third party which has acquired the rights to it by assignment where, given the economic links existing between the proprietor of the mark in the importing State and the proprietor of the mark in the exporting State, it is clear that the marks are under unitary control and that the proprietor of the mark in the importing State has the possibility of determining directly or indirectly the goods to which the trade mark in the exporting State may be affixed and of controlling their quality.

Conclusion

99. In light of all the foregoing considerations, I propose that the Court should answer the questions referred by the Juzgado de lo Mercantil No 8 de Barcelona (Commercial Court No 8, Barcelona, Spain) for a preliminary ruling as follows:

Article 36 TFEU and Article 7(1) of 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 preclude the licensee of the proprietor of a national trade mark from invoking the exclusive rights enjoyed by the latter under the law of the Member State in which the trade mark is registered in order to oppose the importing into and/or marketing in that State of goods bearing an identical trade

mark which come from another Member State, one in which that trade mark, which was once owned by the group to which both the proprietor of the mark in the importing State and its licensee belong, is owned by a third party which has acquired the rights to it by assignment where, given the economic links existing between the proprietor of the mark in the importing State and the proprietor of the mark in the exporting State, it is clear that the marks are under unitary control and that the proprietor of the mark in the importing State has the possibility of determining directly or indirectly the goods to which the trade mark in the exporting State may be affixed and of controlling their quality.