JUDGMENT OF THE COURT (Second Chamber)

22 December 2008 *

In Case C-276/05,

REFERENCE for a preliminary ruling under Article 234 EC from the Oberster Gerichtshof (Austria), made by decision of 24 May 2005, received at the Court on 6 July 2005, in the proceedings

The Wellcome Foundation Ltd

v

Paranova Pharmazeutika Handels GmbH,

THE COURT (Second Chamber),

composed of C.W.A. Timmermans, President of the Chamber, J.-C. Bonichot, J. Makarczyk, L. Bay Larsen (Rapporteur) and C. Toader, Judges,

* Language of the case: German.

Advocate General: E. Sharpston,
Registrar: K. Sztranc-Sławiczek, Administrator,

having regard to the written procedure and further to the hearing on 3 April 2008,

after considering the observations submitted on behalf of:

— The Wellcome Foundation Ltd, by L. Wiltschek and E. Tremmel, Rechtsanwälte,

— Paranova Pharmazeutika Handels GmbH, by R. Schneider, Rechtsanwalt,

— the Greek Government, by O. Patsopoulou, G. Alexaki and M. Apessos, acting as Agents,

— the Portuguese Government, by L. Inez Fernandes, acting as Agent,

— the Commission of the European Communities, by W. Wils and H. Krämer, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 9 October 2008,

gives the following

Judgment

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

2 The reference was made in the course of proceedings between The Wellcome Foundation Ltd ('Wellcome'), proprietor of the Austrian trade mark ZOVIRAX, and Paranova Pharmazeutika Handels GmbH ('Paranova'), concerning pharmaceutical products under the ZOVIRAX trade mark, marketed in Member States of the European Economic Area ('EEA') by Wellcome or by third parties, and the subject of parallel importation by Paranova and marketing by the latter in Austria, after having been repackaged.

Legal context

Community legislation

3 Article 7 of Directive 89/104, entitled 'Exhaustion of the rights conferred by a trade mark', provides:

'1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

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

4 In accordance with Article 65(2) of the Agreement on the European Economic Area, read in conjunction with Point 4 of Annex XVII to that agreement, Article 7(1) of Directive 89/104 was amended for the purposes of that agreement, the expression 'in the Community' being replaced by the expression 'in the territory of a Contracting Party'.

National legislation

5 According to Paragraph 10b(1) of the Law on Trade Mark Protection (Markenschutzgesetz), the trade mark does not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the EEA under that trade mark by the proprietor or with his consent. Under Paragraph 10b(2) of that law, subparagraph 1 does not apply where there exist legitimate reasons for the proprietor to oppose further marketing of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

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

6 Wellcome is, inter alia, the proprietor of two Austrian word marks ZOVIRAX and the figurative word mark ZOVIRAX, protected in respect of the pharmaceutical products class. In Austria, the marks are regularly used by GlaxoSmithKline Pharma GmbH with Wellcome's consent.

7 Paranova is a pharmaceutical product wholesaler. In Austria it markets, inter alia, pharmaceutical products bearing the mark ZOVIRAX in packs of 60 x 400 mg tablets (ZOVIRAX 400/60), which Wellcome or third parties, with the consent of Wellcome, have put on the market in the countries of the EEA, and which were bought by Paranova's parent company in the course of standard trade in pharmaceutical products.

8 Paranova markets those pharmaceutical products in new packaging, the appearance of which is completely different from the packaging of the original product. The words 'Repackaged and imported by Paranova' are written in bold type and block capitals on the front of that new packaging. The manufacturer is referred to on the sides and on the back in normal type. The new packaging has a blue band, such as Paranova regularly uses for the pharmaceutical products which it markets.

9 By letter of 12 May 2003, Paranova informed an associated company of Wellcome in Austria of its intention to market ZOVIRAX 400/60 in that country. With that letter, it enclosed colour prints of the outer packaging, of the blister packs and of the instructions for use of the product. Thereupon, an English associated company of Wellcome requested that, in future, Paranova inform GlaxoSmithKline Corporate Intellectual Property ('Glaxo') of the details of its marketing activities, attaching a complete sample of every type of packaging and disclosing the state of export and the exact reasons for the repackaging.

10 Paranova, having disclosed the reasons for the repackaging which it carried out, but not the State of export of the pharmaceutical product in question, was again asked by Glaxo to disclose the State of export and the precise reasons for the repackaging. Paranova was informed at the same time that there was no reason to state the information concerning the parallel importer in such a noticeable manner and in larger, clearer type than that of the manufacturer's name. Objection was also made to the distinctive packaging resulting from the two coloured bands on the edges of the box.

11 Glaxo requested that a sample of all packaging be sent to it.

12 On 4 June 2003, Paranova stated that it was not possible, owing to technical reasons linked to production, for it to provide a complete sample of the packaging, in particular if Glaxo was not willing to bear the costs.

13 Paranova imports ZOVIRAX 400/60 from Greece. There, ZOVIRAX is marketed in packs of 70 tablets. In Austria, the permissible size of pack is one of 60 tablets.

14 Before the Handelsgericht Wien (Vienna Commercial Court), Wellcome applied for an interim order prohibiting Paranova, in business dealings for the purposes of competition in Austria, from offering and/or marketing repackaged pharmaceutical products, in particular ZOVIRAX, where the repackaging includes newly added or retained trade marks, which are protected in Austria for Wellcome, on the repackaging if:

— the reference to the company which repackaged the product is to be found on the repackaging in larger and clearer type and/or in a more prominent position than the reference to the manufacturer;

— coloured bands, in particular blue bands, with a width of approximately 5 mm, such as are regularly used for Paranova's products, are to be found on the edge of the repackaging,

— it has not duly informed Wellcome, before putting the repackaged product on the market, of the impending marketing, in particular specifying both the State of export and the precise reasons as to why repackaging is necessary.

15 By order of 7 May 2004, the Handelsgericht Wien granted Wellcome's application in part. On appeal, the Oberlandesgericht Wien (Vienna Higher Regional Court) granted the application, on 28 January 2005, as regards the first and third points mentioned above, and rejected it in relation to the second point.

16 Both parties to the main proceedings appealed on a point of law to the Oberster Gerichtshof (Supreme Court).

17 According to the Oberster Gerichtshof, what is decisive in evaluating the conformity of the new packaging is whether proof that the repackaging of the product is necessary — in order not to hinder effective access to the market — has to be furnished only as regards the repackaging of the product in itself. If the answer to that question is in the affirmative, then the further question arises of what the criteria are, against which the presentation of the new packaging should be assessed. In relation to that, there are two possibilities, namely, an assessment having regard to the principle of minimum intervention, or an assessment of the presentation of the new packaging in terms of whether it is such as to damage the reputation of the trade mark or that of its proprietor. The referring court also raises the issue of the extent of the obligation on the parallel importer to give prior notice.

18 It is in those circumstances that the Oberster Gerichtshof decided to stay proceedings and refer the following questions to the Court for a preliminary ruling:

'1. (a) Are Article 7 of … Directive 89/104 … and the case-law of the Court … which has been pronounced on it to be interpreted as meaning that proof that reliance on the trade mark would contribute to an artificial partitioning of the market must be furnished not only as regards the repackaging itself, but also as regards the presentation of the new packaging?

If the answer to that question is in the negative:

(b) Is the presentation of the new packaging to be measured against the principle of minimum intervention or (only) against whether it is such as to damage the reputation of the trade mark and its proprietor?

2. Are Article 7 of Directive [89/104] and the case-law of the Court … which has been pronounced on it to be interpreted as meaning that the parallel importer fulfils his duty of notification only if he informs the proprietor of the trade mark also of the State of export and the precise reasoning for the repackaging?'

Procedure before the Court

19 By decision of 20 September 2005, the President of the Court stayed proceedings until delivery of the Court's judgment in Case C-348/04.

20 The Court has delivered its judgment in that case (judgment of 26 April 2007 in Case C-348/04 *Boehringer Ingelheim and Others* [2007] ECR I-3391).

21 By letter of 30 May 2007, the referring court indicated to the Court that it wished to continue with its reference for a preliminary ruling in so far as concerns questions 1(b) and 2.

22 By decision of 15 June 2007, the President of the Court ordered that the proceedings be resumed.

The questions referred

Question 1(b)

23 In the third paragraph of the operative part of the judgment in Joined Cases C-427/93, C-429/93, and C-436/93 *Bristol-Myers Squibb and Others* [1996] ECR I-3457, the Court ruled that Article 7(2) of Directive 89/104 must be interpreted as meaning that the trade mark proprietor may legitimately oppose the further marketing of a pharmaceutical product where the importer has repackaged the product and reaffixed the trade mark unless:

— it is established that reliance on trade mark rights by the proprietor in order to oppose the marketing of repackaged products under that trade mark would contribute to the artificial partitioning of the markets between Member States; such is the case, in particular, where the proprietor has put an identical pharmaceutical product on the market in several Member States in various forms of packaging, and the repackaging carried out by the importer is necessary in order to market the product in the Member State of importation, and also carried out in such conditions that the original condition of the product cannot be affected by it;

— it is shown that the repackaging cannot affect the original condition of the product inside the packaging;

— the new packaging clearly states who repackaged the product and the name of the manufacturer;

— the presentation of the repackaged product is not such as to be liable to damage the reputation of the trade mark and of its proprietor; thus, the packaging must not be defective, of poor quality, or untidy; and

— the importer gives notice to the trade mark proprietor before the repackaged product is put on sale, and, on demand, supplies him with a specimen of the repackaged product.

24 That last condition enables the proprietor to check that the repackaging is not carried out in such a way as directly or indirectly to affect the original condition of the product and that the presentation after repackaging is not likely to damage the reputation of the trade mark (*Bristol-Myers Squibb and Others*, paragraph 78, and *Boehringer Ingelheim and Others*, paragraph 20).

25 The condition that the repackaging of the pharmaceutical product, inter alia by reboxing it, be necessary for its further marketing in the importing Member State is directed only at the fact of repackaging the product, and not at the manner or style in which it has been repackaged (*Boehringer Ingelheim and Others*, paragraphs 38 and 39).

26 Thus, the condition of necessity is directed only at the fact of repackaging the product, inter alia by reboxing it, and not at the presentation of that new packaging.

27 Since the presentation of the new packaging of the product does not fall to be assessed against the condition of necessity for the further marketing of the product, it must also not be assessed against the criterion that the adverse affect on the trade mark rights should be the minimum possible.

28 It would be inconsistent to accept that there is no need to ascertain whether the presentation of the new packaging of the product in question, chosen by the parallel importer, is necessary for the further marketing of the product and, at the same time, to demand that the importer satisfy the criterion of the minimum possible adverse affect on trade mark rights.

29 As is clear from paragraphs 23 and 24 of this judgment, the protection of the proprietor of the trade mark in relation to the presentation of the packaging of the pharmaceutical product, chosen by the parallel importer, is, in principle, ensured by compliance with the condition that the presentation of the repackaged product must not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.

30 Therefore, the reply to question 1(b) must be that Article 7(2) of Directive 89/104 is to be interpreted as meaning that, where it is established that repackaging of the pharmaceutical product is necessary for further marketing in the Member State of importation, the presentation of the packaging should be assessed only against the condition that it should not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.

Question 2

31 Wellcome claims, in essence, that disclosure, to the proprietor of the trade mark, of the State of export and the precise reasons for the repackaging enables the latter to determine whether the repackaging is necessary.

32 In the context of a dispute pending before a national court between the proprietor of the trade mark and a parallel importer who is marketing, in a Member State, a pharmaceutical product, imported from another Member State, in new packaging, it is for that parallel importer to prove, inter alia, the existence of the condition that reliance on trade mark rights by the proprietor in order to oppose the marketing of repackaged products under that trade mark would contribute to the artificial partitioning of the markets between Member States (see *Boehringer Ingelheim and Others*, paragraphs 24 and 54).

33 As is mentioned in paragraph 23 of this judgment, such is the case, in particular, where the proprietor has put an identical pharmaceutical product on the market in several Member States in various forms of packaging, and the repackaging carried out by the importer is necessary in order to market the product in the Member State of importation.

34 Taking account of the foregoing, and having regard to the fact that adequate functioning of the notice system presupposes that the interested parties make sincere efforts to respect each other's legitimate interests (Case C-143/00 *Boehringer Ingelheim and Others* [2002] ECR I-3759, paragraph 62), it is for the parallel importer to furnish the proprietor of the trade mark with the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation.

35 The kind of information to be furnished depends, moreover, on the facts of each case. It cannot, prima facie, be excluded that it may, in exceptional cases, involve disclosing the Member State of export, where the absence of that information would prevent the proprietor of the trade mark from evaluating the need to repackage.

36 In that regard, it should be borne in mind that, in a situation where it is established that the details furnished are used by the proprietor of the trade mark to enable him to detect weaknesses in his sales organisation and thus combat parallel trade in his products, it is under the provisions of the EC Treaty on competition that those engaged in parallel trade should seek protection against action of the latter type (see, to that effect, Case C-349/95 *Loendersloot* [1997] ECR I-6227, paragraph 43).

37 Therefore, the reply to the second question must be that Article 7(2) of Directive 89/104 is to be interpreted as meaning that it is for the parallel importer to furnish to the proprietor of the trade mark the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation.

Costs

38 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

1. **Article 7(2) of Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, is to be interpreted as meaning that, where it is established that repackaging of the pharmaceutical product is necessary for further marketing in the Member State of importation, the presentation of the packaging should be assessed only against the condition that it should not be such as to be liable to damage the reputation of the trade mark or that of its proprietor.**

2. **Article 7(2) of Directive 89/104, as amended by the Agreement on the European Economic Area of 2 May 1992, is to be interpreted as meaning that it is for the parallel importer to furnish to the proprietor of the trade mark the information which is necessary and sufficient to enable the latter to determine whether the repackaging of the product under that trade mark is necessary in order to market it in the Member State of importation.**

[Signatures]