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Repackaging our Understanding of Legitimate Reasons in Parallel Imports

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In the EU, any third party in possession of genuine goods put on the market in the European Economic Area (EEA) by the trade mark owner or with the trade mark owner's consent is free to resell those goods within the EEA. This is because the EU imposes a system of "regional exhaustion", which means parallel imports (genuine branded products put on the market by a rights holder in one territory and subsequently imported into a different territory by a third party without the rights holder's consent) within the EU region cannot be prevented on the basis of the brand owner's IP right. However, the rules relating to regional exhaustion of rights do not apply when the trade mark the owner can invoke legitimate reasons to oppose the further commercialisation of those goods.

Article 15(2) of EUTMR 2017/1001 (former Article 13(2) of EUTMR 2007/2009) cites examples of legitimate reasons, i.e. situations where the condition of the goods has been changed or impaired. Case law has confirmed that this includes the repackaging of the goods and the reaffixing of the trade mark. These principles were all recently explored again in the CJEU case of *Junek Europ-Vertrieb v Lohmann & Rauscher International Case C-642/16*.

The case concerned a company (Lohmann) which manufactures sanitary preparations for medical purposes, retailed under the EU trade mark DEBRISOFT, which had been placed on the market in Austria. A third party (Junek) later imported these products from Austria to Germany. In doing so, they placed a small label on an unprinted part of the product packaging. The label stated the company responsible for the importation, its address and telephone number, a barcode, and a central pharmaceutical number. The label did not conceal the DEBRISOFT mark or any other feature of the original packaging.

Lohmann claimed that it had legitimate reasons to object to the import because the product had been "repackaged", and brought trade mark infringement proceedings in Germany. Lohmann was successful at first instance. On appeal, the German Federal Court referred a preliminary question to the CJEU and queried whether Article 13(2) (as it then was) meant that the owner of the trade mark

could oppose further commercialisation of a medical device imported from another member stated when it is in its original internal and external packaging and there is an additional label added by the importer.

Case law states that a brand owner can oppose a repackaging of a pharmaceutical product if the repackaging threatens the guarantee of origin, unless certain conditions are met (as laid out in the cases *Bristol-Myers Squibb* (see C-427/93, C-429/93 and C-436/93) and *Boehringer Ingelheim* (see C348/04)). However, in this case, the CJEU distinguished the earlier decisions on the basis that in the earlier cases, there was an “intervention” by the parallel importer, e.g. opening the packaging to insert an information leaflet as well as adding an external label. In this case, Junek merely affixed an additional label to an unprinted part of the original packaging and the label was small and included only necessary information. The CJEU found that Junek had not “repackaged” the goods and its actions did not affect the origin functions of the trade mark.

Although fact-specific, this case sets a threshold as to actions which would not constitute the repackaging of products (whilst *Bristol-Myers Squibb* and *Boehringer Ingelheim* set out actions which would). The CJEU took a common sense approach and confirmed that a small label in a blank space on the packaging would not impact on the origin function of a trade mark.

We must wait to see how the UK will approach the issue of parallel imports following Brexit, especially in the pharmaceutical sector, where the issue is most likely to arise. It is fair to say that whatever Brexit deal is reached between the UK and the EU, the parallel import business between the UK and EU will undergo major changes.

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