

TALLINN UNIVERSITY OF TECHNOLOGY

School of Business and Governance

Department of Law

Mari Pauliina Nieminen

**EXHAUSTION IN THE TRADEMARK LAW - COMPARATIVE
ANALYSIS ON THE REMEDIES OF THE HOLDERS IN THE EU
AND THE US**

Bachelor's thesis

European Union and International Law

Supervisor: Pawan Dutt, LL.M.

Tallinn 2022

I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

The document length is 10570 words from the introduction to the end of the conclusion.

Mari Nieminen

Student code: 177693HAJB

Student e-mail address: maniem@taltech.ee

Supervisor: Pawan Kumar Dutt, LL.M.:

The paper conforms to requirements in force

.....

(signature, date)

Chairman of the Defence Committee:

Permitted to the defence

.....

(name, signature, date)

TABLE OF CONTENTS

ABSTRACT	4
INTRODUCTION	6
1. TRADEMARK AND RULE OF EXHAUSTION	8
1.1. Trademarks in general	9
1.2. International trademark law	10
1.3. The Doctrine of Exhaustion.....	11
1.3.1. National exhaustion of rights.....	13
1.3.2. Regional exhaustion of rights	13
1.3.3. International exhaustion of rights	14
1.4. Pharmaceutical products and Parallel Imports	14
2. TRADEMARK EXHAUSTION IN EU.....	16
2.1. Past time in the EU	16
2.2. Present time in the EU	18
3. TRADEMARK EXHAUSTION IN USA	21
3.1. From past to the present in the USA.....	21
4. COMPARATIVE ANALYSIS BETWEEN THE EU AND THE USA.....	24
CONCLUSION	27
LIST OF REFERENCES.....	29
Appendix 1. Non-exclusive licence.....	33

ABSTRACT

As the world continues towards more globalization, companies need to protect their intellectual properties (IP) in many ways. Trademark is one type of IP that needs the protection not only domestically but also internationally. In this thesis looks into one of the main doctrine related, the exhaustion of trademark. This thesis addresses the question of how the doctrine work in the EU and the USA, and how the positions of trademark holders and the consumers differ under these different jurisdictions. The thesis then also examines how different trademark products affect the extent to which a trademark holder can protect their rights. When it comes to opinions among experts about the doctrine, it ranges from being in favour or against the doctrine in general, and from siding with the trademark owner more or with the consumer rights. And each country may also apply the doctrine narrowly or broadly. This thesis researches all these different areas in a comparatively analysis way.

Keywords: IPR, Trademark, Exhaustion, Comparative Analysis, Parallel Imports.

List of Abbreviations

CJEU	Court of Justice of the European Union
EEC	European Economic Community
EEA	European Economic Area
EU	European Union
EUTM Directive	Directive 2008/95/EC
IP	Intellectual Property
IPR	Intellectual Property Right
MQD	Material Quality Differences
New TM	Directive (EU) 2015/2436
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
USA	United States of America
WIPO	World Intellectual Property Organization

INTRODUCTION

With the increasing level of globalization, companies can often find themselves in situations where their legal title to intellectual property rights (IPR) is threatened or questioned. For this reason, companies must recognize their rights as IPR are also an essential part of commercial value.¹ From the point of view of business profitability, the exclusivity and the monopoly position in the market bring the pricing power and consequently the finances for the goods to maintain the required quality. Trademarks are one of the intellectual properties that can be registered territorially, which brings the exclusive rights to the trademark owner as an exception to the associated doctrine of exhaustion, also called parallel importation. With the increasing sophistication of specialization and outsourcing in manufacturing processes, new types of trademark infringements have emerged where merchants recycle the products and sell the same goods of the same trademark. Exhaustion touches trademarks in many forms of products; it can be a technological device, a pharmaceutical product, or other consumer products. These forms of products will be reviewed by analyzing relevant case laws inside the European Union and the United States.²

The study addresses the research question how the exhaustion of trademarks appears in the EU and the USA legislation?

The thesis besides addresses the following subquestions:

1. Whether the merchants can use the doctrine of exhaustion of trademark rights to defend their practices, and what is the consumer's position?
2. How far can a right holder reach to protect their rights in the case of different forms of products?

¹ Morris, P. S. (2019). From territorial to universal-the extraterritoriality of trademark law and the privatizing of international law. *Cardozo Arts & Ent. LJ*, 37, pp.70-71

² Sardina, M. V. (2011). Exhaustion and first sale in intellectual property. *Santa Clara L. Rev.*, 51, pp. 1055-1057.

The aim is to answer the research questions presented above using a legal research method. The subject is approached by examining the position of the existing law, making use of legislation, case law and interpretative statements presented in the legal literature. The thesis utilizes European Union trademark law, case law, and European legal literature. In addition, USA case law is reviewed as it is an essential part of the work and argumentation.

This bachelor thesis applies qualitative research method, and questions are answered through empirical research. The theory is present in the study in two ways: theory to assist in conducting research and as a goal in which research seeks to develop the approach further.

This thesis addresses how the principle of exhaustion is reflected in European Union and United States legislation. Therefore, it is also essential to look at a trademark's main principles and doctrines. Although the subject includes competition law in the context of European free movement, its broader approach is limited to the free movement perspective. Moreover, it is essential to specify that the owner of a trademark in this thesis may be an individual, a business organization, or any legal entity, and the form used for this thesis is an owner.

The thesis follows a coherent structure, in which the introduction is followed by first going through the features related to the trademark and the doctrine of exhaustion from the most significant definitions from the legal point of view. After this, the focus will be ongoing through the topics separately, including a broader territorial analysis. Once these have been clarified, it is worth reviewing European Union legislation in the context of the doctrine of exhaustion and its equivalent laws in the United States. Lastly, the thesis goes through a comparative analysis between the EU and the USA since it helps bring more appropriate answers to differences between countries and whether there are new changes in the future of the doctrine of exhaustion of trademark rights.

1. TRADEMARK AND RULE OF EXHAUSTION

International intellectual property is broad, encompasses many inherent principles, is a complex subject, and has implications for many aspects of society, such as the economy, which manifests itself through the holders of these rights. Therefore, it is vital that we address these two topics separately, the trademark and the doctrine of exhaustion, to form a broader picture of these topics and understand these topics together better. World Intellectual Property Organization (WIPO) has given an official definition of a trademark. “A trademark is any sign that individualizes the goods of a given enterprise and distinguishes them from the goods of its competitors.”³ According to this, firstly, a trademark can be any mark or sign, but it contains certain assets that bring an advantage to the owner of the mark as the company’s products can be identified, and the second is that they can be distinguished from competitors.⁴

The legal term of the principle of exhaustion is that once an owner sells a trademarked product, the owner can't sue or take any other legal action against the purchaser for having an authorized copy of the trademarked product. At this stage, it must be pointed out that there are territorial factors involved in this doctrine and the circumstances of the legal case. We will later discover through case laws how this doctrine occurs in different product forms and what the legal outcome is.⁵

Based on EU Trade Mark Directive 2015/2436 under article 15 principle of exhaustion rights were given by a trade mark when:

1) 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.

³ Castaldi, C. (2018). To trademark or not to trademark: The case of the creative and cultural industries. Research Policy, 47(3), 609.

⁴ Recent developments at the international level in the field of trademarks (2004). World Intellectual Property Organisation. Retrieved from: https://www.wipo.int/edocs/mdocs/sme/en/wipo_wasme_ipr_ge_03/wipowasme_ipr_ge_03_2.pdf, 12 March 2022

⁵ Norman, H. E. (2011) Intellectual Property Law: Directions. New York: Oxford University Press, 406.

2). 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.

This indicates that the trademark owner cannot control the use of the goods where their trademark is used with their consent. This can be seen in the wording of ‘have been put on the market’; this shows that goods are placed on the market by the right owner and same time, waives the right to control. However, paragraph two mentions legitimate reasons, which means that trade mark proprietor has legal grounds to oppose this; for instance, the product's condition due to improper storage or transport will reduce the value of the product when it is placed on the market.⁶

1.1. Trademarks in general

This chapter deals with more detail on trademark law and the owner’s perspective. A trademarks is a type of intellectual property that includes recognizable elements. To this date, a trademark can be any mark or design that has a distinctive appearance and may consist of numbers, letters, colours, shapes, and other details that are distinguishable from other competing trademarks. A trademark can be either good or service. This distinctive trademark has an identity that brings security to its owner that prevents its use by others. There are differences between civil law and common law jurisdictions, for instance, registration and establishing of rights. The exclusive right to a trademark is obtained by registering the mark or using it in such a way that the mark is considered to be well-established. There are differences between countries in this regard. However, what is decidedly common to both is that the trademark is a way to stand out from the masses, bringing with it the associated positive assets such as durability, reliability and quality. This will make it easier for consumers to identify products that appeal to them, influencing purchasing decisions.⁷

From a quality point of view, the trademark should match the rights owner's commercial needs and legal requirements set by law. Functions of trademarks can be seen affecting the social and economic areas of trademarks. Since consumers are increasingly interested in recognizable

⁶ Directive (EU) 2015/2436 article 15

⁷ Abbott, F. M., Cottier, T., Gurry, F. (2011) *International Intellectual Property in an Integrated World Economy*. 2nd ed. New York: Wolters Kluwer Law & Business, 9.

brands associated with a particular style and image, the brand name and economic value also go hand in hand with its protection. The definition and significance of the functions are essential to forming the scope of the legal protection of a trademark. Therefore, it is considered that the protection granted to trademarks depends mainly on the value or purpose of the trademark.⁸

Since this paper examines merchant trademark rights to defend his practices based on exhaustion, it is good to understand its function. The goodwill is attached natural value of the trademark; this means the recognisability of the product and thus the increase in value. Goodwill occurs itself as a reputation, and this also has an overall economic value for the company that can be used later in the form of acquisitions.⁹ In 1997 *Dior v. Evora*, the ruling showed the standing point of goodwill from the point of view of ‘change in the condition of the good’, meaning that the luxury image of goods can be affected by resellers' advertising. The wrong kind of advertising with statements that are not in line with the trademark owner can harm the image of the business.¹⁰

1.2. International trademark law

Intellectual property law is characterized by a large number of international agreements. Therefore, it can be understood that, concerning trademarks, the emergence of international treaty regimes is the result of an increase in cross-border trade over the years. When trading on a larger scale than just domestic, the trademark proprietor has often been necessary to seek protection for the mark in several different countries and under legal systems. The development of international trademark law can be considered to begin with the first signed international treaty, the Paris Convention for the Protection of Industrial Property, in 1883.¹¹ The national treatment principle was introduced at the time. This principle is against discrimination of foreigners; this can be understood as meaning that nationals of Member States are entitled to the same treatment as nationals. Order to further understand this principle made it possible to secure

⁸ Michaels, A., Norris, A. A. (2010). *Practical Approach to Trade Mark Law*. 4th ed. New York: Oxford University Press, 6.

⁹ Griffiths, A. (2011). *An Economic Perspective on Trade Mark Law*. Cheltenham, UK: Edward Elgar Publishing, 17.

¹⁰ Jehoram, T. C., van Nispen, C. J. J. C., Huydecoper, T., & Huydecoper, J. A. (2010). *European trademark law: community trademark law and harmonized national trademark law*. Kluwer Law International BV. pp. 13-14

¹¹ World Intellectual Property Office (WIPO) Paris Convention for the Protection of Industrial Property, 20 March 1883, Paris.

the trademark in countries other than the home country.¹² Another significant development was World Trade Organization (WTO) TRIPS Agreement in 1994. The TRIPS Agreement obliges its member states to harmonize their trademark law with regard to the minimum amount of trademark protection. Like the Paris Convention, TRIPS is based partly on the principle of national treatment. To meet global challenges in 1998 came WIPO developed by member states, which takes into account new developments such as the Internet and advanced technology.¹³

1.3. The Doctrine of Exhaustion

In an earlier chapter, we went through the trademark and its details from both a definitive and proprietary perspective; now is the time to look at the concept of trademark exhaustion. The overriding interest in this regard is at what stage the trademark owner's rights are exhausted and the reasons for that. In general, the idea is that owner of IP rights can no longer affect the movement or use of goods or services after they are sold with the rights owner's consent. However, it is essential to know that this doctrine of exhaustion differs between countries that why we will take into account European and United States views here. In the United States, exhaustion appears after goods are sold; this is usually called the “first sale rule”. While in Europe, exhaustion appears when “placing the goods on the market”. These correspond to when exhaustion occurs. For instance, a well-known golf ball manufacturer sells the balls to an importer and through that, the average consumer buys them for golf playing. However, consumers may use them for purposes other than the trademark owner intended. The purpose for which the consumer buys them cannot be defined or limited by the trademark proprietor, who has already placed them on the market. Concerning country-specific IPR exhaustion, a country has the right to choose the extent to which it wishes to consider what impacts the effect of the principle of its exhaustion.¹⁴

Case C-16/03 Peak Holding AB v Axolin-Elinor AB illustrated the concept of “placing the goods on the market” from the point of view when the trademark owner's rights were exhausted when bringing the goods into the EEA. This does not just confirm that fact even that trademark holder

¹² Takouche, A. (2018). Well-known, or not well-known: That is the question. The Paris Convention for the protection of industrial property's Article 6bis in the context of American trademark law. *UC Irvine L. Rev.*, 9, pp. 498-505.

¹³ Van Greunen, L., & Gobac, I. (2021). Building respect for intellectual property—The journey toward balanced intellectual property enforcement. *The Journal of World Intellectual Property*, 24(1-2), pp.168-117.

¹⁴Abbott (2011), *supra* nota 7, 90-91.

has goods for sale and had put them to store is not enough. These goods need to be sold to consumers through sellers, and then the trademark rights are exhausted.¹⁵

The right owner cannot influence any form of free movement of the products related to import and export or resale. Further, different regimes are divided into three distinct sections: national, regional, and international. These regimes impact how they shall apply exhaustion in their legal system.¹⁶ In this context is vital to introduce a close topic to the principle of trademark exhaustion, which is parallel imports. These two concepts work the same way; both promote free trade and free movement of goods. In the same way, gray imports refer to parallel imports, i.e. original branded products are imported even if there is an authorized exclusive distributor for the products.¹⁷

Imported goods can be imported as parallel imports through different distributors that consumers buy in the destination country. They are entitled to the products from the point of view of sale, but they are not authorized by the trademark owner or the product's manufacturer. It should be noted that gray market products should not be confused with illegal replicas products. Gray market products are genuine and original purchased from a distributor and transported to another country that can already have products from the manufacturer. The parallel importer may also be referred to as unauthorized distributors. It can therefore be considered that parallel imports affect price competition, as pricing is not based on a monopolized situation. How this happens in practice is that the parallel importer buys products from a country where the products are cheaper and sells them in a country with a higher price cap. Based on the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), if the country is a member state of the World Trade Organization (WTO), it can have the right to choose how they follow and take rules/policies of parallel imports to their legislation. Country can make decisions to either comply with them and incorporate or prohibit them. There are differences between Europe and the United States; the United States does not accept parallel imports of products that have been modified, while in Europe, parallel imports between the Member States are acceptable. Parallel imports are mainly observed from the pharmaceutical industry's point of view, but there are many case- laws that show that parallel imports cover a wide range of products, such as

¹⁵ Pila, J., & Torremans, P. (2019). *European intellectual property law*. Oxford University Press, USA. 416

¹⁶ Zappalaglio, A. (2015). International exhaustion of trade marks and parallel imports in the US and the EU: how to achieve symmetry? *Queen Mary Journal of Intellectual Property*, 5(1), 69.

¹⁷ Calboli, I. (2011). Market integration and (the limits of) the first sale rule in North American and European Trademark Law. *Santa Clara L. Rev.*, 51, pp. 1244-1246.

cosmetics, electronics, clothing and even music. We can see between authorized and unauthorized traders that after-sales services can be reduced or removed from the products that authorized trader does not sell. This can affect the repair and maintenance of products and also a warranty.¹⁸

Given the above reasons why trademark owner's rights are exhausted. As can be understood, trademark registration would bring exclusive rights to its owners and guarantee so-called immunity. However, this has implications for high product pricing, impedes free movement and monopolizes the market. For this reason, the legislation must prevent market exploitation of the trademark proprietor and ensure that the price level remains reasonable and the market healthy.¹⁹

1.3.1. National exhaustion of rights

At this point, it is good to go through the effects regimes and their differences in the doctrines of exhaustion. Based on national exhaustion, IP owners' rights are exhausted when the first sale of goods occurs, but the first sale needs to happen in the national territory. It can be said that this system is on the side of the trademark owner in the case of international trade. The owner has the right to stop parallel imports at the border or legally take over products that infringe intellectual property rights. It does not matter whether the products are genuine or not, as the rights holder considers that they violate their rights.²⁰

1.3.2. Regional exhaustion of rights

The principle of regional or Community exhaustion means that the exclusive right to a trademark expires only when the trademark proprietor or someone else, with their consent, places the goods on the market inside of the Community. This only affects if the first sale has happened inside one of the member states, but all states need to follow this common rule. Products imported outside the region from a third country can prevent imports based on trademark infringement.²¹

¹⁸ Ishikawa, J., Morita, H., & Mukunoki, H. (2020). Parallel imports and repair services. *Journal of Economic Behavior & Organization*, 172, pp. 137-138.

¹⁹ GRUR International (2020), Exhaustion of Rights in Case of Products Commercialised without the Trademark Holder's Consent, pp. 1174-1175.

²⁰ Katz, A. (2016). The economic rationale for exhaustion: distribution and post-sale restraints. In *Research Handbook on Intellectual Property Exhaustion and Parallel Imports*. Edward Elgar Publishing. pp. 30-31.

²¹ Calboli, I. (2022). Intellectual Property Exhaustion and Parallel Imports of Pharmaceuticals: A Comparative and Critical Review. *Access to Medicines and Vaccines*, 36.

1.3.3. International exhaustion of rights

International exhaustion means that bringing goods to market anywhere in the world would lead to the exhaustion of trademark rights globally since the first sale has taken place. This type favours free trade and affects low prices, and there are more products on the market.²²

1.4. Pharmaceutical products and Parallel Imports

As seen above, the trademark can be obtained for any product within the limits of the regulations. However, specific product categories must be reviewed at this stage, as legislation differs. Parallel imports of pharmaceuticals products are in their categories as it has regulatory restrictions pharmaceutical regulatory restrictions.²³

A specific topic about the exhaustion of trademarks that has emerged over the years is question of the parallel trade of pharma products. This has been a topic that has been dealt with in the European Union level case lot, which means that the industry is very administered. This comes to trademark owners' need to protect their rights. What causes this is also a very practical issue because the price level in different countries of the European Union is significantly different, and this opens the possibilities for other parties to do business with parallel imports. It should also be noted that the packaging and relabelling of pharmaceutical products are highly regulated at the EU level and also at a member state level. Therefore, in order to bring a parallel pharmaceutical product to one EU member state, company must take those applications into consideration, as company cannot provide medicines for in a certain country, such as Estonian users, when the product is packed in German text, and that includes only instructions in German. This kind of practice is not acceptable in the EU, which is why these very practical issues need to be solved, leading us to very fundamental case law.²⁴

Case Bristol-Myers Squibb v Paranova AS is about pharmaceutical products and parallel imports. Based on this case, five conditions were created that are known as BMS conditions. These conditions need to be met to avoid a trademark infringement claim even though trademark rights are exhausted. First, ECJ said that a trademark owner could not be limited lawfully

²² Zappalaglio (2015), supra nota 16, 69-70.

²³ Calboli (2022), supra nota 22, 31-32.

²⁴ Jehoram (2010), supra nota 11, 568-569.

opposed to further marketing or repacking of pharmaceutical products that have been put on the market in the European Economic Area under the trademark by the owner or with his consent if repacking is necessary to market the product in the country of importation. The second condition is that it does not affect the product's original condition inside the packaging; that way, the actual pharmaceutical product remains untouched, unused and untouched. The third condition is that the new packaging must clearly state who has repacked the product and the name of the manufacturer. Fourth the presentation of the repacked products must not be liable to damage the trademark's reputation. This means that the product package can not be dirty or otherwise unrepresentative. Lastly, the owner or the importer must notify the original trademark owner before the repacked product is sold. If required by the right holder, it must also supply a sample of repacked products.²⁵

²⁵ Calboli (2022), *supra* nota 22, 61-62.

2. TRADEMARK EXHAUSTION IN EU

Previously, we went through the main features and developments of international trademark law. This chapter will focus on the legal framework of trademarks and exhaustion in the European Economic Area (EEA). Trademarks are, by their nature, bound by regional and territorial restrictions that come through the registration of a trademark and the protection that it brings to that area. Therefore, it can be understood that, based on the doctrine of exhaustion of trademarks, it is significant to discuss past developments to the present in order to make a later analysis of future developments.

2.1. Past time in the EU

It is worth starting by examining the history of trademark law within the EU as it contains significant developments on the subject. The European Union has evolved over the years, and the number of member states has increased, leading to changes in legislation and structure.

The creation of The European Economic Community (EEC) was established by the Treaty of Rome in 1957. This forms the basis of the European Economic Community, and the main goal was to promote the free movement of goods inside the European market. This was seen as promoting free trade and strengthening the economic development of the European area.²⁶

The European Court of Justice (ECJ) has ruled that the free movement of goods between the Member States should not be impeded based on a rule of the Treaty on the Functioning of the European Union (TFEU). What this means is that such conduct is contrary to the common market. Later on, the ECJ relied on an unstable situation on TFEU articles as there was an unbalanced situation between IPR and gray market goods. As mentioned earlier how, parallel imports can affect the weakening way to the trademark proprietor's monopoly position in the market, but for this to be possible, the market must be accessible and provide equal trading opportunities. As before and now, for the unification of the European internal market was used TFEU relevant articles, that were 34 and 35 that regulate the free movement of goods within the EEA.²⁷

²⁶ Dinwoodie, G. B., & Janis, M. D. (Eds.). (2008). *Trademark law and theory: A handbook of contemporary research*. Edward Elgar Publishing, pp. 204-206.

²⁷ Calboli (2011), *supra* nota 18, 1265-1266.

They prohibit all quantitative restrictions and measures having equivalent effects on imports and exports between the Member States. The articles have no further definitions, such as quantitative restrictions and steps having equivalent effects. Article 34 also relates to imports, transit and parallel imports. Article 36 TFEU clarifies further that articles 34 and 35 “shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on the grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property.” Article 36 TFEU also emphasizes that: “such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Member States.”²⁸

Various ECJ rulings emphasized that the purpose of trademark protection is not to prevent trade in a market where there is free movement and, in particular, the trademark goods are owned by one party. However, ECJ notes that to prevent confusion and to mislead the consumer, it is not possible to bring gray market products that do not have the exact origin and the same time equivalent externally into the same market area.

Therefore the question arose about regime of exhaustion and what principles EEC will follow. First, national exhaustion can be seen as limited to domestic territory; then, international exhaustion becomes a problem when protection of trademark rights is exhausted when goods are put on the market when the trademark owner simultaneously enjoys protection in another country. Based on these guiding factors, the regional exhaustion doctrine was seen as more appropriate between the two options.²⁹

In 1974, *Centrafarm v. Winthrop* was one of the well-known cases that dealt with parallel imports on behalf of a third party and the obtained benefit of price differences of imported products. ECJ ruled in case that: it “guarantee that the owner of the trademark has the exclusive right to use that trademark, for the purpose of putting products protected by the trademark into circulation for the first time, and is therefore intended to protect him against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally

²⁸ Craig, P., & De Búrca, G. (2020). *EU Law: Text, Cases, and Materials UK Version*. Oxford University Press, USA, chapter 20.

²⁹ Calboli (2011), *supra nota* 18, 1257-1258.

bearing that trade mark.” This suggests that first, it guarantees the trademark proprietor the exclusive right to use the trademark when the product is first placed on the market. Second, if the product has been lawfully placed on the market in another Member State by the right holder or with his consent, the right holder will not be entitled to prohibit parallel imports. This has contributed to developing a regional exhaustion system in the Community, where trademark rights expire in the EU after the first sale of a product or when the selling goods are within the EU, and then the goods can move freely in the European market.³⁰

2.2. Present time in the EU

According to earlier developments in the EU community, the regional exhaustion principle was recommended over the national and international approach. Based on regional exhaustion, trademark rights expire to goods or services in the EU when they come to market by the right owner. Consequently, the resale of goods bearing the trademark authorized by the holder cannot be restricted in the territory of the European Union, but imports into the Union may be prohibited based on exhaustion legislation. Parallel imports are against the trademark owner's interests and appear to constitute unfair competition, even if they are lawful in the course of business. In practice, managing the image and value of the entire brand becomes more complex as customers begin to feel distrustful of the brand.³¹

The European Community emphasized the need for a functioning uniform market, which began to harmonize legislation. The purpose of harmonization was to remove obstacles to free movement and enable equal legislation. As a result, in 1988 EU introduced the First Council Directive 89/104/EEC (current EU TM Directive 2015/2436), which was intended to approximate the laws of the Member States on trademarks, and these provisions were to be brought into national law. It included Article 5 of the Directive that limits the protection of a trademark and registration, but article 7 (1) introduces the doctrine of exhaustion of a trademark, and 7 (2) clarifies in which cases the doctrine of exhaustion is not used.³²

³⁰ Pila (2019) supra nota 16, 417-418.

³¹ Calboli, I. (2002). Trademark Exhaustion in the European Union: Community-Wide or International? *The Saga Continues*. *Marq. Intell. Prop. L. Rev.*, 6, 47.

³² Eds. A. Ohly, J. Pila. (2013). *The Europeanization of Intellectual Property Law: Towards a European Legal Methodology*. Eds. A. Ohly, J. Pila. New York: Oxford University Press, pp. 77-83.

It later emerged that although the new Trademark directive was in place and implemented in the Community, its verbal wording posed problems. This became apparent how minor a minimum standard were in article 7(1). The question arose whether either directive needed more strict interpretation or whether it allowed for a more accessible interpretation of national rules, taking into account international exhaustion. Due to this the ECJ has ruled in a number of cases end of the 1990s and the most well known cases are *Silhouette International Schmied v. Hartlauer* and *Handelsgesellschaft and Sebago Inc. et. al. v. GB-Unic SA*. Since then, the ECJ has clarified the principle of the doctrine of Community exhaustion is a general standard and legally binding in intra-EU trade. Within the EU Community, there has been a debate on a possible freer interpretation that considers the possible understanding of the doctrine of international exhaustion. Despite this, there has been no change to this.³³

Next, it is worth presenting the case laws dealing with the Trade Marks Directive. How the ECJ has taken a position with these, and where the court has based its decisions.

In 1998, the European Court of Justice ruled in an international case concerning international exhaustion. The Austrian company Silhouette, which manufactures spectacle frames, had sold a large batch of out-of-fashion spectacle frames to Bulgaria. Silhouette products are in a higher price range and are characterized by high-quality and fashionable spectacle frames. In contrast, the counterparty Hartlauer company was the Austrian eyeglass frame retailer. Hartlauer was more oriented towards the lower frame category, which was their competitive advantage. The Silhouette product market was global, and they had registered Silhouette as trademarks in Austria and several other countries. As Silhouette sold 21000 spectacle frames to a Bulgarian company and, at the same time, stressed that the sale of such frames is limited to domestic borders or the USSR (former the Soviet Union) only. Later on, Hartlauer brought the frames it bought from the Bulgarian company back to Austria to EEA at a low price to make a profit. Silhouette relied on its trademark rights, arguing that its trademark rights had not expired for the exchange of goods outside the EEA. Silhouette also pointed out that they have previously refused to do business with the company Hartlauer as they saw that their prestigious image does not match with the other company and could harm brand. Silhouette relied on its trademark rights, arguing that its trademark rights had not exhausted for the exchange of goods outside the EEA. The EJC interpretation of Article 7 of the Trade Marks Directive was in line with

³³ Calboli (2002), *supra* nota 31, 50.

Silhouette's own view. Silhouette was thus entitled to rely on its trademark rights to prevent parallel imports of the goods, even though they had been put into circulation in Bulgaria with its consent. The case contains conflicting opinions divided for and in favour based on the case's decision.³⁴ A not long time after the Silhouette case, EJC needed to address the rule of products that have been put on the market in the EEA from outside the perspective of Sebago and Maison Dubois case, with has the same elements as Silhouette case, but the main point is that when imported goods to EEA is the consent of trademark owner necessary.³⁵

L'Oreal v Bellure is well-known case where L'Oreal was manufacturing and selling premium quality perfumes and cosmetics than Bellure has. In contrast, Bellure products were of lower quality and lowered in price. Bellure has its own products sold as smell like. ECJ made a decision that the seller should be honest and not mislead.³⁶

³⁴ Abbott (2011), *supra* nota 7, 94-98.

³⁵ Calboli, I. (2012). Reviewing the (shrinking) principle of trademark exhaustion in the European Union (ten years later). *Marq. Intell. Prop. L. Rev.*, 16, pp. 267-268.

³⁶ Davis, J. (2014). The 'exhaustion approach' to trade mark protection: a parallel universe or a better way?. *Journal of Intellectual Property Law & Practice*, 9(9). 748.

3. TRADEMARK EXHAUSTION IN USA

This chapter will focus on the legal framework of trademarks and exhaustion in the USA. In the past, we did the same from a European perspective. Therefore, a comparison between Europe and the US, including case laws, will undoubtedly provide a sufficient basis for comparative analysis.

3.1. From past to the present in the USA

The United States is quite different from most other countries regarding IPR. In the USA, there is a network of federal and state statutory laws and common laws created through court case precedent explicitly designed to protect trademarks. These differences already appear in the registration of a trademark. Common law provides that trademark rights are acquired through the use of a trademark even if the trademark has never been registered. Instead, civil law jurisdiction, where general registration is needed to get protection. However, this common law protection is only given within the actual locations where the trademark was used, which differs from a registered trademark which is automatically granted rights and protection throughout the entire United States. And there is a use it or lose it mentality as use is not only required for registering a trademark, but continued use is also required to maintain your trademark rights.

The trademark act of 1946, as amended, is also referred to as the Lanham Act, which is the federal statute governing trademark rights now; each state also has its own trademark statutes. Lanham Act is still currently in use nowadays. The registration of a trademark is done under the Lanham Act, which is federal law. However, it should be noted that US trademark law has evolved since the Lanham Act and contains many acts and statutes that can be used to secure trademark ownership and consumer safety.³⁷

³⁷ Halpern, S. W., Nard, C. A., & Port, K. L. (2012). Fundamentals of United States intellectual property law: Copyright, patent, and trademark. pp. 291-298.

In the USA principle of exhaustion of rights seems equal to the doctrine of the first sale, which applies to that goods have been put on sale by the owner or with the trademark owner's consent. For the first time, the first sale doctrine was used in *Adams v Burke* (1873) patent case, but later it was also used in trademark cases. The first trademark case was *Apollinaris Co Ltd v Schrer*, and after that, the doctrine was generally used and laid down idea that trademark law does not have local limitations and mark itself cannot be seen other than the same way everywhere. Based on this, international exhaustion was recognised, and with this effect, gray market goods as been identified as legally genuine products.³⁸ Despite this development, the previous decision was annulled in the case *A Bourjois & Co v. Katzel*. In this case, French cosmetics company A Bourjois sold its trademark and the company to an American company. Another American company Katzel bought a more significant number of genuine face powders that were bearing the same trademark, which was not owned anymore by France company. The Supreme Court interpreted that Katzel had infringed the trademark owner's rights by selling gray market goods in the United States. The court justified the decision on the grounds that since the French company could no longer sell its products in the United States, it could not authorize another party to sell either.³⁹

This is because IP law is territorially limited, and it can therefore be interpreted that the earlier decision could not be upheld as it did not include a more specific geographical range. In modern times, the USA follows territorial exhaustion with two different types that allow material that contains trademarks. The first type is the “round trip scenario”, where products are manufactured in the USA but sold outside the domestic market and then re-imported. Second, is that IPR are held by two parties, the trademark proprietor and foreign manufacturer, which is called “common control”.⁴⁰ Supreme Court has given a decision base on common control in the case of *K Mart Corp v Cartier Inc*. In this case, the supreme court believes that foreign manufactured goods are comparable to gray market goods if they hold a valid trademark in the USA and are imported to the country without trademark rights approval.⁴¹

³⁸ Abbott (2011), supra nota 7, 406.

³⁹ Farley, C. H. (2014). Territorial exclusivity in US copyright and trademark law. Territorial Exclusivity in US Copyright and Trademark Law,” in *Distribution des Intangibles-La Propriété Intellectuelle dans le Commerce des Nouveaux Biens* (Pierre-Emmanuel Moyse, ed, Éditions Thémis 2014), 45. pp. 49-52.

⁴⁰ Zappalaglio, A. (2015). International exhaustion of trade marks and parallel imports in the US and the EU: how to achieve symmetry?. *Queen Mary Journal of Intellectual Property*, 5(1), pp.70-73

⁴¹ Abbott (2011), supra nota 7, 407.

It was seen later on that material quality differences pose problems and through this formed MQD rule needs to be added to the law. The quality of imported products is significantly lower than those already on the domestic market. This is because the brand combines important similarities for consumers, such as country of origin and consistent quality. For instance, the consumer usually already has an image of a branded product; it can be associated with the quality and benefits given. If the consumer does not receive these from a product with the same branded product, this can be misleading to the consumer. The uniformity of pharmaceutical products must be carefully considered, as these products' material differences and quality must not deviate or deteriorate.⁴² *Lever Brothers Company v United States* can be considered a significant case that affects how “material differences rule” is viewed. Lever Brothers company is American, and Lever Brothers were their affiliate in the UK. Both manufacturers Shield trademarked soap and dishwashing liquid that was under Sunlight trademark. Both of the products are modified to meet the wishes and requirements of the target customers in the countries, such as the smell, ingredients and regular needs of the product itself, for example, based on the condition of water (soft water or hard water). In addition, the packaging and appearance of the products differed between countries. The products were imported into the US in parallel imports, which caused dissatisfaction among customers as the products differed from the usual ones, but consumers could not notice this as the products were identical. Lever, the trademark owner in the USA, argued that imported goods could harm the value of the trademark, and this would be against section 42 Lanham Act. Later on, USA courts decided that these imported parallel goods were genuine and trademark was identical to valid USA trademarks even that the goods were different physically and materially.⁴³

Another relevant case law is *Zino Davidoff SA* which is about luxury fragrance products that had material differences as well as questions about product authenticity. Goods, in this case, are authentic but have been imported to the USA market without the trademark owner's permission. Because the package of Zino Davidoff contains an identified product number, its removal may result to trademark infringement. This case is about gray market goods and the trademark owner's right to control the quality of manufactured goods.⁴⁴

⁴² Calboli (2022), *supra* nota 22, 62-63.

⁴³ Grigoriadis, L. G. (2014). *Trade marks and free trade: a global analysis*. Springer. pp. 439-441.

⁴⁴ Farley (2014) *supra* nota 38, 53-54.

4. COMPARATIVE ANALYSIS BETWEEN THE EU AND THE USA

The object of this comparative analysis between EU and USA policies regarding the doctrine of exhaustion of trademarks is how these two areas approach the topic. At the beginning of this work, the questions that this analysis seeks to answer are presented. The main aim of this chapter is to build an overall picture from already collected information as well as case laws and explain the differences and similarities between the EU and the USA.

It is good to start by saying that EU and US legislation are based on different legal systems; the EU uses civil law and the United States common law. For this reason, the interpretation of trademark law also differs considerably. The USA trademark law can be described as broad and flexible because the process is based on a judge's decision on how they interpret the facts and previous cases. On the contrary, trademark law in the EU is narrow as the legal system is based on minimum standards that affect a more limited interpretation of the law. The development of EU trademark law can be described as slow, but its development has been based on actual problems that have emerged through various legal cases. The Community has been prepared to develop legislation to serve its Member States best. One thing that has contributed to the slowness is the implementation of new legislation in every country in the Community. A similar problem does not arise in the USA because it is considered a single country. The case laws in this work reinforce the characteristics of the EU and the USA that are linked to the doctrines of exhaustion and their differences in legislation.⁴⁵

Views about the doctrine of exhaustion and their wording are different; in the EU, exhaustion happens when goods have been placed on the market, and in the USA, it happens after the first sale. The wording of these two can show us how these two regions interpret regimes of exhaustion, which can be divided into three parts, national, regional, and international. EU has taken a regional approach that the USA has taken internationally. National and international approaches have been described as extremes as in national only goods sold inside the domestic border are exhausted, and internationally allows goods to be sold freely in the market if the

⁴⁵ Pozen, R. C., & Hirsch, J. (2009). US and EU Trademark Protection. pp. 1-5.

trademark owner's consent is given. Regional approach is between these two; the movement of goods is based on the genuine of the goods and after they had been put on the market.⁴⁶ Price discrimination is related to exhaustion regimes, and these regimes regulate price competition in the country or area because the entry of products into the market is entirely dependent on this. As we have understood so far, the differences between the EU and the US are different; as the EU follows a regional approach, its market can be seen as limited inside of EEA and is more sensitive to monopoly layout. On the other hand, as the USA follows an international approach, its market is lower-priced and free for price competition.⁴⁷

As the doctrine of exhaustion is associated with parallel imports, it is good to address this from the point of view of pharmaceutical products, as it is linked to pricing and conditions. Price control over the pharmaceutical products can lead to inequality and distorted markets.⁴⁸ As free movement of goods is one of the fundamental freedoms of the EU, pharmaceutical products can move in the EU freely, but the EU poses regulatory restrictions for these products as they are not normal consumer products. These are the packaging and relabelling of products, as the consumer must not be left in the dark about the use of the product. On the other hand, the USA follows the material quality differences rule that does not pose any restrictions than that the imported product must be the same quality as domestic. Therefore, this idea can also be applied to the products of pharmaceuticals. In the EU, there is no legal regulation that would take a position on the product's material. However, the EU has taken this account partly as it emerges from one of the BMS conditions “does not affect the original condition of the product inside the packaging”. This can thus be seen as an indicator that quality must be considered, at least for pharmaceutical products, but this does not consider other consumer products. However, this raises more questions if one of the BMS criteria would be followed, could you use just it or take one criterion out of five and apply only that one criterion as a basis of legitimate reason. However, the formulation of wording suggests that these criteria are uniform.⁴⁹

Up to this point, we have dealt with the differences and similarities of topic, now is the time to compare the advantages and weaknesses between the EU and the USA. And what comes to the second question of this work whether the merchants can use the doctrine of exhaustion of

⁴⁶ Xia, Y. (2020). All the Gucci in China: Parallel Importation Rules for Bringing Trademarked Goods to China. *SCJ Int'l L. & Bus.*, 17, pp. 65-70.

⁴⁷ Xia (2020), *supra* nota 45, 74.

⁴⁸ Calboli, (2022), *supra* nota 22, 32.

⁴⁹ Calboli, (2022), *supra* nota 22, 61-63.

trademark rights to defend their practices and what is the consumer's position. Based on aspects of the trademark owner, it can be seen that the USA international regime of exhaustion is much better as it is more open and therefore better for consumers and effect greater consumption of products. When the European approach is narrow because of regional exhaustion, it can see that it does not favour a larger market. If the EU adopted an international approach, there would not be barriers anymore that could block parallel imports of goods coming to the EU, would it benefit the trademark owner or consumer. As the US has shown, this contributes to increased competition and hence lower pricing, which seems to result in a wider range of products and both lower prices. However, the EU has made the decision very clear that, at least in the near future, there will be no change.⁵⁰

Regarding the third question, how far a right holder can reach to protect their rights in the case of different forms of products. In answering this, the question must be viewed from the perspective of the regime of exhaustion doctrine, as it gives boundaries to the trademark holder and specifies when the rights are exhausted. If there would not be exhaustion, it could cause that IPR holders would take over the markets as they have total control over the goods. This leads to the fact that the price market cannot be controlled. As we have done in the past a comparison between the different regimes, it can be stated that national exhaustion is the best option for the rights holder because he has the power to control. When it comes to regional and international, it can be said that regional gives more control over goods than international. In particular, restricting the sale of pharmaceutical products and keeping prices high causes a wide range of problems in society which, in the worst case, could lead to the entry of counterfeit medicines into the market. And through this impact on the image and reliability of genuine trademark products.⁵¹

⁵⁰ Zappalaglio (2015), *supra* nota 16, 75-76.

⁵¹ Bonadio, E. (2011). Parallel imports in a global market: Should a generalised international exhaustion be the next step?. *European Intellectual Property Review*, 33(3), pp 154-155.

CONCLUSION

Trademark law, and hence the doctrine of exhaustion, has a long history that has been shaped over the years. This has been influenced by internationalization and the resulting challenges from a legal perspective, as the legislation has not been able to serve trade and rights owners as required. Although the doctrine is simple to understand, its application to different case laws is difficult and causes quite a lot of discussion between various jurists. In this thesis doctrine of exhaustion, trademark is explained from the EU and the USA legislation point of view that contain differences from the basic legal systems.

The main purpose of the thesis was to compare the EU and the US approach to the doctrine of exhaustion and how they have taken this into account in their legislation. This is taken into the account in second and third chapters of this thesis which go through regimes that they have taken what are the characteristics of these. In a previous analysis, we compared these two, which showed that they differ quite a bit but still have similarities. The USA has taken an international exhaustion regime that takes consumers better into account, and this affects more to open trading and competitive pricing. While the EU has chosen the regional exhaustion doctrine that best serves the EU community, its main purpose is to guarantee free trade in the EU for all member states. This, of course, has the effect of higher pricing and more limited competition. The EU views of trademark holders and consumers still differ widely.

At this point, it is good to address the following question of the thesis whether the merchants can use the doctrine of exhaustion of trademark rights to defend their practices and what is the consumers's position. As highlighted in the analysis, the stricter and narrower interpretation of the doctrine also affects the relationship and differences between the trademark holder and the consumer. If the country has opted for a narrower interpretation, it can be said that it is more on the side of the trademark holders than on the consumer's side.

As for the last question of the thesis, how far can a right holder reach to protect their rights in the case of different forms of products. We have analyzed the question, and it depends on what regime of exhaustion doctrine has been chosen as it gives protection through it. The ideal is that the market remains healthy as the excessive restriction is detrimental, which can lead to the trademark holder's monopoly position in the market. This study has also compared case laws in which they support the free market and the consumer's position. Consumer rights have been defended in the EU and the USA, for example, in terms of product quality and material. With regard to product differences, this is particularly the case for pharmaceutical products, which are subject to BMS regulations that must be complied with in order to protect the consumer.

Finally, we can ask whether a coherent international approach to this issue is necessary and how the EU and the US see it. The study has revealed that the USA does not see a need to change their thinking about doctrine as it does not bring new benefits in the broader interpretation that they are already pursuing. When considering the development of EU trademark law, and in particular, the formation of the doctrine of regional exhaustion, it must be stated whether the EU is ready for change and what the benefits can bring. For example, amending the Trade Marks Directive would also require more significant changes in legislation, which would be legally tricky in practice. This can be seen as why it is not likely that the EU will not move to international doctrine or change its interpretation of the current exhaustion doctrine.

This theme has been studied in the past from the perspective of parallel imports of goods, but since societies are becoming more digitalized all the time, this doctrine is also good to look at from that perspective. And it is relevant to note that the development of societies is becoming largely limitless due to technological developments that do not recognize national borders. Do these possible new developments of the future give new impetus to this doctrine, or is the doctrine valid as the world changes. The study has revealed that legislation is evolving as needed, so there are future law cases that will shape and show potential developments. For this reason, both markets must be prepared to listen to changes, whether they come from the trademark owner or the consumer.

LIST OF REFERENCES

Scientific books:

Abbott, F. M., Cottier, T., Gurry, F. (2011). *International Intellectual Property in an Integrated World Economy*. 2nd ed. New York: Wolters Kluwer Law & Business.

Dinwoodie, G. B., & Janis, M. D. (Eds.). (2008). *Trademark law and theory: A handbook of contemporary research*. Edward Elgar Publishing.

Halpern, S. W., Nard, C. A., & Port, K. L. (2012). *Fundamentals of United States intellectual property law: Copyright, patent, and trademark*.

Michaels, A., Norris, A. (2010). *A Practical Approach to Trade Mark Law*. 4th ed. New York: Oxford University Press.

Craig, P., & De Búrca, G. (2020). *EU Law: Text, Cases, and Materials UK Version*. Oxford University Press, USA.

Eds. O. Vriens, M. Schneider.(2012). *Enforcement of Intellectual Property Rights Through Border Measures: Law and Practice in the EU*. 2nd ed Oxford: Oxford University Press.

Griffiths, A. (2011). *An Economic Perspective on Trade Mark Law*. Cheltenham, UK: Edward Elgar Publishing.

Jehoram, T. C., van Nispen, C. J. J. C., Huydecoper, T., & Huydecoper, J. A. (2010). *European Trademark Law: Community Trademark Law and Harmonized National Trademark law*. Kluwer Law International BV.

Norman, H. E. (2011) *Intellectual Property Law: Directions*. New York: Oxford University Press.

Pila, J., & Torremans, P. (2019). *European intellectual property law*. Oxford University Press, USA.

Eds. A. Ohly, J. Pila. (2013). *The Europeanization of Intellectual Property Law: Towards a European Legal Methodology*. New York: Oxford University Press. 8.

Scientific articles:

Bonadio, E. (2011). *Parallel imports in a global market: Should a generalised international exhaustion be the next step?.* *European Intellectual Property Review*, 33(3), 153-161.

Calboli, I. (2022). *Intellectual Property Exhaustion and Parallel Imports of Pharmaceuticals: A Comparative and Critical Review*. *Access to Medicines and Vaccines*, 31.

Calboli, I. (2012). Reviewing the (shrinking) principle of trademark exhaustion in the European Union (ten years later). *Marq. Intell. Prop. L. Rev.*, 16, 257.

Calboli, I. (2011) Market Integration and (the Limits of) the First Sale Rule in North American and European Trademark Law. *Santa Clara Law Review*, 51 (4).

Calboli, I.(2002) Trademark Exhaustion in the European Union: Community-Wide or International? The Saga Continues. *Marquette Intellectual Property Law Review*, 6.

Castaldi, C. (2018). To trademark or not to trademark: The case of the creative and cultural industries. *Research Policy*, 47(3).

Davis, J. (2014). The ‘exhaustion approach’ to trade mark protection: a parallel universe or a better way?. *Journal of Intellectual Property Law & Practice*, 9(9).

Farley, C. H. (2014). Territorial exclusivity in US copyright and trademark law. Territorial Exclusivity in US Copyright and Trademark Law,” in *Distribution des Intangibles-La Propriété Intellectuelle dans le Commerce des Nouveaux Biens* (Pierre-Emmanuel Moyse, ed, Éditions Thémis 2014), 45.

Grigoriadis, L. G. (2014). *Trade marks and free trade: a global analysis*. Springer.

GRUR International (2020), *Exhaustion of Rights in Case of Products Commercialised without the Trademark Holder’s Consent*.

Ishikawa, J., Morita, H., & Mukunoki, H. (2020). Parallel imports and repair services. *Journal of Economic Behavior & Organization*, 172.

Katz, A. (2016). The economic rationale for exhaustion: distribution and post-sale restraints. In *Research Handbook on Intellectual Property Exhaustion and Parallel Imports*. Edward Elgar Publishing.

Pozen, R. C., & Hirsch, J. (2008). *US and EU Trademark Protection*.

Morris, P. S. (2019). From territorial to universal—the extraterritoriality of trademark law and the privatizing of international law. *Cardozo Arts & Ent. LJ*, 37.

Sardina, M. V. (2011). Exhaustion and first sale in intellectual property. *Santa Clara L. Rev.*, 51.

Takouche, A. (2018). Well-known, or not well-known: That is the question. The Paris Convention for the protection of industrial property's Article 6bis in the context of American trademark law. *UC Irvine L. Rev.*, 9.

Van Greunen, L., & Gobac, I. (2021). Building respect for intellectual property—The journey toward balanced intellectual property enforcement. *The Journal of World Intellectual Property*, 24(1-2).

Xia, Y. (2020). All the Gucci in China: Parallel Importation Rules for Bringing Trademarked Goods to China. *SCJ Int'l L. & Bus.*, 17, 63.

Zappalaglio, A. (2015). International exhaustion of trade marks and parallel imports in the US and the EU: how to achieve symmetry?. *Queen Mary Journal of Intellectual Property*, 5(1).

Legal Acts and Regulations

Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (First TM Directive).

Directive 2008/95/EC of the European Parliament and of the Council (EUTM Directive).

Directive 2015/2436. *Directive to approximate the laws of the Member States relating to trade marks*. European Parliament, Council of the European Union. OJ L 336.

Treaty on European Union (TEU), OJ C 326/01.

Treaty on the Functioning of the European Union (TFEU), OJ C 326/01.

The Lanham Act (Trademark), 5 of July 1496, 15 U.S.C.

Paris Convention for the Protection of Industrial Property, 20 March 1883, Paris.

TRIPS Agreement. *Agreement on Trade-Related Aspects of Intellectual Property Rights*, Apr. 15, 1994, *Marrakesh Agreement Establishing the World Trade Organization, Annex 1C*, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994).

Court decisions:

EU:

Parfums Christian Dior v Evora (1997), European Court of Justice. C-337/95.

Centrafarm v. Winthrop, European Court of Justice. C 16/74.

Silhouette v Hartlauer Handelsgesellschaft (1998), European Court of Justice. C-355/96.

L'Oréal SA v Bellure NV, European Court of Justice. C-487/07.

Sebago Inc. and Ancienne Maison Dubois & Fils SA v G-B Unic SA. (1999), European Court of Justice. C-173/98.

Peak Holding AB v Axolin-Elinor AB (2004), European Court of Justice C-16/03.

USA:

Apollinaris Co Ltd v Scherer, District Court of New York, Second Circuit, 27 F. (1886) 18.

Lever Brothers Company v United States (Lever Bros), United States Court of Appeals, District of Columbia Circuit, 981 F.2d (1993) 1330.

K-Mart Corp. v. Cartier, Inc. (K-Mart v Cartier), Supreme Court of the United States, 486 US (1988) 281.

A. Bourjois & Co. Inc. v Katzel (Katzel), Supreme Court of the United States, 260 US (1923) 689.

Martin's Herend Imports, Inc v Diamond & Gem Trading USA (1997), United States Court of Appeals, Fifth Circuit, 112 F.3d, 1296.

Zino Davidoff SA v CVS Corporation (2009), United States Court of Appeals, Second Circuit, 571 F.3d, 238.

Wed sources:

PO (2004). Recent developments at the international level in the field of trademarks. Retrieved 12 Mar 2022 from https://www.wipo.int/edocs/mdocs/sme/en/wipo_wasme_ipr_ge_03/wipowasme_ipr_ge_03_2.pdf.

Appendix 1. Non-exclusive licence

Non-exclusive license for reproduction and for granting public access to the graduation thesis⁵²

I Mari Nieminen

1. Grant Tallinn University of Technology free licence (non-exclusive licence) for my thesis, "EXHAUSTION IN THE TRADEMARK LAW - COMPARATIVE ANALYSIS ON THE REMEDIES OF THE HOLDERS IN THE EU AND THE US ", supervised by Pawan Kumar Dutt.

1.1 to be reproduced for the purposes of preservation and electronic publication of the graduation thesis, incl. to be entered in the digital collection of the library of Tallinn University of Technology until expiry of the term of copyright;

1.2 to be published via the web of Tallinn University of Technology, incl. to be entered in the digital collection of the library of Tallinn University of Technology until expiry of the term of copyright.

2. I am aware that the author also retains the rights specified in clause 1 of the non-exclusive licence.

3. I confirm that granting the non-exclusive licence does not infringe other persons' intellectual property rights, the rights arising from the Personal Data Protection Act or rights arising from other legislation.

Date: 12.05.2022

⁵² The non-exclusive licence is not valid during the validity of access restriction indicated in the student's application for restriction on access to the graduation thesis that has been signed by the school's dean, except in case of the university's right to reproduce the thesis for preservation purposes only. If a graduation thesis is based on the joint creative activity of two or more persons and the co-author(s) has/have not granted, by the set deadline, the student defending his/her graduation thesis consent to reproduce and publish the graduation thesis in compliance with clauses 1.1 and 1.2 of the non-exclusive licence, the non-exclusive license shall not be valid for the period.