DRAFT – 18 March 2025

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Questions

I) Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

Causes of/criteria for exhaustion of trade marks rights

1)

Denmark is part of the EU, and the rules on exhaustion in the Danish Trade Marks Act sec. 10(a) align with the EU Trade Mark Directive Article 15, as Trade Mark law is harmonized within the EU. Additionally, Danish courts adhere to the guidelines set by the Court of Justice of the European Union (CJEU). Consequently, the "Causes of/criteria for exhaustion of trade mark rights" in Danish law are derived from EU law. Article 15 reads:

> *A trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Union under that trade mark by the proprietor or with the proprietor's consent.*

According to the CJEU ruling in case Peak Holding AB v. Axolin-Elinor AB (C-16/03):

> *A sale which allows the proprietor to realise the economic value of his trade mark exhausts the exclusive rights conferred by the Directive, more particularly the right to prohibit the acquiring third party from reselling the goods* (paragraph 40).

Based on this two conditions must be met for exhaustion to occur:

1. There must be a "sale" (i.e. a transaction that transfers ownership of the goods) and
2. The transaction must enable the rights holder to realise the economic value of the trade mark.

It is important to note that the exhaustion of trade mark rights applies only to the specific goods that have been placed on the market. The trade mark owner retains the right to control the use of the trademark for other goods and services not yet placed on the market or which have been marketed outside of the Union. Additionally, the exhaustion principle does not apply if the goods have been altered or impaired after they were placed on the market.

With these basic conditions and relevant EU case law in mind, we can examine the situations outlined below to determine whether the conditions for exhaustion have been satisfied.

Can exhaustion of trademark rights result from any of the following?

a) an act involving the transfer of ownership of goods bearing the trademark, e.g. the sale of the good, donation or exchange agreement;

Yes.

In Denmark, the exhaustion of trade mark rights can result from an act involving the transfer of ownership of goods bearing the trade mark, such as a sale, donation, or exchange agreement. According to the Danish Trade Marks Act section 10(a) and the EU Trade Mark Directive, once the trade mark owner has placed the goods on the market within the European Economic Area (EEA) or consented to their placement, the trade mark owner cannot prevent further resale of those goods within the EEA.

b) an act that does not involve a transfer of ownership but transfers the right to dispose of the goods, provided the trade mark holder receives remuneration reflecting the economic value of the goods, e.g. rental or lease;

No.

In Denmark, the exhaustion of trade mark rights requires a transfer of ownership of goods bearing the trade mark. Acts like rental or lease, which do not involve a transfer of ownership, do not result in the exhaustion of trade mark rights, even if the trade mark holder receives remuneration.

c) an act such as placing the goods in the possession of a third party, where the third party does not have independent authority to dispose of the goods, e.g. where the goods are sold on consignment, or there is a retention of title clause over the goods until payment is made in full.

No.

Such acts do not result in the exhaustion of trade mark rights. The principle of exhaustion generally requires a full transfer of ownership. When goods are placed in the possession of a third party without independent authority to dispose of them, such as in consignment sales or with a retention of title clause, the trade mark holder retains control over the goods. This means the trade mark rights are not exhausted until the conditions of the reservation are fulfilled and ownership is fully transferred.

2)

Can exhaustion of trade mark rights be caused by any of the following?

a) a contract of sale,

Yes.

In Denmark, a contract of sale can cause the exhaustion of trade mark rights. According to the Danish Trade Marks Act section 10(a) and the EU Trade Mark Directive Article 15, exhaustion occurs when the trade mark owner places the goods on the market within the European Economic Area (EEA) or consents to their placement, thereby realizing the economic value of the trade mark.

b) a contract of sale with an explicit reservation of ownership,

No.

It would seem to follow from the general principles established by the CJEU that the trade mark rights are not exhausted until the conditions of the reservation are fulfilled and ownership is fully transferred.

c) a contract of cross-border sale within a business concern,

Yes.

A contract of cross-border sale within a business concern can cause exhaustion, if the goods are placed on the market within the EEA with the trade mark holder's consent.

d) an exchange agreement,

Yes.

An exchange agreement can cause exhaustion if the goods are placed on the market within the EEA with the trade mark holder's consent. The principle of exhaustion applies as long as the trade mark holder has consented to the market placement and the economic value is realized, as supported by the CJEU in Sebago Inc. and Ancienne Maison Dubois & Fils SA v. G-B Unic SA (C-173/98).

e) a donation agreement,

Yes.

In Denmark, a donation agreement can cause the exhaustion of trade mark rights. It does not matter that the recipient of the gift does not pay for the gift.

f) a distribution agreement,

Yes.

A distribution agreement can cause exhaustion if it transfer ownership in the goods and gives the distributor the right to bring the goods on the market within one or more EEA countries.

g) a license agreement,

Yes.

A license agreement can cause exhaustion if it gives the licensee the right to bring the goods on the market within one or more EEA countries.

h) a rental agreement,

No.

Rental agreements do not result in the exhaustion of trade mark rights as they do not involve a transfer of ownership.

i) a lease agreement,

No.

Lease agreements do not result in the exhaustion of trade mark rights as they do not involve a transfer of ownership.

j) a leasing contract,

No.

Leasing contracts do not result in the exhaustion of trade mark rights unless they involve a transfer of ownership.

k) handing over of goods to a forwarder, carrier, agent,

No.

Such acts do not result in the exhaustion of trade mark rights as they do not involve a transfer of ownership.

l) transit of goods,

No.

The mere transit of goods through a Member State does not cause the exhaustion of trade mark rights.

However, transit through a Member State can lead to exhaustion if there is evidence that the goods will be marketed in that Member State as suggested in case C-281/05 (Montex Holdings Ltd v. Diesel SpA).

m) other, please clarify.

3)

Which of the following conditions must be met for the trade mark right to be exhausted when goods are put into the market?

According to case C-173/98 (Sebago), consent must be explicitly given for each individual product for which exhaustion is claimed. Additionally, as established in cases C-414, C-415, and C-416/99 (Zino Davidoff SA v. A & G Imports Ltd), consent may be implied, but only if it is unequivocally clear that the rights holder intended for the goods to be marketed in a manner that would result in exhaustion.

a) goods are put into the market exclusively by the trade mark holder or with its consent;

Yes.

This condition meets the requirement for exhaustion. According to the Danish Trade Marks Act section 10(a) and the EU Trade Mark Directive, the exhaustion of trade mark rights occurs when the trade mark holder has placed the goods on the market within the European Economic Area (EEA) or has consented to their placement.

b) goods are put into the market by an entity having a business relationship with the trade mark holder even without the trade mark holder's consent;

No.

This condition does not meet the requirement for exhaustion. The trade mark holder's consent is a crucial factor for the exhaustion of trade mark rights. The CJEU has consistently ruled that the trade mark holder's explicit or implied consent is necessary for exhaustion to occur.

c) goods are put into the market by the licensee or sublicensee even without the trade mark holder's consent.

No.

This condition does not meet the requirement for exhaustion. The trade mark holder's consent is essential for the exhaustion of trade mark rights.

4)

What is required regarding the trade mark holder's consent to exhaust the trade mark rights?

a) the consent must be expressed in a manner which unequivocally demonstrates the trade mark holder's intention to place the goods on the market in the territory concerned;

Yes.

The consent must be clear and unequivocal, demonstrating the trade mark holder's intention to place the goods on the market within the European Economic Area (EEA).

b) the consent may be implied, but this does not allow a presumption of the existence of consent, e.g. it cannot be inferred from silence;

Yes.

The consent may be implied, but it must be unequivocally clear from the circumstances that the trade mark holder intended to place the goods on the market. Silence or lack of objection alone is not sufficient to imply consent. This principle is supported by case law from the Court of Justice of the European Union (CJEU), such as in the cases of Zino Davidoff SA v. A & G Imports Ltd (C-414/99, C-415/99, and C-416/99).

c) the consent must exist at the time of putting the goods into the market;

Yes.

Generally, the consent must exist at the time the goods are placed on the market. This ensures that the trade mark holder has in fact agreed to the distribution of the goods under the trade mark at the relevant time. However, as suggested below, there is nothing suggesting that the trade mark holder cannot express consent a posteriori.

d) the consent may be expressed a posteriori.

Yes. It follows from inter alia C-324/08 (Makro), para. 19 and 23, that consent *"may result not only from an express statement of that consent but may also 'be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside the EEA…"*.

5) Can contractual agreements or practices override the principle of exhaustion of trade mark rights?

According to the Danish Trade Marks Act section 10(a) and the EU Trade Mark Directive Article 15, once the trade mark owner has placed the goods on the market within the European Economic Area (EEA) or has consented to their placement, the trade mark rights are exhausted. This principle aims to ensure the free movement of goods within the internal market. The Court of Justice of the European Union (CJEU) has consistently ruled that contractual agreements attempting to restrict this principle are generally not enforceable against third parties who acquire the goods in good faith, see e.g. C-16/03 (Peak) paras. 54 and 55.

However, in the case of **License Agreements**, contractual agreements can "override" the principle of exhaustion of trade mark rights in the sense that non-compliance means that "consent" is not present. **License Agreements** can thus include terms that restrict the exhaustion of trade mark rights, but these terms are confined to those specified in the legislation under the Danish Trade Mark Act (§ 38 b(2)), incorporating Article 25 of the Trademark Directive:

(a) its duration;

(b) the form covered by the registration in which the trade mark may be used;

(c) the scope of the goods or services for which the licence is granted;

(d) the territory in which the trade mark may be affixed; or

(e) the quality of the goods manufactured or of the services provided by the licensee

The Court of Justice of the European Union (CJEU) has ruled in case C-59/08 (Copad) that the list is exhaustive.

Accordingly, a if the licensee fails to comply with these obligations, the trade mark rights will not be exhausted (because of lack of consent). This follows from case C-59/08 (Copad). Breach of clauses regulating to other terms in a license agreement does not affect exhaustion, but have to be dealt with in accordance with contract law.

a) No, contractual agreements or practices cannot override the principle of exhaustion of trade mark rights.

No, generally contractual agreements or practices cannot override the principle of exhaustion of trade mark rights.

In the case of **License Agreements** certain terms can override the principle of exhaustion of trade mark rights as explained above in 5).

b) Yes, through explicit contractual provisions (e.g., a clause explicitly stating “no exhaustion applies”).

While trade mark owners can include explicit contractual provisions stating that "no exhaustion applies”, such clauses are generally not enforceable against third parties who acquire the goods in good faith. The CJEU has ruled that the principle of exhaustion is intended to protect the free movement of goods within the EEA, and contractual provisions cannot override this principle.

As for **License Agreements** certain terms can override the principle of exhaustion of trade mark rights as explained above in 5).

c) Yes, by indirect mechanisms, such as structuring the transaction as a service agreement rather than a sale.

Structuring a transaction as a service agreement rather than a sale may avoid the application of the principle of exhaustion, as the goods are not technically placed on the market. However, this approach must be carefully structured to ensure it does not violate other legal principles or consumer protection laws.

Moreover, structuring a contract for a sale to (try to) make it look like a “service agreement” would not bring the transaction outside of the scope of exhaustion.

d) Yes, by including explicit restrictions on the product itself (e.g., labelling it “not for resale”).

Including explicit restrictions on the product itself, such as labelling it "not for resale," may provide some level of control over the distribution of the goods. However, such restrictions are generally not enforceable against third parties who acquire the goods in good faith. The CJEU has ruled that the principle of exhaustion is intended to protect the free movement of goods within the EEA, and labelling restrictions cannot override this principle.

e) Other, please clarify.

Legitimate reasons to oppose further commercialization of the trade marked goods

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6)

What types of reasons may be deemed legitimate for prohibiting the use of a trade mark in relation to goods subject to exhaustion of trade mark rights?

Under paragraph 10a(2) of the Danish Trademark Act, which implements the Trade mark Directive, the holder of a trade mark may oppose the continued marketing of goods subject to exhausted trade mark rights if they have “reasonable grounds”, especially in cases where the condition of the goods is altered or deteriorated after they have been marketed. Case law from both the EU and national courts has provided additional interpretive contributions to the understanding of “reasonable grounds”.

a) alteration or impairment of goods,

Yes. It follows from the EU Trade Marks Directive Article 15(2)

When the condition of the goods or their packaging has been altered or impaired after they were put on the market the trade mark owner may object to further use of the trade mark if the trade mark owner has legitimate reasons to do so. At the same time the reseller needs an objective reason to perform the alteration or impairment.

b) harm to brand reputation,

Yes.

The Court of Justice of the European Union (CJEU) has held that damage to a trade mark's reputation can be a legitimate reason for trademark owners to oppose further commercialization of goods, even if the trade mark rights have been exhausted, cf. C-337/95 (Perfums Christian Dior), para 46 and 48.

c) risk of consumer confusion,

Yes.

The fact that the reseller, through its advertising based on a sign identical with, or similar to, the trade mark, gives the impression that there is a commercial connection between the reseller and the trade mark proprietor, and in particular that the reseller’s business is affiliated to the proprietor’s distribution network or that there is a special relationship between the two undertakings, also constitutes a legitimate reason, see C-558/08 (Portakabin), para 80.

d) deceptive marketing practices,

Yes.

It follows from Danish case U 2000.2300 SH (Rolex) that the use of a trade mark as e.g. a business designation and domain name is likely to create a false impression regarding the relationship with the trade mark owners business and may lead to confusion. It is therefore misleading and contrary to good marketing practices, thus constituting a violation of the Danish Marketing Practices Act.

e) repackaging without notice,

Yes.

The trade mark owner must be given advanced notice of the repacked product being put on sale, cf. C-71 to 73/94 (Eurim-Pharm), para. 69.

f) defects in goods,

Yes, but not if the trade mark owner has sold the defective goods within the EEA, as this would lead to exhaustion. However, if the goods become defective after the trade mark owner has sold them, the trade mark owner can oppose the use of the trade mark on the goods, cf. Danish case U.2003.1343.S (Holger Danske Tomater).

In the case of goods with normal wear and tear are offered for re-sale, account must be taken of the fact that the sale of second-hand goods under a trade mark is a well-established form of business, with which the average consumer will be familiar. Therefore, it cannot be held, merely based on the fact that an advertiser uses another's trade mark with additional wording indicating that the relevant goods are being resold, such as 'used' or 'second-hand', that the ad creates the impression that the reseller and the trade mark proprietor are economically linked or that the ad is seriously detrimental to the reputation of that mark, cf. C-558/08 (Portakabin), para. 84.

g) economic reasons, such as maintaining higher prices in certain markets,

No.

It is contrary to the purpose of the principle of exhaustion of trade mark rights and the free movement of goods within the EU.

h) trade mark holder's subjective preferences about who resells their goods,

No.

It is contrary to the purpose of the principle of exhaustion of trade mark rights, and the free movement of goods within the EU.

i) other, please clarify.

Circumstances which indirectly affect the condition of the original goods may also be deemed as a legitimate reason for prohibiting the use of a trade mark in relation to goods subject to exhaustion of trade mark rights, cf. joined cases C-427/93, C-429/93 and C436/93 (Paranova).

Resale of goods by the licensee in violation of the license agreement may also be deemed as a legitimate reason under specific circumstances, cf. answer to question 5 and C-59/08 (Copad/Dior), para. 52-59.

7) Under what circumstances can a trade mark holder oppose the refurbishment, disassembly, refilling, or subsequent resale of trade marked goods when trade mark rights have been exhausted?

We understand the question as asking under which circumstances the trademark holder can oppose the refurbishment, disassembly, or refiling of trade marked goods *for* subsequent resale when trade mark rights have been exhausted.

In general, the holder cannot oppose refurbishment, disassembly, and refilling of the trade marked goods if the goods are used in accordance with their intended purpose and this is normal practice. The trade mark owner must therefore accept that goods such as spare parts or accessories are adapted to their specific use case.

However, as a general rule refurbishment, disassembly, or refilling can be opposed by the trade mark holder when the use seriously damages the reputation of the trade mark or when that use is carried out in such a way as to give the impression that there is a commercial connection between the trade

mark holder and that third party, and in particular that the third party is affiliated to the holder's distribution network or that there is a special relationship between these two, cf. C-36/10 (Viking Gas), para. 37 and Danish case U.2013.376 H (Kosan Gas).

a) alteration or impairment of goods,

Yes.

However, resale of used goods subject to usual wear and tear is permitted since "sale of second-hand goods under a trade mark is a well-established form of business, with which the average consumer will be familiar", cf. C-558/08 (Portakabin), para. 84.

b) harm to brand reputation,

Yes, cf. answer to question 6(b) above.

c) risk of consumer confusion,

Yes, cf. answer to question 6(c) above.

d) deceptive marketing practices,

Yes, cf. answer to question 6(d) above.

e) repackaging without notice,

Yes, cf. answer to question 6(e) above.

f) defects in goods,

Yes, cf. answer to question 6(f) above.

g) economic reasons, such as maintaining higher prices in certain markets,

No.

It is contrary to the purpose of the principle of exhaustion of trade mark rights, and the free movement of goods within the EU.

h) trade mark holder's subjective preferences about who resells their goods,

No.

It is contrary to the purpose of the principle of exhaustion of trade mark rights, and the free movement of goods within the EU..

i) other, please clarify.

Yes, cf. answer to question 6(i) above.

8) Under what circumstances can a trade mark holder oppose the debranding, rebranding, cobranding, or subsequent resale of trade marked goods when trade mark rights have been exhausted?

We understand the question as asking under which circumstances the trade mark holder can oppose debranding, rebranding, or cobranding of trade marked goods *for* subsequent resale when the trade mark rights have been exhausted.

Debranding:

Debranding is in general permitted for trade marked goods unless the removal of the trade mark is damaging to the reputation of the brand or deprives the consumers of statutory information concerning the product. This would e.g. be the case in a situation where the reseller removes the trade mark from the goods and replaces it with a label only with the reseller's name, such that the trade mark of the manufacturer of the goods is entirely concealed. In this case, damage is done to the essential function of the trade mark (to indicate the origin of the goods) and the trade mark holder can oppose, cf. C-558/08 (Portakabin), para. 86 and 93.

It should be borne in mind that debranding may violate other legislation such as marketing law.

Moreover, "debranding" presupposes the removal of all trade marks (and other business identifiers) from the product. If, like in C-129/17 (Mitsubish) the goods could still be identified by the relevant average consumer as originating from the trade mark proprietor, a Danish court might find the resale of the goods bearing another's trade mark to constitute a form of "co-branding" in violation of the principle of good commercial practices under the Marketing Practices Act and below.

Rebranding:

Yes.

For re-branding cf. Danish case SHD 11.2.2005 (V-136-02, V-77-03 og V-177-02). Note that repackaging and subsequent reapplication of the original trade mark is permitted, if it is deemed necessary for effective access to the market, cf. C-379/97: Upjohn (EU:C:1999:494), para 43.

Cobranding:

Cobranding is not permitted if the cobranding gives the impression that a particular affiliation exist between the original trade mark and the new mark, cf. C-348/04 (Boehriner), or if the use poses a risk of reputational damage or dilution of the original mark.

According to EU-case law rebranding may be permitted under very special circumstances if conditions in the import country require the reseller to repackage or replace the original trade mark in order to enter the market. This could be the case if the reseller is prohibited from using the original trade mark because it is considered misleading according to the regulations and case law of that country.

a) alteration or impairment of goods,

Yes, cf. also answer to question 6(a) above.

b) harm to brand reputation,

Yes.

For de-branding cf. judgement of the EU Court of 12.7.2011 in case C-324/09 (LÓréal/Ebay), para 74-77, and judgement of 26.4.2007 in case C-348/04 (Boehringer II), para 45-47.

c) risk of consumer confusion,

Yes.

For co-branding cf. Danish case U 2002.696 H, and for partial co-branding cf. Danish case U 2015/2603 and judgement of 25.7.2018 in case C-129/17 (Mitsubishi).

d) deceptive marketing practices,

Yes, cf. also answer to question 6(d) above.

e) repackaging without notice,

Yes, cf. also answer to question 6(e) above

f) defects in goods,

Yes, cf. also answer to question 6(f) above.

g) economic reasons, such as maintaining higher prices in certain markets,

It is contrary to the purpose of the principle of exhaustion of trade mark rights, and the free movement of goods within the EU.

h) trade mark holder's subjective preferences about who resells their goods,

It is contrary to the purpose of the principle of exhaustion of trade mark rights, and the free movement of goods within the EU.

i) other, please clarify.

Yes, cf. answer to question 6(i) above.

9)

Can considerations related to the green and sustainable economy influence the assessment of **legitimate reasons** for **altering** the condition of goods? If so, in what circumstances?

The EU TM rules must be interpreted in accordance with the TFEU Article 11 and the EUCHR Article 37, which require due account to be taken for environmental protection and issues and sustainability. Therefore, the national courts are obliged to interpret the rules on exhaustion in the light of these values just like the other general values for the EU, such as the principle of the free movement of goods.

More specifically, the general exemption in the Danish Trade Marks Act § 10 a (2) (implementation of Article 15(2) of the EU TM Directive) still applies with the necessary interpretation in the light thereof: "*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.*"

a) In a situation where customization was requested by customers on their own goods, the rights to which have been exhausted in accordance with the law, i.e. the customer has bought the goods and then approached a third party for customization.

To the best of our knowledge and interpretation, the end-customer can generally request such customization of their own goods. Such a request is likely to be considered personal customization rather than "further commercialisation" of the product. This does not interfere with the trademark holder's rights, including the trademark's reputation and/or goodwill, nor does it give an impression of an economic link between the trademark holder and the third party executing the personal customization under the end-customer's instructions.

This can also be compared to e.g. repair of the end-customer products, e.g. car or bicycle, which will not require preceding consent from the trademark holder despite changing (restoring) the product.This approach also aligns with environmental considerations and sustainability, ensuring that products remain useful and militating against unnecessary overconsumption and -production.

Consequently, the outcome in the landmark decision from Switzerland (**para. 24)**) appears accurate from a Danish perspective.

However, we cannot entirely rule out that, in specific cases, it can be considered unfounded and infringement, depending on factors such as e.g. the commercialisation, including marketing/sale, of the third party's services.

b) In a situation where the commercialization of the customized goods, the rights to which have been exhausted in accordance with the law, occurs after modifications are made to the goods, and the modifications were not made due to a customer's request, but as a business model, i.e. a business buys several of the goods, modifies them, and then sells the modified goods to the public.

According to the Danish Trade Marks Act § 10 a (2) (implementation of Article 15(2) of the EU TM Directive), such *modifications* are likely to be deemed unfounded and infringing without preceding explicit consent, removal or covering of the original trademark or a clear indication that the modifications are unrelated to the original trademark holder. For reference, see e.g. the Danish case U 1979.593 SH (Flora Danica).

See also Report No. 199/1958 on a new Trademark Act pages 103 ff.

The reasoning is that such modifications can damage the trademark's reputation and/or goodwill.

However, see also, answers to question 7) above; the exemption in the Danish Trademarks Act § 10 a (2) is unlikely to apply, if the modified legally marketed products are used in accordance with their intended purpose, even if such usage implies modifications to the product, *provided* that this is common practice, such as is the case for spare parts or accessories, which have to be adapted to their specific use case.

However, the situation in question 9b) will likely not be considered use of the products in accordance with their intended purpose and loyal use.

Consequently, also here, the outcome in the landmark decision from Switzerland (**para. 24)**) appears accurate from a Danish perspective.

c) Other, please clarify.

Burden of proof

10)

Which party bears the burden of proof to demonstrate that the trade mark rights were exhausted, solely the party invoking exhaustion of trade mark rights, or generally the party relying on the trade mark rights?

Generally, the burden of proof of the exhaustion of the rights conferred by the trademarks concerned fall exclusively on the defendant to the action for infringement. This has been stated in among others C-244/00 (*Van Doren + Q*).

11)

Can the burden of proof shift to the other party, and if so, under what circumstances?

Yes, where the defendant to the action for infringement manages to establish that there is a real risk of partitioning of national markets, should the defendant have to bear the burden of proving that the goods were put on the market in the European Union, or in the EEA, by the proprietor of the trade mark or with his consent, then the burden of proof can be reversed.

See C-367/21 para 61, C-244/00 Van Doren para 21 and C-405/03 Class International para 74.

II) Policy considerations and proposals for improvements of your Group's

12) Do you consider your Group's current law or practice relating to exhaustion of trade mark rights adequate, or do you consider that the law should be changed? Please answer YES or NO and explain.

Yes; Generally, we think that the current situation with harmonized and flexible rules on exhaustion provides a good legal basis for dealing with the practical issues that arise in a sensible way.

13) Could any of the following aspects of your Group's current law or practice relating to the exhaustion of trade mark rights be improved? If YES, please explain.

If by “improved” one means changed towards new and more detailed provisions that deal with the causes and criteria indicated below we are not so sure that would be a good idea. Generally, we find that the currents system where the law develops organically via case law from the CJEU and national courts provides for a good combination of legal clarity and predictability and flexibility.

Causes of/criteria for exhaustion of trademark rights.

Legitimate reasons to oppose further commercialization of trademarked goods.

The current framework is good.

Burden of proof.
Generally, we think that the current principle whereby the party that seeks to rely on the benefits of the provision (be that on exclusivity or a limitation) bears “the burden of proof” make very good sense.

14) Do you consider your Group's current law or practice relating to exhaustion of trade mark rights adequately address the goals of a green and sustainable economy, and how can legitimate reasons for opposing further commercialization be aligned to promote sustainability?

In our view, the EU legal framework already requires courts to take the values associated with sustainability etc. found in the Treaties and the Charter into account when interpreting the rules on exhaustion alongside other general values such as the free movement of goods. We therefore find that the current system is well-suited for including green values into the overall balancing of interests also when it comes to issues such as exhaustion and e.g. reselling of second-hand articles, upcycling etc. We would expect the CJEU to clarify this in coming case law.

15) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question? Please answer YES or NO and explain.
NO.

16) Do you believe that there should be harmonisation in relation to issues regarding exhaustion of trade mark rights? Please answer YES or NO.

As far as the EU is concerned, we don't see any need to change the current rules and expect case law from the CJEU and national courts to settle remaining issues.

At the global level, we do not see any need to seek further hamonisation.

17) Should exhaustion of trade mark rights result from any of the following?

III) Proposals for harmonisation
*If YES, please respond to the following questions **WITHOUT** regard to your Group's current law or practice.*

Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.

We do not think that the current framework whereby exhaustion occurs "by the first sale" (or should be changed. So the answer is NO. Moreover, we think the basic principles of exhaustion allow courts to arrive at sensible and fair solutions in concrete cases mentioned below no matter the labelling of the transaction as "a rental agreement, a lease agreement, a leasing contract" etc. For this reason we do not have any suggestions to improve the current legal situation in the light of the very specific situations described below.

Causes of/criteria for exhaustion of trade marks rights

an act involving the transfer of ownership of goods bearing the trade mark, e.g. the sale of the good, donation or exchange agreement;
an act that does not involve a transfer of ownership but transfers the right to dispose of the goods, provided the trade mark holder receives remuneration reflecting the economic value of the goods, e.g. rental or lease;
an act such as placing the goods in the possession of a third party, where the third party does not have independent authority to dispose of the goods, e.g. where the goods are sold on consignment, or there is a retention of title clause over the goods until payment is made in full.

18) Should exhaustion of the trade mark rights be caused by any of the following?

a contract of sale,
a contract of sale with an explicit reservation of ownership,
a contract of cross-border sale within a business concern,
an exchange agreement,
a donation agreement,
a distribution agreement,
a licence agreement,
a rental agreement,
a lease agreement,
a leasing contract,
handing over of goods to a forwarder, carrier, agent,
transit of goods,

other, please clarify. 19) Which of the following conditions must be met for the trade mark right to be exhausted when goods are put into the market? goods should be put into the market exclusively by the trade mark holder or with its consent;

goods should be put into the market by an entity having a business relationship with the trade mark holder even without the trade mark holder's consent;

goods should be put into the market by the licensee or sublicensee even without the trade mark holder's consent.

20) What should be required regarding the trade mark holder's consent to exhaust the trade mark right?

Again, we think the current legal framework provides courts with adequate tools to decide on matters on consent in concrete cases.

The consent must be expressed in a manner which unequivocally demonstrates the trade mark holder's intention to place the goods on the market in the territory concerned;

The consent may be implied, but this does not allow a presumption of the existence of consent, e.g. it cannot be inferred from silence;

The consent must exist at the time of putting the goods into the market;

The consent may be expressed a posteriori.

21) Should contractual agreements or practices override the principle of exhaustion of trade mark rights? If yes, which of the following:

The EU legal system has for long (first via the Treaties and then by directives and regulations) conceptualized "exhaustion" as a principle of "law" (legislation). Therefore, the room left for the parties to determine their legal relationship both inter partes and with respect to the scope of IP-exclusivity (erga omnes) is limited when compared to other jurisdictions. We basically, find the EU-model to be preferable. As it has been explained above the, EU rules provides for five situations where breach of contract terms also has implications for exhaustion. In (all?) other instances parties are left to exercise their claims

for breach of contract only via general contract law. We find this system to be basically good and sound. Also, it allows courts to address in an adequate way the various situation which might occur and some of which are described in very broad terms below.

No, contractual agreements or practices should not override the principle of exhaustion of trade mark rights.

Through explicit contractual provisions (e.g., a clause explicitly stating “no exhaustion applies”).

By indirect mechanisms, such as structuring the transaction as a service agreement rather than a sale.

By including explicit restrictions on the product itself (e.g., labeling it “not for resale”).

other, please clarify.

22) What types of reasons should be deemed legitimate for prohibiting the use of a trade mark in relation to goods subject to exhaustion of trade mark rights?

Legitimate reasons to oppose further commercialization of the trade marked goods
alteration or impairment of goods,

Generally, we think that the reasons which may lead to opposing further commercialization should be of a character that would harm the protection function of the trade mark. Whether this is in fact the case should be dealt with in concrete cases and after a close examination of the facts and circumstance.

harm to brand reputation,

risk of consumer confusion,

deceptive marketing practices,

repackaging without notice,

defects in goods,

economic reasons, such as maintaining higher prices in certain markets,

trade mark holder’s subjective preferences about who resells their goods,
other, please clarify.

23) Under what circumstances should a trade mark holder have the right to oppose the refurbishment, disassembly, refilling, or subsequent resale of trade marked goods when trade mark rights have been exhausted?

Generally, we think that the reasons which may lead to opposing the refurbishment, disassembly, refilling, or subsequent resale of trade marked goods should be of a character that would harm the protection function of the trade mark. Whether this is in fact the case should be dealt with in concrete cases and after a close examination of the facts and circumstance.

24) Under what circumstances should a trade mark holder have the right to oppose the debranding, rebranding, cobranding, or subsequent resale of trade marked goods when trade mark rights have been exhausted?

Same as above

25) Should considerations related to the green and sustainable economy influence the assessment of legitimate reasons for altering the condition of goods? If so, in what circumstances?

Same as above

alteration or impairment of goods,

harm to brand reputation,

risk of consumer confusion,

deceptive marketing practices,

repackaging without notice,

defects in goods,

economic reasons, such as maintaining higher prices in certain markets,

trade mark holder’s subjective preferences about who resells their goods,

other, please clarify.

alteration or impairment of goods,

harm to brand reputation,

risk of consumer confusion,

deceptive marketing practices,

repackaging without notice, defects in goods, economic reasons, such as maintaining higher prices in certain markets, trade mark holder's subjective preferences about who resells their goods, other, please clarify.

In a situation where customization was requested by customers on their own goods the rights to which have been exhausted in accordance with the law, i.e. the customer has bought the goods and then approached a third party for customization;

In a situation where the commercialization of the customized goods the rights to which have been exhausted in accordance with the law, occurs after modifications are made to the goods, and the modifications were not made due to a customer request, but as a business model, i.e. a business buys several of the goods, modifies them, and then sells the modified goods to the public.

Other, please clarify.

26) Which party should bear the burden of proof to demonstrate that the trade mark rights were exhausted, solely the party invoking trade mark exhaustion, or generally the party relying on the trade mark rights?

Generally, the party invoking exhaustion. Anything else would be very difficult as ii is normally that party – say a parallel importer – who has knowledge about the goods.

27) Could the burden of proof shift to the other party, and if so, under what circumstances?

Yes it could and it should if lifting the burden would lead to unwanted harmful effects such as curbing lawful parallel important.

28) Please comment on any additional issues concerning any aspect that you consider relevant to this Study Question.

29) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers.

Burden of proof
Others