

Judgment of the Court (Grand Chamber)

18 October 2011 *

In Case C-406/09,

REFERENCE for a preliminary ruling under Article 234 EC from the Hoge Raad der Nederlanden (Netherlands), made by decision of 16 October 2009, received at the Court on 21 October 2009, in the proceedings

Realchemie Nederland BV

v

Bayer CropScience AG,

THE COURT (Grand Chamber),

composed of V. Skouris, President, A. Tizzano, J.N. Cunha Rodrigues, K. Lenaerts, J.-C. Bonichot, A. Prechal, Presidents of Chambers, A. Rosas, R. Silva de Lapuerta, K. Schiemann, E. Juhász, D. Šváby, M. Berger (Rapporteur), and E. Jarašiūnas, Judges,

* Language of the case: Dutch.

Advocate General: P. Mengozzi,
Registrar: M. Ferreira, Principal Administrator,

having regard to the written procedure and further to the hearing on 25 January 2011,

after considering the observations submitted on behalf of:

- Realchemie Nederland BV, by J.A.M. Janssen, advocaat, and T. Diekmann, Rechtsanwalt,
- the Netherlands Government, by C. Wissels, acting as Agent,
- the German Government, by J. Möller and S. Unzeitig, acting as Agents,
- the European Commission, by A.-M. Rouchaud-Joët and R. Troosters, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 5 April 2011,

gives the following

Judgment

- ¹ This reference for a preliminary ruling concerns the interpretation of Article 1 of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ 2001 L 12, p. 1), and Article 14 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45).
- ² The reference has been made in proceedings between Realchimie Nederland BV ('Realchimie') and Bayer CropScience AG ('Bayer') concerning the enforcement in the Netherlands of six orders from the Landgericht Düsseldorf (Germany), by which that court, hearing an application lodged by Bayer and based on an alleged patent infringement, prohibited Realchimie from importing into, possessing and marketing certain pesticides in Germany.

Legal context

European Union law

Regulation No 44/2001

³ Recitals 6 and 7 in the preamble to Regulation No 44/2001 state:

‘(6) In order to attain the objective of free movement of judgments in civil and commercial matters, it is necessary and appropriate that the rules governing jurisdiction and the recognition and enforcement of judgments be governed by a Community legal instrument which is binding and directly applicable.

(7) The scope of this Regulation must cover all the main civil and commercial matters apart from certain well-defined matters.’

⁴ Recitals 16 and 17 in the preamble to Regulation No 44/2001 provide:

‘(16) Mutual trust in the administration of justice in the Community justifies judgments given in a Member State being recognised automatically without the need for any procedure except in cases of dispute.

(17) By virtue of the same principle of mutual trust, the procedure for making enforceable in one Member State a judgment given in another must be efficient and rapid. To that end, the declaration that a judgment is enforceable should be issued virtually automatically after purely formal checks of the documents supplied, without there being any possibility for the court to raise of its own motion any of the grounds for non-enforcement provided for by this Regulation.’

5 Recital 19 in the preamble to Regulation No 44/2001 states:

‘Continuity between the [Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters (OJ 1978 L 304, p. 36) (“the Brussels Convention”)] and this Regulation should be ensured, and transitional provisions should be laid down to that end. The same need for continuity applies as regards the interpretation of the Brussels Convention by the Court of Justice of the European Communities and the 1971 Protocol [on the interpretation by the Court, in its revised and amended version (OJ 1998 C 27, p. 28)] should remain applicable also to cases already pending when this Regulation enters into force.’

6 Article 1(1) and (2) of Regulation No 44/2001 are worded as follows:

‘1. This Regulation shall apply in civil and commercial matters whatever the nature of the court or tribunal. It shall not extend, in particular, to revenue, customs or administrative matters.

2. The Regulation shall not apply to:

- (a) the status or legal capacity of natural persons, rights in property arising out of a matrimonial relationship, wills and succession;
- (b) bankruptcy, proceedings relating to the winding-up of insolvent companies or other legal persons, judicial arrangements, compositions and analogous proceedings;
- (c) social security;
- (d) arbitration.’

7 According to Article 32 of the regulation, “judgment” means any judgment given by a court or tribunal of a Member State, whatever the judgment may be called, including a decree, order, decision or writ of execution, as well as the determination of costs or expenses by an officer of the court.’

8 Article 34 of Regulation No 44/2001 provides:

‘A judgment shall not be recognised:

...

- (2) where it was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defence, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so;

...'

- 9 Article 43 of the regulation is worded as follows:

'1. The decision on the application for a declaration of enforceability may be appealed against by either party.

2. The appeal is to be lodged with the court indicated in the list in Annex III.

3. The appeal shall be dealt with in accordance with the rules governing procedure in contradictory matters.

4. If the party against whom enforcement is sought fails to appear before the appellate court in proceedings concerning an appeal brought by the applicant, Article 26(2) to (4) shall apply even where the party against whom enforcement is sought is not domiciled in any of the Member States.

5. An appeal against the declaration of enforceability is to be lodged within one month of service thereof. If the party against whom enforcement is sought is domiciled in a Member State other than that in which the declaration of enforceability was given, the time for appealing shall be two months and shall run from the date of service, either on him in person or at his residence. No extension of time may be granted on account of distance.'

Directive 2004/48

- 10 Recital 3 in the preamble to Directive 2004/48 states in particular that ‘without effective means of enforcing intellectual property rights, innovation and creativity are discouraged and investment diminished. It is therefore necessary to ensure that the substantive law on intellectual property, which is nowadays largely part of the *acquis communautaire*, is applied effectively in the Community.’
- 11 Recitals 8 to 11 in the preamble to Directive 2004/48 are worded as follows:
 - ‘(8) The disparities between the systems of the Member States as regards the means of enforcing intellectual property rights are prejudicial to the proper functioning of the Internal Market and make it impossible to ensure that intellectual property rights enjoy an equivalent level of protection throughout the Community. This situation does not promote free movement within the Internal Market or create an environment conducive to healthy competition.
 - (9) The current disparities also lead to a weakening of the substantive law on intellectual property and to a fragmentation of the Internal Market in this field. ... Approximation of the legislation of the Member States in this field is therefore an essential prerequisite for the proper functioning of the Internal Market.
 - (10) The objective of this Directive is to approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market.

(11) This Directive does not aim to establish harmonised rules for judicial cooperation, jurisdiction, the recognition and enforcement of decisions in civil and commercial matters, or deal with applicable law. There are Community instruments which govern such matters in general terms and are, in principle, equally applicable to intellectual property.’

¹² Article 1 of Directive 2004/48 provides that the latter ‘concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights.’

¹³ Article 2 of Directive 2004/48, entitled ‘Scope’, in Chapter I thereof, provides in paragraph 1:

‘Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be more favourable for rightholders, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned.’

¹⁴ Article 3, entitled ‘General obligation’, in Chapter II, Section 1, of Directive 2004/48 states:

‘1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.'

15 Article 14 of Directive 2004/48, entitled 'Legal costs,' provides:

'Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.'

National law

German law

16 Paragraphs 890 and 891 of the German Civil Procedure Code (Zivilprozessordnung, 'the ZPO') are worded as follows:

'Paragraph 890

Enforcement of an obligation not to act and to tolerate an act

1. If an obligor fails to comply with his obligation not to act or with his obligation to tolerate an act, he shall, on application by the obligee, be sentenced by the court of first instance either to a fine and, if recovery is impossible, to a term of imprisonment

or to a term of imprisonment, not exceeding six months. Each fine shall not exceed EUR 250 000, and the term of imprisonment shall not exceed two years in total.

2. The sentence must be preceded by a coercive warning issued, upon request, by the court of first instance, if such a warning is not already contained in the judgment establishing the obligation.

3. Upon application by the obligee, the obligor may also be ordered to lodge a security in respect of any subsequent damage which might, within a fixed period, result from any other failure to fulfil an obligation.

Paragraph 891

Procedure, hearing of the obligor, determination of costs

Decisions pursuant to Paragraphs 887 to 890 shall be given by means of an order. The obligor shall be heard prior to the grant of the order. ...'

Netherlands law

¹⁷ It is apparent from the file that the Kingdom of the Netherlands has implemented Article 14 of Directive 2004/48 in its national law by Article 1019h of the Netherlands Civil Procedure Code (Wetboek van burgerlijke rechtsvordering). According to the

referring court, under that provision it is possible, in cases covered by that directive, to make orders for costs which are more onerous than ordinary orders.

The dispute in the main proceedings and the questions referred for a preliminary ruling

- 18 On the basis of an application brought before it by Bayer and based on an allegation of patent infringement, the Landgericht Düsseldorf, in interim proceedings, by order of 19 December 2005, prohibited Realchimie from importing into, possessing or marketing certain pesticides in Germany ('the basic order'). That prohibition was pronounced on pain of a fine. In addition, the Landgericht Düsseldorf ordered Realchimie to provide details of its commercial transactions involving the pesticides and to transfer its stock into the custody of the courts. In the basic order, the Landgericht Düsseldorf also ordered Realchimie to pay the costs.
- 19 Pursuant to the order on costs in the basic order, the Landgericht Düsseldorf, by a determination of costs order of 29 August 2006, fixed the costs at EUR 7 829,60.
- 20 Furthermore, the Landgericht Düsseldorf, by order of 17 August 2006, given pursuant to Paragraph 890 of the ZPO, imposed a fine ('Ordnungsgeld') on Realchimie of EUR 20 000 to be paid to the cashier of that court for breach of the prohibition imposed in the basic order ('the order imposing the penalty') and ordered Realchimie to pay the costs of the proceedings.

- 21 Pursuant to the order for costs in the order imposing the fine, the Landgericht Düsseldorf, by a determination of costs order of 19 September 2006, fixed the costs at EUR 898.60.
- 22 In addition, by order of 6 October 2006, the Landgericht Düsseldorf imposed a periodic penalty payment ('Zwangsgeld', Paragraph 888 of the ZPO) of EUR 15 000 ('the penalty payment order') to encourage it to provide details of the commercial transactions concerning the pesticides in question and also ordered Realchimie to pay the costs of those proceedings.
- 23 Pursuant to the order for costs in the periodic payment order, the Landgericht Düsseldorf, by a determination of costs order of 11 November 2006, fixed the costs at EUR 852.40 plus interest.
- 24 Those six orders were all served on Realchimie a few days after they were made.
- 25 By application of 6 April 2007, Bayer referred the matter to the judge responsible for hearing applications for interim measures at the Rechbank 's-Hertogenbosch (Netherlands) to obtain a declaration that the six orders made by the Landgericht Düsseldorf were enforceable in the Netherlands.
- 26 By order of 10 April 2007, the judge responsible for hearing applications for interim measures upheld Bayer's application for a declaration that the six orders from the Landgericht Düsseldorf were enforceable in the Netherlands pursuant to Regulation No 44/2001.

- 27 On 14 June 2007, Realchimie appealed to the Rechtbank 's-Hertogenbosch, pursuant to Article 43 of Regulation No 44/2001, against the order of 10 April 2007 seeking to have it annulled and to have the authorisation sought by Bayer rejected.
- 28 It relied on the ground of refusal provided for in Article 34 initio and (2) of Regulation No 44/2001 arguing essentially that the basic order, the order imposing the fine and the periodic payment order could not be recognised and enforced in another Member State as they were made without Realchimie being called to appear and without an oral procedure, and the three determination of costs orders could be neither recognised nor enforced as they formed an integral part of the three abovementioned orders.
- 29 By order of 26 February 2008, the Rechtbank 's-Hertogenbosch dismissed that appeal as unfounded and upheld the order of 10 April 2007. It considered that the orders made by the Landgericht Düsseldorf, even if they were made on the basis of unilateral applications, were orders covered by Article 32 of Regulation No 44/2001 and could therefore be enforced in the Netherlands.
- 30 As regards Realchimie's argument that Bayer was not entitled to request the enforcement of the order imposing the fine, the Rechtbank 's-Hertogenbosch took the view that the fact that that order requires Realchimie to pay a fine of EUR 20 000 to the cashier of the Landgericht Düsseldorf in no way detracts from Bayer's right to and interest in having Realchimie actually pay the fine to the cashier of that court, which constitutes an incentive to comply with the basic order, and that Bayer may therefore pursue the enforcement of that order in the Netherlands.

31 The Rechtbank 's-Hertogenbosch ordered Realchimie to pay the costs of the appeal.

32 That court fixed those costs, not, as Bayer had requested, by applying Article 1019h of the Netherlands Civil Procedure Code, but in accordance with the ordinary rules.

33 Realchimie brought an appeal on a point of law against the order of the Rechtbank 's-Hertogenbosch of 26 February 2008. Bayer sought to have the appeal dismissed and lodged a cross-appeal.

34 In those circumstances, the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

‘(1) Is the phrase “civil and commercial matters” in Article 1 of Regulation ... No 44/2001 ... to be interpreted in such a way that this regulation applies also to the recognition and enforcement of an order for payment of a fine pursuant to Paragraph 890 of the ZPO]?

(2) Is Article 14 of Directive 2004/48 ... to be interpreted as applying also to enforcement proceedings relating to

(a) an order made in another Member State concerning an infringement of intellectual property rights;

- (b) an order made in another Member State imposing a penalty or fine for breach of an injunction against infringement of intellectual property rights;
- (c) costs determination orders made in another Member State on the basis of the orders referred to at (a) and (b) above?

Consideration of the questions referred

The first question

³⁵ By its first question, the referring court asks, in essence, whether an order containing an order for the payment of a fine pursuant to a national provision such as Paragraph 890 of the ZPO falls within the scope of Regulation No 44/2001 as defined in Article 1 thereof.

³⁶ The Hoge Raad der Nederlanden states that the doubts that it has in that regard result from several factors. First of all, the fine penalises an infringement of an injunction imposed by the court at the request of a private party, which is not payable to Bayer but to the German State. Next, that fine is recovered not by the private party or on its behalf but automatically. Finally, the actual recovery is also made by the German judicial authorities.

- 37 In light of that information, the Netherlands Government takes the view that the order of the German court requiring Realchimie to pay the fine does not, by its very nature, fall within the scope of Regulation No 44/2001 since it is public law in nature. The German Government and the European Commission on the other hand take the view that that order does fall within the scope of Regulation No 44/2001, since the dispute in the main proceedings to which it relates is a civil and commercial matter as defined by that regulation.
- 38 As a preliminary point, it must be recalled that, in so far as Regulation No 44/2001 now replaces the Brussels Convention in relations between the Member States, with the exception of the Kingdom of Denmark, an interpretation given by the Court concerning that convention also applies to the regulation, where its provisions and those of the Brussels Convention may be treated as equivalent (see, *inter alia*, Case C-292/08 *German Graphics Graphische Maschinen* [2009] ECR I-8421, paragraph 27 and case-law cited). Furthermore, it is clear from recital 19 in the preamble to Regulation No 44/2001 that continuity in interpretation between the Brussels Convention and that regulation should be ensured.
- 39 In that connection, it must be stated that the scope of Regulation No 44/2001 is, like the Brussels Convention, limited to ‘civil and commercial matters’. That scope is determined essentially according to the factors characterising the nature of the legal relationships between the parties to the action or the subject-matter of the action (see, in particular, to that effect, Case C-420/07 *Apostolides* [2009] ECR I-3571, paragraphs 42, 45 and 46 and the case-law cited).
- 40 More particularly, as regards interim measures, the Court considers that their inclusion in the scope of the Brussels Convention is determined not by their own nature but by the nature of the rights that they serve to protect (see, in particular, Case 143/78 *de Cavel* [1979] ECR 1055, paragraph 8, and Case C-391/95 *Van Uden* [1998] ECR I-7091, paragraph 33).

41 In the present case, even if, according to Paragraph 890 of the ZPO, the fine at issue in the main proceedings is punitive and the reasoning in the order imposing it explicitly mentions the penal nature of that fine, the fact remains that, in those proceedings, there is a dispute between two private persons, the object of which is the authorisation of enforcement in the Netherlands of six orders from the Landgericht Düsseldorf, by which the latter, hearing an application lodged by Bayer and based on an allegation of patent infringement, prohibited Realchimie from importing into, possessing and marketing certain pesticides in Germany. The action brought is intended to protect private rights and does not involve the exercise of public powers by one of the parties to the dispute. In other words, the legal relationship between Bayer and Realchimie must be classified as ‘a private law relationship’ and is therefore covered by the concept of ‘civil and commercial matters’ within the meaning of Regulation No 44/2001.

42 It is true, as is apparent from the order for reference, that the fine imposed on Realchimie pursuant to Paragraph 890 of the ZPO, by order of the Landgericht Düsseldorf must be paid, when it is enforced, not to a private party but to the German State, that the fine is not recovered by the private party or on its behalf but automatically, and that the actual recovery is made by the German judicial authorities. Those specific aspects of the German enforcement procedure cannot however be regarded as decisive as regards the nature of the right to enforcement. The nature of that right depends on the nature of the subjective right, for infringement of which enforcement was ordered, that is, in the present case, Bayer’s right to exploit exclusively the invention protected by its patent which is clearly covered by civil and commercial matters within the meaning of Article 1 of Regulation No 44/2001.

43 Finally, as regards the question raised by the Netherlands Government as to which rules of procedure the national court should apply to enforce the orders in the main proceedings, it must be observed that since the national court has not referred any questions on that point, there is no need to give a ruling on that matter.

- ⁴⁴ Having regard to the foregoing, the answer to the first question is that the concept of ‘civil and commercial matters’ in Article 1 of Regulation No 44/2001 must be interpreted as meaning that that regulation applies to the recognition and enforcement of a decision of a court or tribunal that contains an order to pay a fine in order to ensure compliance with a judgment given in a civil and commercial matter.

The second question

- ⁴⁵ By its second question, the referring court asks, in essence, whether the costs related to an exequatur procedure begun in the Netherlands, in which the recognition and enforcement is sought of six orders made in Germany in a dispute seeking to ensure enforcement of an intellectual property right, are covered by Article 14 of Directive 2004/48, which requires Member States to ensure that legal costs incurred by the successful party are in principle to be paid by the unsuccessful party.

- ⁴⁶ It must be recalled that, according to Article 1, Directive 2004/48 concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. Furthermore, Article 2(1) of that directive provides that those measures, procedures and remedies apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned. The scope of Directive 2004/48 is therefore, in principle, able to cover an exequatur procedure.

- ⁴⁷ It should also be observed that according to recitals 10 and 11 in the preamble to Directive 2004/48, the directive aims to approximate the legislative systems of the

Member States so as to ensure a high, equivalent and homogeneous level of protection in the internal market, and not to establish harmonised rules for judicial cooperation, jurisdiction, the recognition and enforcement of decisions in civil and commercial matters, or deal with applicable law. Furthermore, as the second sentence of recital 11 states, Community instruments which govern such matters in general terms are, in principle, equally applicable to intellectual property.

48 As regards Article 14 of Directive 2004/48, that provision aims to strengthen the level of protection of intellectual property, by avoiding the situation in which an injured party is deterred from bringing legal proceedings in order to protect his rights.

49 An interpretation of that provision, to the effect that it is also applicable to an *exequatur* procedure and to decisions on related costs, is therefore consistent both with the general objective of Directive 2004/48, which aims to approximate the legislative systems of the Member States in order to ensure a high, equivalent and homogeneous level of intellectual property protection, and with the specific aim of that provision, which attempts to prevent the injured party from being deterred from bringing legal proceedings in order to protect his intellectual property rights. In accordance with those objectives, the author of the infringement of the intellectual property rights must generally bear all the financial consequences of his conduct.

50 Consequently, the answer to the second question is that the costs relating to an *exequatur* procedure brought in a Member State, in the course of which the recognition and enforcement is sought of a judgment given in another Member State in proceedings seeking to enforce an intellectual property right, fall within Article 14 of Directive 2004/48.

Costs

- ⁵¹ 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. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Grand Chamber) hereby rules:

- 1. The concept of ‘civil and commercial matters’ in Article 1 of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters must be interpreted as meaning that that regulation applies to the recognition and enforcement of a decision of a court or tribunal that contains an order to pay a fine in order to ensure compliance with a judgment given in a civil and commercial matter.**
- 2. The costs relating to an exequatur procedure brought in a Member State, in the course of which the recognition and enforcement is sought of a judgment given in another Member State in proceedings seeking to enforce an intellectual property right, fall within Article 14 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.**

[Signatures]