

JUDGMENT OF THE COURT (Fifth Chamber)

14 October 1999 *

In Case C-223/98,

REFERENCE to the Court under Article 177 of the EC Treaty (now Article 234 EC) by the Kammarrätten i Stockholm, Sweden, for a preliminary ruling in the proceedings brought by

Adidas AG

on the interpretation 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 (OJ 1994 L 341, p. 8),

THE COURT (Fifth Chamber),

composed of: D.A.O. Edward, President of the Chamber, J.C. Moitinho de Almeida, C. Gulmann, J.-P. Puissochet and M. Wathelet (Rapporteur), Judges,

Advocate General: G. Cosmas,

Registrar: R. Grass,

* Language of the case: Swedish.

after considering the written observations submitted on behalf of:

- the Belgian Government, by Jan Devadder, Director of Administration in the Legal Service of the Ministry of Foreign Affairs, Trade and Cooperation with Developing Countries, acting as Agent,

- the Italian Government, by Professor U. Leanza, Head of the Legal Department of the Ministry of Foreign Affairs, acting as Agent, assisted by O. Fiumara, Avvocato dello Stato,

- the Commission of the European Communities, by L. Ström, Legal Adviser, acting as Agent,

having regard to the report of the Judge-Rapporteur,

after hearing the Opinion of the Advocate General at the sitting on 10 June 1999,

gives the following

Judgment

- 1 By decision of 16 June 1998, received at the Court of Justice on 18 June 1998, the Kammarrätten i Stockholm (Administrative Court of Appeal, Stockholm) referred to the Court for a preliminary ruling under Article 177 of the EC Treaty (now Article 234 EC) a question on the interpretation 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 (OJ 1994 L 341, p. 8; hereinafter 'the Regulation').

- 2 The question has been raised in proceedings brought by Adidas AG, the holder in Sweden of a trade mark for various sports articles, sports wear and leisure wear, against the refusal of the Arlanda customs office to disclose to it the identity of the consignee of goods suspected of being counterfeits of Adidas branded goods which it had intercepted.

The Regulation

- 3 According to the second recital in its preamble, the aim of the Regulation is to prevent, as far as possible, counterfeit goods and pirated goods from being placed on the market and, to that end, to adopt measures to deal effectively with unlawful trade in such goods.
- 4 For that purpose, the Regulation lays down, first, the conditions under which the customs authorities are to take action where 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 (Article 1(1)(a) thereof) and, second, the measures to 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) thereof).
- 5 Under Article 3 of the Regulation, the holder of a trade mark, copyright or neighbouring rights, or a design right ('the holder of the right') may lodge an

application in writing with the competent service of the customs authority for action by the customs authorities in respect of goods which he suspects of being counterfeit or pirated. That application is to be accompanied by a description of the goods and proof of his right. It must also specify the length of the period during which the customs authorities are requested to take action. The holder of the right must, in addition, provide all other pertinent information to enable the customs authorities to take a decision in full knowledge of the facts without, however, that information being a condition of admissibility of the application. That application is then dealt with by the competent service which is forthwith to notify the applicant in writing of its decision.

- 6 According to Article 4 of the Regulation, the customs authority may also detain goods of its own accord where, in the course of checks made under one of the customs procedures referred to in Article 1(1)(a) of the Regulation and before an application by the holder of the right has been lodged or approved, it is clear to the customs office that goods are counterfeit or pirated. In accordance with the rules in force in the Member State concerned, the same authority may notify the holder of the right, where known, of a possible infringement thereof. The customs authority is authorised to suspend release of the goods or detain them for a period of three working days to enable the holder of the right to lodge an application for action in accordance with Article 3 of the Regulation.
- 7 Article 5 of the Regulation provides that the decision granting the application by the holder of the right is to be forwarded immediately to the customs offices of the Member State which are liable to be concerned with the counterfeit or pirated goods referred to in the application.
- 8 According to the first subparagraph of Article 6(1), where a customs office to which the decision granting an application by the holder of the right has been forwarded pursuant to Article 5 of the Regulation is satisfied, after consulting the applicant where necessary, that particular goods correspond to the description of

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

- 9 The second subparagraph of Article 6(1) of the Regulation, the provision at the heart of the present case, provides:

‘The customs office shall immediately inform the service which dealt with the application in accordance with Article 3. That service or the customs office shall forthwith inform the declarant and the person who applied for action to be taken. In accordance with national provisions on the protection of personal data, commercial and industrial secrecy and professional and administrative confidentiality, the customs office or the service which dealt with the application shall notify the holder of the right, at his request, of the name and address of the declarant and, if known, of those of the consignee so as to enable the holder of the right to ask the competent authorities to take a substantive decision. The customs office shall afford the applicant and the persons involved in any of the operations referred to in Article 1(1)(a) the opportunity to inspect the goods whose release has been suspended or which have been detained.’

- 10 Suspension of release or detention of the goods is temporary. In accordance with Article 7(1) of the Regulation, if, within 10 working days of notification of suspension of release or of detention, the customs office which took action has not been informed that the matter has been referred to the authority competent to take a substantive decision on the case or that the duly empowered authority has adopted interim measures, the goods are to be released, provided that all the customs formalities have been complied with and the detention order has been revoked. This period may be extended by a maximum of 10 working days in appropriate cases.

- 11 In addition, the Regulation provides for a number of securities in favour of the declarant and the consignee of the goods checked.

12 First, Article 3(6) of the Regulation states that:

‘Member States may require the holder of a right, where his application has been granted, or where action as referred to in Article 1(1)(a) has been taken pursuant to Article 6(1), to provide a security:

- to cover any liability on his part vis-à-vis the persons involved in one of the operations referred to in Article 1(1)(a) where the procedure initiated pursuant to Article 6(1) is discontinued owing to an act or omission by the holder of the right or where the goods in question are subsequently found not [to] be counterfeit or pirated,

- to ensure payment of the costs incurred in accordance with this Regulation, in keeping the goods under customs control pursuant to Article 6.’

13 Second, the first subparagraph of Article 7(2) of the Regulation provides:

‘In the case of goods suspected of infringing design rights, the owner, the importer or the consignee of the goods shall be able to have the goods in question released or their detention revoked against provision of a security, provided that:

- the customs service or office referred to in Article 6(1) has been informed, within the time limit referred to in paragraph 1, that the matter has been referred to the authority competent to take a substantive decision referred to in said paragraph 1,

— on expiry of the time limit, the authority empowered for this purpose has not imposed interim measures, and

— all the customs formalities have been completed.’

14 Lastly, Article 9(3) of the Regulation provides:

‘The civil liability of the holder of a right shall be governed by the law of the Member State in which the goods in question were placed in one of the situations referred to in Article 1(1)(a).’

The Swedish legislation

15 It follows from the first subparagraph of Paragraph 2 of Chapter 9 of the Sekretesslagen (1980:100) (Swedish Law on Protection of Confidential Information) that, subject to exceptions not relevant in the present case, the principle of protection of confidentiality applies to information concerning an individual’s personal or financial circumstances obtained in the course of customs control. The second subparagraph of Paragraph 2 of the Sekretesslagen, in which reference is made to Paragraph 1 thereof, provides, however, that information obtained in the course of customs control may be disclosed if it is shown that this will not result in any damage to the individual concerned.

The main proceedings

- 16 On 16 February 1998, the Arlanda Customs Office (Stockholm) decided, pursuant to Article 4 of the Regulation, to suspend the release for free circulation of certain goods and informed Adidas AG that they might be counterfeits bearing the registered mark Adidas.
- 17 A representative of Adidas Sverige AB, a subsidiary of Adidas AG, inspected the goods and found that they were counterfeit. Adidas AG lodged an application pursuant to Article 3 of the Regulation. On 17 February 1998, the Customs and Excise Authority decided to grant the application.
- 18 Under the Regulation, the goods could be detained until 17 March 1998 inclusive. After that date, the customs authorities considered that they could no longer lawfully detain the goods since Adidas AG had not referred the case to an ordinary court.
- 19 Since it did not know either the declarant or the person indicated as the consignee of the goods, Adidas AG had requested information about the identity of the consignee with a view to bringing an action against him. That application had been rejected by the Arlanda Customs Office pursuant to Paragraph 2 of Chapter 9 of the Sekretesslagen.
- 20 Adidas AG appealed to the Kammarrätten i Stockholm against that refusal. It claimed that, in order to refer the case to an ordinary court, it had first of all to obtain information about the consignee of the goods.

- 21 The Kammarrätten found that, since disclosure of the information requested by Adidas AG was likely to cause damage to the consignee of the goods, the Sekretesslagen prohibited the Arlanda Customs Office from disclosing the information in its possession.
- 22 The Kammarrätten i Stockholm therefore decided to stay proceedings and to refer the following question to the Court for a preliminary ruling:

‘Does Council Regulation (EC) No 3295/94 constitute a bar to application of rules of national law under which the identity of declarants or consignees of imported goods, which the trade-mark owner has found to be counterfeit, may not be disclosed to the trade-mark owner?’

The national court’s question

- 23 It should be recalled, at the outset, that according to the settled case-law of the Court, in interpreting a provision of Community law it is necessary to consider not only its wording but also the context in which it occurs and the objects of the rules of which it is part (see, *inter alia*, the judgments in Case 292/82 *Merck v Hauptzollamt Hamburg-Jonas* [1983] ECR 3781, paragraph 12; and in Case 337/82 *St. Nikolaus Brennerei v Hauptzollamt Krefeld* [1984] ECR 1051, paragraph 10).
- 24 Next, where a provision of Community law is open to several interpretations, only one of which can ensure that the provision retains its effectiveness, preference must be given to that interpretation (see, to that effect, the judgment in Case 187/87 *Saarland and Others v Ministre de l’Industrie* [1988] ECR 5013, paragraph 19).

- 25 Further, where the implementation of a Community regulation is a matter for the national authorities, as in the case of Regulation No 3295/94, recourse to rules of national law is possible only in so far as it is necessary for the correct application of that regulation and in so far as it does not jeopardise either the scope or the effectiveness thereof (see, to that effect, the judgment in Joined Cases 146/81, 192/81 and 193/81 *BayWa v BALM* [1982] ECR 1503, paragraph 29). Under the obligations laid down in Article 5 of the EC Treaty (now Article 10 EC), those national measures must, in general, facilitate the application of the Community regulation and not hinder its implementation (see, to that effect, the judgment in Case 30/70 *Scheer v Einfuhr- und Vorratsstelle Getreide* [1970] ECR 1197, paragraph 8).
- 26 In that respect, it is to be noted, first, that, with a view to preventing, as far as possible, counterfeit and pirated goods from being placed on the market, the Regulation gives an essential role to the holder of the right. It is clear from Articles 3 and 4 of the Regulation that the detention of goods by the customs authorities is, in principle, subject to an application on his part. Second, in order for a final judgment to be given against such practices by the national authority competent to rule on the substance of the case, the case must first be referred to it by the holder of the right. If the case is not so referred by the holder of the right, the measure of suspension of release or of detention of the goods promptly ceases to have effect, pursuant to Article 7(1) of the Regulation.
- 27 Consequently, effective application of the Regulation is directly dependent on the information supplied to the holder of the intellectual property right. So if the identity of the declarant and/or the consignee of the goods cannot be disclosed to him, it is in practice impossible for him to refer the case to the competent national authority.

- 28 The reference in the second subparagraph of Article 6(1) of the Regulation to national provisions on the protection of personal data, commercial and industrial secrecy and professional and administrative confidentiality cannot, in those circumstances, be understood as precluding disclosure to the holder of the right of the information which he needs in order to safeguard his interests.
- 29 Furthermore, a number of provisions of the Regulation are designed to protect the declarant and the consignee of goods that are subject to control, in order to prevent the disclosure of their names and addresses to the holder of the right from causing them damage.
- 30 First, where a customs office finds on checking goods that they fit the description of counterfeit or pirated goods, it is immediately to inform the declarant pursuant to the second subparagraph of Article 6(1) of the Regulation. Under Article 7(2) of the Regulation, the owner, the importer or the consignee of the goods is entitled to have the goods in question released or their detention revoked against provision of a security.
- 31 Next, it is clear from the second subparagraph of Article 6(1) of the Regulation that the holder of the right may use the information disclosed by the customs

office only with a view to asking the competent national authority to take a substantive decision. If that information is used for other purposes, the holder of the right may incur liability under the civil law of the Member State in which the goods in question are to be found, pursuant to Article 9(3) of the Regulation.

- 32 Finally, reparation of damage resulting from unlawful use of the information or any other damage suffered by the declarant or the consignee of the goods is facilitated by the fact that the Member States may require the holder of the right to provide a security under Article 3(6) of the Regulation.
- 33 In view of the foregoing considerations, the answer to be given to the national court must be that, on a proper construction, the Regulation precludes a rule of national law under which the identity of declarants or consignees of imported goods which the trade-mark owner has found to be counterfeit may not be disclosed to him.

Costs

- 34 The costs incurred by the Belgian and Italian Governments and by the Commission, which have submitted observations to the Court, are not recoverable. 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.

On those grounds,

THE COURT (Fifth Chamber),

in answer to the question referred to it by the Kammarrätten i Stockholm by decision of 16 June 1998, hereby rules:

On a proper construction, 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 precludes a rule of national law under which the identity of declarants or consignees of imported goods which the trade-mark owner has found to be counterfeit may not be disclosed to him.

Edward Moitinho de Almeida Gulmann
Puissochet Wathelet

Delivered in open court in Luxembourg on 14 October 1999.

R. Grass

D.A.O. Edward

Registrar

President of the Fifth Chamber