

OPINION OF ADVOCATE GENERAL
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delivered on 5 June 2003¹

I — Introduction

1. The Landesgericht (Regional Court), Eisenstadt, Austria, in its capacity as a court of preliminary investigation,² wishes to know whether Council Regulation (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods ('the Anti-Piracy Regulation')³ precludes a rule of national law which *does not penalise* the placing of such goods under an external transit customs procedure.

2. This case has two distinctive features. First, the referring court's interpretation of the disputed provision of national law is

contested; second, in the view of the Landesgericht, the complaint should actually be that there has been an omission from the provision concerned. In that case, the Court's reply would be akin to a declaration of failure to fulfil an obligation.

II — The facts and the main proceedings

3. It is clear from the order for reference that the facts which gave rise to this reference for a preliminary ruling occurred between November 2000 and July 2001. Those facts may be summarised as follows.

4. Montres Rolex S.A., the holder of several trade marks relating to watches, sought in November 2000 to institute a preliminary judicial investigation against persons unknown. Montres Rolex S.A. also sought confiscation of a consignment of watches illegally bearing its trade mark and the destruction of those watches on conclusion

1 — Original language: Spanish.

2 — The Austrian Landesgericht is an ordinary court which hears, at first instance, all civil and criminal proceedings which do not come under the jurisdiction of the Bezirksgericht (District Court), in addition to appeals against rulings of the latter court.

3 — OJ 1994 L 341, p. 8. As amended by Council Regulation (EC) No 241/1999 of 25 January 1999 (OJ 1999 L 27, p. 1).

of the proceedings. In the opinion of the undertaking, the goods had originated in Italy and their final destination was to have been Poland.

III — The applicable Community legislation

5. In July 2001, Tommy Hilfinger Licensing Inc. and Chemise Lacoste S.A.⁴ sought a similar investigation in relation to articles of clothing bearing their respective trade marks without their consent, and also the destruction of those articles of clothing. At the same time, and in relation to certain leather items and articles of clothing destined for Slovakia, Guccio Gucci SpA and The Gap Inc. sought to institute preliminary judicial investigations against the suspected perpetrators of infringements of their trade mark rights, namely the director or proprietor of a company whose registered office is in Beijing, China, and the proprietor of an undertaking based in Bratislava, Slovakia. In both cases, the claimants in the main proceedings claimed that the goods in question had come from China and were intended for import into Slovakia. As in the abovementioned cases, they sought the confiscation of the articles and their subsequent destruction.

6. All the alleged imitations were detained at the Kittsee customs office.

7. The goods in question were detained by the customs authorities pursuant to the Anti-Piracy Regulation.

8. The Anti-Piracy Regulation is intended to prevent counterfeit and pirated goods from being placed on the market through the adoption of measures to deal effectively with unlawful trade in such goods (second recital in the preamble).

To that end, the regulation lays down the conditions under which the customs authorities may take action where goods suspected of being counterfeit or pirated are entered for free circulation, export or re-export, or where they are found when checks are made on goods *placed under a suspensive procedure* (Article 1(1)(a)), and, moreover, the measures which must be taken by the competent authorities with regard to those goods where it has been established that they are indeed counterfeit or pirated (Article 1(1)(b)).

⁴ — On 8 March 2003, the referring court reported that Chemise Lacoste S.A. had discontinued its action.

9. The release for free circulation, export, re-export or placing under a suspensive procedure of goods found to be counterfeit or pirated on completion of the confiscation procedure is prohibited (Article 2).

respond to the description of the counterfeit or pirated goods contained in that decision, it must suspend release of the goods or detain them.

10. Under Article 3, the holder of a trade mark, copyright or neighbouring rights, or a design right ('the holder of a right') may lodge an application in writing with the competent service of the customs authority for action by the customs authorities in relation to goods suspected of being counterfeit or pirated. This application must include a sufficiently detailed description of the goods and proof that the applicant is the holder of the right. The competent customs service then deals with the application and forthwith notifies the applicant in writing of its decision.

12. Under Article 8(1) and (2), without prejudice to the other rights of action open to him, the holder of a right which has been counterfeited must be entitled to seek the destruction of the pirated goods or their disposal outside commercial channels, or the taking of any other measures which effectively deprive the persons concerned of the economic benefits of the transaction.

13. Article 11 provides:

'Moreover, each Member State shall introduce penalties to apply in the event of infringements of Article 2. Such penalties must be sufficiently severe to encourage compliance with the relevant provisions.'

11. The first subparagraph of Article 6(1) of the Anti-Piracy Regulation provides that where a customs office to which the decision granting an application by the holder of a right has been forwarded is satisfied, after consulting the applicant where necessary, that specified goods cor-

14. Article 84(1) of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code

(‘the Customs Code’)⁵ states that where the term ‘[suspensive] procedure’ is used, it is understood as applying, in the context of non-Community goods, *inter alia*, to external transit.

15. According to Article 91(1) of the Customs Code: ‘The external transit procedure shall allow the movement from one point to another within the customs territory of the Community of:

- (a) non-Community goods, without such goods being subject to import duties and other charges or to commercial policy measures;
- (b) Community goods which are subject to a Community measure involving their export to third countries and in respect of which the corresponding customs formalities for export have been carried out.’

IV — The applicable Austrian legislation

16. Paragraph 60(1) and (2) of the *Markenschutzgesetz* (Law on the protection of trade marks; ‘the MSchG’)⁶ provides that it is an offence for anyone to infringe a trade mark right in the course of trade, and, more particularly, in the course of their profession (subparagraph 1), and also for anyone to use, without authorisation, the name, business name or special designation of an undertaking, or a distinguishing sign resembling those designations, to identify goods or services pursuant to Paragraph 10a in such a way that it creates confusion in the course of trade (subparagraph 2).

17. Under Paragraph 10a of the MSchG, the use of a mark to identify goods and services is defined, *in particular*, as: (1) the use of a mark on goods, or on their packaging, or on objects in respect of which the service is carried out; (2) offering, marketing, or holding goods identified by the mark for those purposes, or offering or supplying services under the mark; (3) importing or exporting goods bearing the mark; and (4) using the mark on commercial documents, announcements or advertising.

⁵ — OJ 1992 L 302, p. 1.

⁶ — Bundesgesetzblatt, 260/1970.

V — The question referred for a preliminary ruling

18. On 17 January 2002, the Landesgericht Eisenstadt decided to join the three cases for the purpose of referring the following question⁷ to the Court of Justice for a preliminary ruling under Article 234 EC:

‘Is a provision of national law, *in casu* Paragraph 60(1) and (2) of the Markenschutzgesetz, in conjunction with Paragraph 10a thereof, which may be interpreted as meaning that the mere transit of goods manufactured/distributed in contravention of provisions of the law on trademarks is not punishable under criminal law, contrary to Article 2 of Council Regulation (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods, as amended by Council Regulation (EC) No 241/1999 of 25 January 1999?’

VI — Procedure before the Court

19. The representatives of Montres Rolex S.A., Guccio Gucci SpA and The Gap Inc.,

and the representatives of the Austrian and Finnish Governments and the Commission submitted written observations to the Court. A hearing was not held.

VII — Analysis of the question referred

A — Jurisdiction of the Court

20. The claimant undertakings, who are seeking the confiscation of goods in the main proceedings, oppose the reference of the question for a preliminary ruling and point out that a national court may refer a question to the Court only if there is a case pending before it and it is called upon to give judgment in proceedings intended to lead to a decision of a judicial nature.⁸

The claimants argue that the preliminary investigations carried out by the referring court do not fall into that category, since the referring court's sole function is to clarify the facts with a view either to discontinuing the criminal action or to bringing formal charges and compiling evidence in the main proceedings.

8 — Order of the Court of 18 June 1980 in Case 138/80 *Borker* [1980] ECR 1975, paragraph 4; Order of the Court of 5 March 1986 in Case 318/85 *Greis Unterweger* [1986] ECR 955, paragraph 4; and judgment in Case C-111/94 *Job Centre* [1995] ECR I-3661, paragraph 9.

7 — As it is worded in the corrigendum which the national court sent on 4 March 2002.

21. That claim must be dismissed, in accordance with existing case-law. ings and who had merely requested the court concerned to examine evidence.¹³ That is not the situation in the present case.

22. In *Pretore di Salò*,⁹ the Court held admissible a reference which arose in the context of a preliminary investigation in criminal proceedings. The investigation could have resulted in an order that no further action be taken, in a summons to appear, or in an acquittal, but it could not, under any circumstances, create an irreversible procedural situation and nor did it constitute, for the purposes of national law, a judicial act subject to the fundamental safeguards.¹⁰ In *Pardini*,¹¹ the Court replied to questions referred in interlocutory proceedings in which the interim measure in question could be confirmed, varied or revoked.

There are numerous precedents where the Court has given rulings in cases brought against persons unknown.¹² The Court has held questions inadmissible in such cases only where they were referred by a representative of the Public Prosecutor's Office who was acting as a party to the proceed-

On the contrary, it is clear from the claims made by the claimants in the main proceedings, and from the order for reference, that the Landesgericht is required to adopt a decision on whether it is appropriate to bring an action which, in addition to possible criminal penalties, could also lead to the confiscation and destruction of the detained goods. For that reason, the proceedings are judicial proceedings in the strict sense.

23. Furthermore, it is settled case-law that, while it may be helpful for the facts of the case to have been established and for questions of purely national law to be settled at the time the reference is made to the Court, it is for the national court alone to decide at what stage in the proceedings it is appropriate to make reference.¹⁴

24. In short, it is my opinion that the Court has jurisdiction to give a ruling on the question referred by the Landesgericht Eisenstadt.

9 — Case 14/86 [1987] ECR 2545. See in particular paragraph 7 of the judgment, in which the Court followed the recommendations of Advocate General Mancini.

10 — See the observations of the Italian Government in the Report for the Hearing.

11 — Case 338/85 [1988] ECR 2041.

12 — See the judgments in Case 110/76 *Pretore di Cento* [1977] ECR 851; Case 228/87 *Pretura unificata di Torino* [1988] ECR 5099; Case C-373/90 *X* [1992] ECR I-131; and Joined Cases C-74/95 and C-129/95 *X* [1996] ECR I-6609.

13 — See Joined Cases C-74/95 and C-129/95 *X*, cited in the previous footnote.

14 — Judgments in Joined Cases 36/80 and 71/80 *Irish Creamery* [1981] ECR 735, paragraphs 5 to 8; Case 72/83 *Campus Oil* [1984] ECR 2727, paragraph 10; Case C-66/96 *Høj Pedersen* [1998] ECR I-7327, paragraphs 45 and 46; and Case C-236/98 *JämO* [2000] ECR I-2189, paragraphs 30 and 31.

B — *Substance*

28. It is not easy to reply to a question framed in those terms.

25. The Commission has rightly stated that it is not clear from the facts which particular customs procedure the goods in each case are required to undergo. In relation to the proceedings brought at the request of Montres Rolex S.A., the national court refers to trade between Italy and Slovakia, which would not be covered by the Anti-Piracy Regulation if the goods concerned had already been released for free circulation in the territory of the Community.

29. In references for preliminary rulings, it is the task of the Court to interpret Community law. However, despite the suggestions which may have been made in some of the observations submitted in these proceedings, the referring court does not appear to harbour any doubts about the meaning of the Anti-Piracy Regulation.

26. However, from the wording of the question and the nature of the explanations set out in the order for reference and the observations of the claimants in the main proceedings, it can be assumed that the goods were required to undergo the external transit procedure.

30. As I stated in my Opinion in the *Polo/Lauren* case,¹⁵ it is clear that the wording of the regulation covers circumstances such as those in point in this case. The title, the third recital and Article 1(1)(a) proclaim the intention to regulate the intervention of the customs authorities when goods suspected of being counterfeit or pirated are entered for free circulation, export or re-export or found when checks are made on goods *placed under a suspensive procedure*. According to Article 84(1) of the Customs Code, '[suspensive] procedure' is a technical term used as a generic designation for

27. As concerns the substance of the case, the referring court asks whether the Anti-Piracy Regulation precludes a national provision which 'may be interpreted' as meaning that the mere transit of counterfeit goods is not punishable under criminal law.

¹⁵ — Case C-383/98 [2000] ECR I-2519 ('the *Polo/Lauren* case').

the procedures of ‘customs warehousing’, ‘inward processing in the form of a system of suspension’, ‘processing under customs control’, ‘temporary importation’ and ‘*external transit*’.

The Customs Code defines the ‘external transit procedure’ in terms of what it means in practice. Thus, external transit is that which allows the movement from one point to another within the customs territory of the Community of non-Community goods, without such goods being subject to import duties and other charges or to commercial policy measures (Article 91(1)(a)). The Anti-Piracy Regulation is therefore expressly designed to apply to goods passing through Community territory on the way from one non-member country to another.

31. Moreover, according to the Anti-Piracy Regulation, ‘counterfeit goods’ means *all* goods which, in various ways, result in the infringement of ‘the rights of the holder of the trade mark in question under Community law or the law of the Member State in which the application for action by the customs authorities is made’ (Article 1(2)(a)).

32. From a literal interpretation of the Anti-Piracy Regulation it follows, without any room for reasonable doubt, that its provisions are applicable when goods suspected of infringing a trade mark are in Community external transit from one non-Member country to another.

33. Far from being weakened, this literal interpretation is corroborated by the adoption of Regulation No 241/1999,¹⁶ which, for the present purposes, may be viewed as an extension of Regulations (EC) No 3842/86¹⁷ and No 3295/94, in so far as it enables national authorities to intervene in a wider range of customs procedures.

34. Nor can there be any doubt as to the validity of the Anti-Piracy Regulation. The Community is empowered, under Article 133 EC (Article 113 of the Treaty when the regulation was adopted), to introduce common rules for monitoring counterfeit goods under a suspensive customs procedure such as the external transit procedure. Under Article 133 EC, the Community has jurisdiction to lay down uniform principles applicable to the movement from one point to another within the customs territory of the Community of

¹⁶ — Cited in footnote 3 of this Opinion.

¹⁷ — Council Regulation (EEC) No 3842/86 of 1 December 1986 laying down measures to prohibit the release for free circulation of counterfeit goods (OJ 1986 L 357, p. 1).

non-Community goods and goods intended for export, in respect of which the corresponding formalities for export have been carried out, and, in the course of such movement, to have the customs authorities detain goods suspected of being counterfeit or pirated.

ing under a suspensive procedure of counterfeit or pirated goods.

35. The Court confirmed that view in its judgment in the *Polo/Lauren* case.¹⁸

38. It is clear from the above that, where a Member State does not have in place legislation capable of penalising the types of conduct referred to in Article 11, it will be faced not only with the matter of whether it has complied with Community law but also with the possibility of a complaint that it has failed to fulfil an obligation, which must be dealt with under the procedure outlined in Articles 226 EC and 227 EC.

36. Naturally, that interpretation of the scope of the Anti-Piracy Regulation is not conditional upon the type of proceedings (civil, criminal, administrative) in which it is invoked.

That proposition applies, in particular, to those cases, such as the one currently before the Court, where a lack of adequate legislation has resulted in a failure to fulfil an obligation. It must, however, be qualified in situations where existing national provisions are contrary to Community law. In such cases, the interpretation of the Court may, in practical terms, be tantamount to a finding that there has been a failure to fulfil an obligation.¹⁹

37. Furthermore, the first sentence of Article 11 of the Anti-Piracy Regulation, in conjunction with Article 2 thereof, provides that each Member State must introduce penalties to apply to infringements of the prohibition on the release for free circulation, export, re-export or *plac-*

39. The referring court explains that it is a precondition for carrying out preliminary judicial investigations that the conduct under challenge is an activity punishable

¹⁸ — Cited in point 30 above.

¹⁹ — One need think no further than the judgment in Case 43/75 *Defrenne II* [1976] ECR 455, in which it was held that the national measures in question were contrary to the Community prohibition on sexual discrimination, a finding which was similar in effect to a declaration of infringement of the Treaties.

under criminal law. Furthermore, Article 7 of the European Convention on Human Rights,²⁰ which has the status of a constitutional provision in Austria, prohibits punishment on account of activities which did not constitute a criminal offence when they were committed. That fundamental principle is also set out in Paragraph 1(1) of the Austrian Criminal Code (Strafgesetzbuch).

41. The Landesgericht also asserts that, in view of the aforementioned principle of *nullum crimen, nulla poena sine lege*, mere transit cannot be said to amount to the use of a trade mark in the course of trade because it cannot be classed as import or export.

42. For its part, the Austrian Government submits that the list set out in Paragraph 10a of the MSchG is merely illustrative in nature. That is how the Austrian Government considers the expression ‘in particular’ (*insbesondere*)²² must be understood. It therefore follows, in the opinion of the Austrian Government, that Paragraph 10a does not preclude a finding by the national court, under Article 2 of the Anti-Piracy Regulation, that the transit of counterfeit goods amounts to use of the trade mark.

40. Paragraph 60(1) and (2) of the MSchG imposes penalties for counterfeit goods and for the unauthorised use of a name, business name or special designation of an undertaking, or a mark resembling those designations, for the purpose of identifying goods or services pursuant to Paragraph 10a in such a way as is liable to create confusion in the course of trade. Paragraph 10a defines the use of a sign as a trade mark by reference to the import and export of goods, but not to the external transit procedure.²¹

43. There appears to be no doubt that the overriding principle of legality in criminal law, with its corollary that an extensive interpretation to the disadvantage of the defendant is prohibited,²³ is a principle common to the constitutional traditions of all the Member States, and that it accordingly constitutes a general principle of Community law.

²² — See paragraph 17 above.

²³ — According to the European Court of Human Rights, Article 7(1) of the Convention is not limited to prohibiting retrospective application of criminal law to a defendant and it also enshrines the general principle that crimes can be defined and penalties prescribed only by law, as well as the principle that the criminal law cannot be interpreted extensively to the disadvantage of the defendant — by way of analogy, for example (Eur. Court H.R. *Kokkinakis v Greece* (judgment of 25 May 1993, Series A No 260-A).

²⁰ — ‘No one shall be held guilty of any criminal offence on account of any act or omission which did not constitute a criminal offence under national or international law at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the criminal offence was committed.’

²¹ — See paragraph 17 above.

44. Although it is for national courts alone to interpret provisions of national law, it is important to note that, in accordance with settled case-law, those courts must do so, within the limits prescribed by their legal systems, in the light of the wording and the purpose of the Community measure in order to achieve the result pursued by the latter.²⁴

46. The fact that a State has not defined conduct which, under Community law, ought to be considered unlawful could at the most give rise to an assumption that the State has failed to fulfil its obligations, in respect of which an action could be brought by the Commission or another Member State under Articles 226 EC or 227 EC, but it does not allow citizens of that State to be prosecuted for acts which, though unlawful under Community rules, are not punishable under national law.

45. However, the Court has also held that that obligation on the national court to refer to the content of a directive when interpreting the relevant rules of its national law is limited by the general principles of law which form part of the Community legal system and in particular the principles of legal certainty and non-retroactivity. A directive cannot, of itself and independently of a national law adopted by a Member State for its implementation, have the effect of determining or aggravating the liability in criminal law of persons who act in contravention of the provisions of that directive.²⁵

47. Finally, it only remains to be said that, although the case-law which has been cited arose in the context of directives, it applies equally to rules which, like Article 11 of the Anti-Piracy Regulation, impose on Member States an obligation to achieve a particular result.

24 — See Case 157/86 *Murphy and Others* [1988] ECR 673, paragraph 11; Case C-106/89 *Marleasing* [1990] ECR I-4135, paragraph 8; Case C-334/92 *Wagner Miret* [1993] ECR I-6911, paragraph 20; Case C-91/92 *Faccini Dori* [1994] ECR I-3325, paragraph 26; Case C-165/91 *Van Duin* [1994] ECR I-4661, paragraph 34; Joined Cases C-240/98 to C-244/98 *Océano Grupo Editorial and Salvat Editores* [2000] ECR I-4941, paragraph 30; and Case C-262/97 *Engelbrecht* [2000] ECR I-7321, paragraph 39.

25 — See *Pretore di Salò*, paragraph 20; Case 80/86 *Kolpinghuis Nijmegen* [1987] ECR 3969, paragraph 13; Case C-168/95 *Arcaro* [1996] ECR I-4705, paragraph 37; and X, cited above, paragraph 24. See also the Opinion of Mr Jacobs in Joined Cases C-206/88 and C-207/88 *Vessoso and Zanetti* [1990] ECR I-1461, paragraphs 24 and 25, and the Opinion I delivered in Joined Cases C-74/95 and C-129/95 X, paragraphs 43 to 64.

48. The Court may not give any advice which exceeds the guidelines set out, since to do so would amount to interference in the interpretation of national measures, which is expressly prohibited under the division of functions laid down in Article 234 EC.

VIII — Conclusion

49. It should therefore be stated in reply to the Landesgericht Eisenstadt that:

- (1) Article 11 of Council Regulation (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods is applicable to situations in which goods in transit between two countries not belonging to the European Community are temporarily detained by the customs authorities in a Member State.
- (2) The national court must interpret the provisions of national law, within the limits prescribed by its legal system, in the light of the wording and the purpose of the Community measure in order to achieve the result pursued by the latter.
- (3) That duty to interpret national law consistently with the Community measure cannot, of itself and independently of a law adopted by a Member State, have the effect of determining or aggravating the liability in criminal law of persons who act in contravention of that measure.