



The Spanish company Schweppes may not oppose the import of bottles of tonic water bearing the trade mark ‘Schweppes’ and originating in the UK if it has itself given the impression that that trade mark is a single global trade mark

The same applies if that company has economic links with the third party which now holds the rights to that trade mark in the UK

Schweppes International is the proprietor of the trade mark ‘Schweppes’ in Spain, a country in which the Spanish company Schweppes has an exclusive right to exploit that trade mark.¹ In 2014, the latter company initiated infringement proceedings against Red Paralela for having imported and marketed in Spain bottles of tonic water bearing the trade mark ‘Schweppes’ and originating in the UK. In the UK, the trade mark ‘Schweppes’ is owned by Coca-Cola, which has acquired the rights thereto by assignment.²

According to Schweppes, those actions are unlawful, given that the bottles of tonic water were manufactured and placed on the market, not by itself or with its consent, but by Coca-Cola, which, it argues, has no connection with the Orangina Schweppes group. It submits that, in view of the identical nature of the signs and goods in question, consumers are in no position to distinguish the commercial origin of those bottles. Red Paralela has defended itself in those infringement proceedings, arguing that the trade mark rights resulting from tacit consent, in so far as concerns the goods bearing the trade mark ‘Schweppes’ originating in Member States of the EU where Coca-Cola is the proprietor of that trade mark, have been exhausted. Red Paralela also asserts that there are undeniable legal and economic links between Coca-Cola and Schweppes International in their joint exploitation of the sign ‘Schweppes’ as a universal trade mark.

In that context, the Juzgado de lo Mercantil nº 8 de Barcelona (Commercial Court No 8, Barcelona, Spain) makes a reference to the Court of Justice in order to determine whether, in the light of the conduct of Schweppes and Coca-Cola following the territorially limited assignment of the trade mark ‘Schweppes’, EU law³ precludes Schweppes from relying on the exclusive right which it enjoys under Spanish legislation in order to oppose the import and/or the marketing in Spain of ‘Schweppes’ goods originating in the UK, a country in which the mark is owned by Coca-Cola. That court notes, inter alia, that Schweppes International, despite the fact that it is the proprietor of the parallel trade marks in only some of the Member States, has promoted a global image of the trade mark ‘Schweppes’.

By today’s judgment, the Court declares that EU law precludes the proprietor of a national trade mark from opposing the import of identical goods bearing the same mark originating

¹ The British company Schweppes International and the Spanish company Schweppes are subsidiaries of Orangina Schweppes Holding, the ultimate parent company of the Orangina Schweppes group.

² In Europe, Cadbury Schweppes was, for some years, the only proprietor of the various national registrations of the sign ‘Schweppes’ (‘the parallel trade marks’). In 1999, however, it assigned the rights relating to some of those parallel trade marks, including those registered in the UK, to Coca-Cola, while retaining ownership of the rest, including the trade marks registered in Spain. The parallel trade marks retained by Cadbury Schweppes now belong to Schweppes International.

³ Article 36 TFEU and 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 (OJ 2008 L 299, p. 25, and corrigendum OJ 2009 L 11, p. 86).

in another Member State in which that mark, which initially belonged to that proprietor, is now owned by a third party which has acquired the rights thereto by assignment, when, following that assignment, the proprietor, either acting alone or maintaining its coordinated trade mark strategy with that third party, has actively and deliberately continued to promote the appearance or image of a single global trade mark, thereby generating or increasing confusion on the part of the public concerned as to the commercial origin of goods bearing that mark.

The Court recalls in that regard that the **essential function of the trade mark** is to guarantee the identity of the origin of the trade marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish that product from goods having another origin. By behaving in a way that means that the trade mark no longer independently fulfils its essential function within its own territorial field of application, **the proprietor has himself compromised or distorted that function. Consequently, he may not rely on the necessity of protecting that function in order to oppose the import of identical goods bearing the same mark originating in another Member State where that mark is now owned by a third party.**

In addition, the Court finds that, even in the event that the proprietor has not promoted the image of a single global trade mark, he may not oppose the import of the goods in question where there exist economic links between himself and the third party, inasmuch as they coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of the trade mark, so that it is possible for them to determine, directly or indirectly, the goods to which that trade mark is affixed and to control the quality of those goods.

The Court recalls that the essential function of the trade mark is in no way compromised by the freedom to import where, although they are separate persons, the proprietor of the mark in the importing State and the proprietor of the mark in the exporting State are economically linked. Such an economic link exists where, inter alia, the goods in question have been put into circulation by a licensee, by a parent company, by a subsidiary of the same group, or by an exclusive distributor. In all those situations, the proprietor or the entity of which that proprietor is part can control the quality of the goods to which the mark is affixed. **The economic link criterion is also fulfilled where, following the division of national parallel trade marks resulting from a territorially limited assignment, the proprietors of those marks coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of those marks, so that it is possible for them to determine, directly or indirectly, the goods to which the trade mark is affixed and to control the quality of those goods.** The Court emphasises that, **if such proprietors were permitted to protect their territories against the parallel import of those goods, that would lead to a partitioning of the national markets which is not justified by the purpose of trade mark rights and is, in particular, unnecessary in order to preserve the essential function of the marks concerned.**

NOTE: A reference for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of European Union law or the validity of a European Union act. The Court of Justice does not decide the dispute itself. It is for the national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

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The [full text](#) of the judgment is published on the CURIA website on the day of delivery.

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