

Court of Justice of the European Union

Cour de Justice de l'Union Européenne

L – 2925 Luxembourg

Re: Case C-175/21 *Harman International Industries, Inc v. AB SA*

Amicus Submission – International Trademark Association

- 1 The International Trademark Association (INTA) has prepared this Submission in relation to Case C-175/21 *Harman International Industries, Inc v. AB SA* pending before the Court of Justice of the European Union (CJEU), request for preliminary ruling under Article 267 of the Treaty on the Functioning of the European Union (TFEU) referred by the Sąd Okręgowy w Warszawie (Regional Court, Warsaw, Poland).
- 2 The case concerns the issue of how national court's orders in main infringement actions and in temporary measures actions should be formulated in cases of parallel imports, when the actions are being upheld, so that the court orders do not overly burden the defendant on the one hand and provide adequate protection to the claimant on the other, while securing a free movement of goods and adequate protection of intellectual property rights. The question affects the way claims are respectively formulated by claimants in court actions introduced before a national court.

A. INTA's interest in the case

- 3 INTA is not a party in the case and acknowledges that the CJEU does not have a procedure for accepting an *amicus curiae* intervention *stricto sensu*. INTA however believes that the case is significant to the development of trademark law and practice, and presents itself as a "friend of the court" in this matter and as done in the past (*cf. Annex A* listing previous amicus interventions by INTA before European courts and bodies).
4. This submission was prepared by the INTA's International Amicus Committee – Europe Amicus Subcommittee, under the direct supervision of INTA's Executive Committee of the Board of Directors, following a strictly independent procedure. In particular, and in order to maintain INTA's independence, the preparation of the

enclosed submission took place confidentially. INTA did not disclose its deliberations to either of the parties and did not consult with the parties on the issues in the case.

5 INTA hopes that its comments may be of assistance to the Court.

B. About INTA

6 INTA is a global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation. Members include nearly 6,500 organizations, representing more than 34,350 individuals (trademark owners, professionals, and academics) from 185 countries, who benefit from the Association's global trademark resources, policy development, education and training, and international network. Founded in 1878, INTA is headquartered in New York City, with offices in Beijing, Brussels, Santiago, Singapore, and Washington, D.C., and a representative in New Delhi. For more information, visit www.inta.org.

7 An important objective of INTA is to protect the interests of the public by the proper use of trademarks. In this regard, INTA strives to advance the development of trademark, related IP and unfair competition laws and treaties throughout the world, based on the global public interest in avoiding deception and confusion. INTA has been an official non-governmental observer to the World Intellectual Property Organization ("WIPO") since 1979 and actively participates in all trademark-related WIPO proposals. INTA has influenced WIPO trademark initiatives such as the Trademark Law Treaty and is active in other international arenas, including the Asia Pacific Economic Cooperation Forum ("APEC"), the Association of Southeast Asia Nations ("ASEAN"), the European Union (EU) and the World Trade Organization ("WTO").

8 INTA provides expertise concerning trademark and other IP-related laws to courts and intellectual property offices around the world through the submission of amicus curiae ("friend of the court") briefs or similar filings, playing a neutral role and addressing only the legal issues. Since 1916, INTA has intervened as *amicus curiae* ("friend of the court") in the US and in other jurisdictions, including before the CJEU and the General Court of the EU.

C. Reasons why INTA is submitting this brief

1. The question referred to the CJEU in this case is:

9 Must the second sentence of Article 36 TFEU, read in conjunction with 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, and in conjunction with the second sentence of Article 19(1) of the Treaty on European Union, be interpreted as precluding the practice of the national courts of the Member States, which is that the courts: - when

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upholding claims by right holders to prohibit the importation, putting on the market, offering, advertising of goods bearing the EU trade mark, to order their withdrawal from the market or to order their destruction; - when ruling, in proceedings to secure claims, on the seizure of goods bearing the EU trade mark, refer in their rulings to 'goods which have not been put on the market within the European Economic Area by the right holder or with his consent', with the result that it is left to the enforcement authority, in view of the general wording of the ruling, to determine which items bearing the EU trade mark are subject to the injunctions and prohibitions granted (that is to say, which items have not been put on the market within the European Economic Area by the right holder or with his consent), while the possibility of challenging the aforementioned findings of the enforcement authority before a court in declaratory proceedings is excluded or limited by the nature of the legal remedies available to the defendant in proceedings to secure claims and in enforcement proceedings?

- 10 INTA considers the question to be of general importance. The issue of wording of national rulings' orders and, respectively, of claimants' judicial claims has not been dealt with by the CJEU and it has a practical impact on the effect of the implementation of parallel import EU provisions and on the operation of the parallel imports legal regime within the EU.
- 11 Exhaustion is one of the few exceptions to the strong and exclusive rights of EU trademarks proprietors.
- 12 Exhaustion, by its nature, completely nullifies the right to prohibit the further distribution of the goods in question under the trademark proprietor's brands.
- 13 The protection of trademarks against parallel imports is complicated due to e.g. the short timeframe in which a trademark proprietor is able to completely seize a certain shipment and have further commercialization prohibited before the shipment gets divided into smaller shipments that are distributed further and the fact that access to the goods in question is often hard to acquire.
- 14 The legal regime of exhaustion is not restricted to EU Trademark Law; it is a topic of IP-protection in many other jurisdictions as well. Exhaustion as a principle is however expressly excluded from the TRIPS-Agreement (Article 6 TRIPS). That alone increases the relevance of case law of any jurisdiction dealing with exhaustion.
- 15 INTA has a long-standing position on exhaustion of trademark rights (see, in particular, the Board Resolutions of [1999](#) and [2015](#)), supporting a principle of national or regional exhaustion as the one that applies in the EU. INTA believes that a standard of national/regional exhaustion is best suited to protect trademark owners and consumers.
- 16 There is no CJEU case law on the issue raised in the referral, namely on the wording of court orders upholding parallel import injunctions. This, in combination with the

relevance of case law due to the TRIPS exclusion, implies that the pending preliminary ruling of the CJEU could have a big impact on the legal regime of exhaustion.

- 17 Trademark rights of a proprietor may be infringed even in case of genuine goods and the doctrine of exhaustion plays an important role in this assessment. The principle of exhaustion aims to balance the interests of trademark owners and the public, as well as competitors and market players.

D. Background

- 18 In the case at hand, Harman International Industries Inc. (“Harman”), on the basis of EU trademarks that it holds, brought proceedings before the Polish referring court, against the defendant, arguing that the defendant imported genuine Harman goods into Poland, which had not previously been put on the market within the EEA by Harman or with its consent, in violation of parallel imports provisions, requesting the Court to prohibit the defendant from infringing the applicant’s rights to EU trade marks by prohibiting the importation, putting on the market, offering, advertising and stocking of these goods and their packaging bearing any of the applicant’s EU trade marks which have not previously been put on the market within the EEA by the applicant or with his consent. Harman further requested that the court order the defendant to withdraw from the market or destroy such goods and their packaging.

E. INTA’s analysis

- 19 In accordance with the position of INTA on parallel imports, INTA highlights the importance of trademark rights and the protection thereof.

1. Article 15(1) of the Regulation

- 20 The question at issue arises where the goods concerned have been put on the market for the first time outside the EEA. Exhaustion then depends on whether the trademark owner has consented to the marketing of the goods in the EEA.

- 21 By making it clear that the placing of goods on the market outside the EEA does not exhaust the proprietor’s right to oppose the importation of those goods without its consent, the EU legislature has allowed the proprietor of the trade mark to control the initial marketing in the EEA of goods bearing the mark (Case C-414/99 to C-416/99, *Zino Davidoff SA v. A & G Imports Ltd and Levi Strauss & Co. And Others v Tesco Stores Ltd and Others*, ECLI:EU:C:2001:617 paragraph 33; Case C-173/98 *Sebago and Maison Dubois* [1999] ECR I-4103, paragraph 21).

- 22 Per the CJEU, consent is “*tantamount to the proprietor’s renunciation*” of its exclusive right to prevent all third parties from importing goods bearing its trade mark and therefore constitutes “*the decisive factor in the extinction of that right*”. The Court has particularly stressed that if the concept of consent were a matter for the national laws

of the Member States, the consequence for trade mark proprietors could be that protection would vary according to the legal system concerned and the objective of the same protection under the legal systems of all the Member States would not be attained. The Court has supplied a uniform interpretation of the concept of ‘consent’ to the placing of goods on the market within the EEA confirming that in view of its serious effect in extinguishing the exclusive rights of the proprietors of the trade marks (rights which enable them to control the initial marketing in the EEA), consent must be so expressed that an intention to renounce those rights is unequivocally demonstrated (for all the above, see Joined Cases C-414/99 to C-416/99, *Zino Davidoff SA v. A & G Imports Ltd and Levi Strauss & Co. And Others v Tesco Stores Ltd and Others* (ECLI:EU:C:2001:617, paragraphs 41-45).

- 23 When national courts, ordering remedies which are harmonised, namely those provided under the Enforcement Directive, such as the withdrawal from the market or the destruction or seizure of goods, in parallel import cases, describe the goods to which the above remedies apply as „*goods which have not been put on the market within the European Economic Area by the right holder or with his consent*“, namely describe the goods in the same manner as they are described by the legislature in the respective legal provisions, which have been also the object of interpretation by the Court, they are not violating Article 15 (1) of the EU TM Regulation or Article 36 second sentence TFEU.
- 24 On the contrary, INTA submits that to adopt wording, which does not stem from the EU legislation, entails the risk of escaping the uniform interpretation afforded to these provisions by the CJEU. What “*goods which have not been put on the market within the European Economic Area by the right holder or with his consent*” means, follows from a combination of CJEU rulings on the matter, the issue of consent analysed above, being an example. To depart from this wording means to apply notions of EU law (such as ‘consent’) with terms of national law, with the risk identified above by the CJEU, namely the risk of a level of protection varying according to the legal system concerned and of certain wording having different implications for different factual and practical situations (e.g.: how are products stored, what digital means are available, etc.) in various Member States.

2. Article 36 TFEU

- 25 The referring court states that the protection of the free movement of goods requires that only infringing goods are ultimately removed from circulation and subject to sanctions. This is a result that, INTA submits, is achieved under the existing EU rules as interpreted by the CJEU and applied by national courts, in combination with their national enforcement and procedural provisions. The CJEU has stated that the onus of proof of the rightsowner’s consent lies with the importer. If the latter fails in a given case to satisfy this burden, this does not mean that the right holder is partitioning the market *per se*.

- 26 Furthermore, it is excluded that an abstract *ex ante* risk inherent in all parallel import cases exists, given that parallel imports are indeed prohibited by law when the rights are not exhausted. Whether a real risk of partitioning national markets does exist in a given case is a factual matter that is up to the national courts to decide on the basis of the particularities of each case, the relevant parties' allegations and the proof submitted before it.
- 27 INTA submits that the wording mentioned in the referral cannot contribute to a partitioning of markets *per se* and, similarly, the adoption of the wording proposed by the national court cannot contribute to the elimination of any such risk. The proposal of the referring court, namely identifying the goods in the manner described in the referral, on the contrary, undermines the aim of the parallel imports regime in the EU, namely the ability of the rights holder to control the first entry in the EEA of its goods, as this solution results in the rightsholder being *de facto* unable to enforce its rights.
- 28 The referring court appears to presume that the inclusion of the serial numbers or marking of the infringing items in the claim and the order of the ruling would secure that these items were put in the EEA market without the right owner's consent and would eliminate the risk of partitioning of markets. The serial numbers or markings are mentioned by the referring court as an example, however INTA submits that this example clearly shows the legal uncertainty that such a solution would create, given that whether indeed these numbers or markings are enough to identify goods that were lacking the consent of the trademark owner is a matter of fact that needs to be determined in each given case, on the basis of the particularities of the items and the right holders systems at issue.
- 29 INTA submits that the concern of the referring court that the wording in the court orders would have the "*result that it is left to the enforcement authority [...] to determine which items bearing the EU trade mark are subject to the injunctions and prohibitions granted [...] while the possibility of challenging the aforementioned findings of the enforcement authority before a court in declaratory proceedings is excluded or limited by the nature of the legal remedies available to the defendant in proceedings to secure claims and in enforcement proceedings*" and the concerns mentioned in paragraphs 15 to 20 of the referral summary describing the national procedural tools at the enforcement level, are not the result of the application of Article 15 (1) of the Regulation, which is reproduced in the wording of the national courts mentioned in the referral question, but, as the referring court states, relate to procedural law provisions and the facts of each case.

3. Burden of proof

- 30 The factual conditions for exhaustion of the trademark right, which is a defense put forward by the defendant in the context of infringement proceedings before a national court, must be proved by the party invoking the defense, namely the defendant, according to the general rule that each party to proceedings must prove the existence of the conditions for the legal provision which the party invokes.

- 31 The CJEU has expressly stated that the burden of proof of the allegation that the goods have been put in the market in the EEA by or with the owner's consent lies with the importer (Joined Cases C-414/99 to C-416/99, *Zino Davidoff SA v. A & G Imports Ltd and Levi Strauss & Co. And Others v Tesco Stores Ltd and Others* (ECLI:EU:C:2001:617) paragraph 54: "*it is for the trader alleging consent to prove it and not for the trade mark proprietor to demonstrate its absence*"). INTA has been advocating for the same position on the burden of proof in parallel import cases since before the decision in *Davidoff* case (the Board Resolution of 2001).
- 32 The allocation of the burden of proof must not undermine the protection of the trademark owner's rights which the EU law seeks to provide. The concerns raised by the referring court as regards the difficulty of the importer to prove that a particular item was put on the market in the EEA by the applicant or with his consent have therefore already been addressed by the CJEU.
- 33 This interpretation provided by the CJEU should not be *de facto* circumvented by a national court through the wording it adopts in its order. Forcing the right holder to identify in its claim, brought within infringement proceedings, the markings or serial numbers of the items bearing the trademarks which were not introduced into the EEA by the rights holder or with its consent (per the summary of the referring decision par. 23, "*a precise reference in the ruling to, for instance, the markings or serial numbers of the items bearing the trade marks to which the prohibitions or injunctions apply*"), would result in a reversal of the abovementioned allocation of the burden of proof: It would be on the trade mark owner to clarify and substantiate that certain goods have not been put on the market in the EEA with its consent.

4. Effectiveness

- 34 The Court has consistently held that in the absence of relevant EU rules it is for the Member States to lay down the judicial procedures intended to ensure the protection of the rights which individuals derive from the effect of EU law; in this respect regard must be had to the principle of effectiveness, in accordance with which procedural conditions may not be so framed as to render virtually impossible the exercise of rights conferred by EU law (see for example Case 130/79 *Express Dairy Foods* [1980] ECR 1887, paragraph 12, "*[...] procedural rules cannot have the result of making impossible in practice the exercise of rights conferred by Community law*").
- 35 INTA submits that such a requirement as the one proposed by the referring court would be at least equally difficult for the rights holder, given that before the action and the enforcement of the ruling issued thereon, the rights holder does not know which items the defendant has in its possession or has illegally commercialized and consequently does not have the serial numbers or markings of those products and cannot include them in the claim.
- 36 The conclusion of the referring court that this is a straightforward task for the claimant to perform (summary of the referring decision par. 23 "*should not present any*

difficulties") appears to be based on the wrong premise. For the national court to require the plaintiff to include in the claim information that it does not have, results in the court requiring the plaintiff to perform an impossible task. This would in its turn have the result that the claimant would be unable to bring infringement proceedings on the basis of violation of parallel import provisions. This would run contrary to EU law, namely, the Regulation, but also the EU Trademark Directive¹ and case law, which clearly recognize the right to stop parallel imports on the basis of non exhausted rights. INTA notes that as regards future infringements, the referring court appears to recognize that it is impossible for the claimant to describe them with their serial numbers or markings in the claim. The proposal of the referring court would therefore result to the claim being half worded in one way and half in another.

- 37 This information (e.g. serial numbers or markings) might also be sensitive data and maybe even trade secrets, that could damage a business and/or be of interest for third parties. Moreover, the indication by any means on the packaging of a product that it is intended to be put on the market within the EEA cannot automatically result in exhaustion of rights as it may often happen that the products intended for the EEA market may be eventually placed on the market in other territories and, therefore, the rights would not be exhausted merely due to the marking on the packaging.
- 38 At the same time and without prejudice to the rights of the claimant, any defendant should be expected to have performed a professional level of due diligence, as exhaustive as necessary depending on the circumstances of each case, so as to ascertain whether the products have entered the EEA market with the consent of the rights holder. For this reason, it should be deemed more effective to uphold the current legal regime of exhaustion and its practical implications.
- 39 If for some reason, a rights holder could in hindsight be accused of excessive enforcement, including, for example, maintaining the seizure of products that for some reason turn out to indeed have been put on the market within the EEA with consent, defendants could resort to claim damages from that rights holder. This is a much more favourable scenario than the scenario suggested by the referring court. It is also to be expected that it will seldomly materialize given the fact that the rights holder should be in a position to sensibly assess whether a certain load of products with a certain party in a certain country in the EU has been put on the EEA market with its consent or not.

Conclusion

- 38 In view of the above, INTA submits that the question referred should be answered in the negative, namely that the second sentence of Article 36 TFEU, read in conjunction with 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, and in conjunction with the second sentence of Article 19(1) of the Treaty on European Union, must be

¹ 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, which includes analogous provisions.

interpreted as **not** precluding the practice of national courts of the Member States, whereby a) when upholding claims by right holders to prohibit the importation, putting on the market, offering, advertising of goods bearing the EU trade mark ordering their withdrawal from the market or their destruction and b) when ruling, in proceedings to secure claims, on the seizure of goods bearing the EU trade mark, the courts **refer** in their rulings to ***“goods which have not been put on the market within the European Economic Area by the right holder or with his consent”***.

ANNEX A

INTA has filed the following *amicus*-type submissions in cases before European courts:

Letter of submission on August 16, 2021 in the case *Monz Handelsgesellschaft International mbH & Co. KG vs. Büchel GmbH & Co. Fahrzeugtechnik KG* (C-472/21).

- Letter of submission on August 16, 2021 in the case *X BV v. Classic Coach Company vof, Y, Z* (C - 112/21)
- Letter of submission on June 28, 2021 in the case *Leinfelder Uhren GmbH & Co KG v. E. Leinfelder GmbH and others* (C-62/21)
- Letter of submission on December 23, 2020 in the case *ACACIA S.R.L v. Bayerische Motoren Werke Aktiengesellschaft* (C-421/20)
- Letter of submission to Novartis AG on September 28, 2020, in Joint Cases C-254/20 *Novartis AG v. Impexco NV* and C-254/20 *Novartis AG v. PI Pharma NV* (C-253/20 and C-254/20)
- Letter of submission to Novartis AG on August 27, 2020, in Joint cases C-147/20, *Novartis Pharma GmbH v. Abacus Medicine A/S* and C-224/20, *Merck Sharp & Dohme B.V. et al. v. Abacus Medicine A/S et al.* (C-147/20 and C-224/20)
- Statement of Intervention on January 6, 2016, in the case *DHL Express (France) v EUIPO* (T-142/15).
- Statement of Intervention on April 25, 2014 in the case *Voss of Norway v OHIM* (C-445/13 P).
- Written Observations on March 16, 2010 in the case *Nokia Corporation v. Her Majesty's Commissioners of Revenue and Customs* (HMRC) (C-495/09).
- Letter of submission to Specsavers International Healthcare Limited on August 23, 2012 in the trademark case *Specsavers International Healthcare Limited & others vs Asda Stores Limited* (C-252/12).
- Letter of submission to Intel Corporation on September 5, 2007, in the trademark case *Intel Corporation v. CPM United Kingdom Ltd.* (C -252/07).
- Letter of submission to Adidas and adidas Benelux on June 12, 2007 in the trademark case *Adidas and adidas Benelux* (C-102/07).
- Letter of submission to SARL Céline on April 25, 2006 in the trademark case *SARL Céline v. SA Céline* (C-17/06).
- Submission as intervener to the English Court of Appeals on October 16, 2006 in the case *Special Effects v L'Oreal SA* (HC 05C012224, Court of Appeal 2006 0744).
- Letter of submission to Bovemij Verzekeringen N.V. on June 17, 2005 in the case *Bovemij Verzekeringen N. V. v. Benelux Merkenbureau* (ECJ - C-108/05).

- Letter of submission to Schering-Plough Ltd. on December 5, 2003 in the trademark case *Schering-Plough Ltd v. European Commission and EMEA* (CFI T-133/03).
- Letter of submission to Merck Inc. on April 4, 2003 in the trademark case *Paranova A/S v. Merck & Co., Inc, Merck, Sharp & Dohme B. V. and MSD (Norge) A/S* (EFTA Court E-3/02).
- Letter of submission to Praktiker Bau - und Heimwerkermarkte AG on March 20, 2003 in the trademark case *Praktiker Bau - und Heimwerkermarkte AG* (ECJ C- 418/02).
- Letter of submission to Shield Mark on November 1, 2001 in the trademark case *Shield Mark v. J. Kist* (ECJ C-283/01).
- Letter of submission to Libertel Groep B.V. on July 6, 2001 in the trademark case *Libertel Groep B.V. v. Benelux Merkenbureau* (ECJ - C- 104/01).
- Letter of submission to Glaxo Wellcome Limited on October 10, 2000 in the trademark case *Glaxo Wellcome Limited v. Dowelhurst Limited and Swingward Limited* (ECJ - C-143/00).