

JUDGMENT OF THE COURT (Fifth Chamber)

7 January 2004 *

In Case C-100/02,

REFERENCE to the Court under Article 234 EC by the Bundesgerichtshof (Germany) for a preliminary ruling in the proceedings pending before that court between

Gerolsteiner Brunnen GmbH & Co.

and

Putsch GmbH,

on the interpretation of Article 6(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1),

* Language of the case: German.

THE COURT (Fifth Chamber),

composed of: P. Jann, acting for the President of the Fifth Chamber,
C.W.A. Timmermans and D.A.O. Edward (Rapporteur), Judges,

Advocate General: C. Stix-Hackl,
Registrar: M.-F. Contet, Principal Administrator,

after considering the written observations submitted on behalf of:

- Gerolsteiner Brunnen GmbH & Co., by W.J.H. Stahlberg and A. Ebert-Weidenfeller, Rechtsanwälte,
- Putsch GmbH, by P. Neuwald, Rechtsanwalt,
- the Greek Government, by G. Skiani and G. Alexaki, acting as Agents,
- the United Kingdom Government, by P. Ormond, acting as Agent, and D. Alexander, Barrister,

— the Commission of the European Communities, by R. Raith and N.B. Rasmussen, acting as Agents,

having regard to the Report for the Hearing,

after hearing the oral observations of Gerolsteiner Brunnen GmbH & Co., represented by A. Ebert-Weidenfeller; Putsch GmbH, represented by P. Neuwald; the Greek Government, represented by G. Skiani and G. Alexaki; the United Kingdom Government, represented by K. Manji, acting as Agent, and D. Alexander, and the Commission, represented by R. Raith, at the hearing on 20 May 2003,

after hearing the Opinion of the Advocate General at the sitting on 10 July 2003,

gives the following

Judgment

- 1 By order of 7 February 2002, received at the Court on 18 March 2002, the Bundesgerichtshof (Federal Court of Justice) referred to the Court for a preliminary ruling under Article 234 EC two questions on the interpretation of Article 6(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1).

- 2 Those questions were raised in proceedings between Gerolsteiner Brunnen GmbH & Co. ('Gerolsteiner Brunnen') and Putsch GmbH ('Putsch') concerning the alleged infringement of Gerolsteiner Brunnen's trade mark rights by Putsch's use of the term 'KERRY Spring' on labels on soft drinks marketed by Putsch.

Legal background

- 3 According to the first recital in the preamble to Directive 89/104, the purpose of that directive is to abolish existing disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market.
- 4 Article 6(1)(b) of that directive, entitled 'Limitation of the effects of a trade mark', provides:

'1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

...

- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

...

provided he uses them in accordance with honest practices in industrial or commercial matters.’

- 5 The Gesetz über den Schutz von Marken und sonstigen Kennzeichen (German law on the protection of trade marks and other distinctive signs) of 25 October 1994 (BGBl. 1994 I, p. 3082, 1995 I, p. 156; ‘the Markengesetz’) transposed Directive 89/104 into German law.

- 6 Paragraph 23 of the Markengesetz, entitled ‘Use of names and descriptive indications; Trade in spare parts’, provides:

‘The proprietor of a trade mark or a commercial name shall not be entitled to prevent a third party from using, in the course of trade,

...

2. a sign identical or similar to the trade mark or commercial name as an indication concerning characteristics or particularities of goods or services such as, in particular, their kind, quality, intended purpose, value, geographical origin or time of production or rendering,

...

provided that that use is not contrary to honest practices.’

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

- 7 Gerolsteiner Brunnen bottles mineral water and produces soft drinks with a mineral water base and markets them in Germany. It is the proprietor of word mark No 1100746 ‘Gerri’, registered in Germany with priority dated 21 December 1985, and of German word/figurative marks Nos 2010618, 2059923, 2059924 and 2059925, which contain the word ‘GERRI’. Those trade marks cover mineral water, non-alcoholic beverages, fruit-juice based drinks and lemonades.
- 8 Since the mid-1990s Putsch has marketed soft drinks in Germany bearing labels including the words ‘KERRY Spring’. Those drinks are manufactured and bottled

in Ballyferriter in County Kerry, Ireland, by the Irish company Kerry Spring Water using water from a spring called ‘Kerry Spring’.

- 9 Gerolsteiner Brunnen commenced proceedings against Putsch in the German courts for infringement of its trade mark rights. At first instance, the Landgericht München (Munich Regional Court) essentially found for Gerolsteiner Brunnen and restrained Putsch from using the distinctive sign ‘KERRY Spring’ for mineral water or soft drinks. On appeal by Putsch, however, the Oberlandesgericht München (Munich Higher Regional Court) dismissed Gerolsteiner Brunnen’s claims. Gerolsteiner Brunnen then brought an appeal on a point of law (‘Revision’) before the Bundesgerichtshof.
- 10 The Bundesgerichtshof considers that the conditions for the likelihood of aural confusion for the purposes of Article 5(1)(b) of Directive 89/104 are met in the main proceedings. In those circumstances, the outcome of the appeal on a point of law depends on the interpretation of Article 6(1)(b) of Directive 89/104 and, more particularly, on whether use ‘as a trade mark’ excludes the applicability of that provision.
- 11 In those circumstances, by order of 7 February 2002, the Bundesgerichtshof decided to stay proceedings and to refer the following questions to the Court for a preliminary ruling:

- ‘1. Is Article 6(1)(b) of the First Trade Mark Directive also applicable if a third party uses the indications referred to therein as a trade mark (markenmässig)?

2. If so, must that use as a trade mark be taken into account when considering, pursuant to the final clause of Article 6(1) of the First Trade Mark Directive, whether use has been in accordance with “honest practices in industrial or commercial matters”?’

The questions referred for a preliminary ruling

- 12 By the questions referred for a preliminary ruling, which will be taken together, the referring court asks the Court about the scope of Article 6(1) of Directive 89/104 in a situation such as that in the main proceedings.
- 13 The referring court notes that there are differing views on whether the use of a geographical indication to distinguish goods and identify their origin, which it describes as use ‘as a trade mark’ (‘markenmässig’), means that Article 6(1) of Directive 89/104 does not apply.
- 14 The Commission pointed out by reference to the drafting history of Directive 89/104 that Article 5 of the proposal for a first Council Directive to approximate

the laws of the Member States relating to trade marks (OJ 1980 C 351, p. 1) (which became Article 6 of Directive 89/104) laid down the formula ‘provided he does not use them as a trade mark’. However, that formula was replaced in the amended proposal (COM (85) 793 final (OJ 1985 C 351, p. 4)) by the words ‘provided he uses them in accordance with honest industrial or commercial practice’. The Commission adds that it is apparent from the statement of reasons for the amended proposal that that substitution was made in the interests of greater clarity.

- 15 In those circumstances, an expression such as ‘as a trade mark’ cannot be regarded as appropriate for determining the scope of Article 6 of Directive 89/104.
- 16 In order better to define its scope in circumstances such as those in the main proceedings it should be borne in mind that, by a limitation of the effects of the rights derived from Article 5 of Directive 89/104 by the proprietor of a trade mark, Article 6 of that directive seeks to reconcile the fundamental interests of trade-mark protection with those of free movement of goods and freedom to provide services in the common market in such a way that trade mark rights are able to fulfil their essential role in the system of undistorted competition which the Treaty seeks to establish and maintain (see, *inter alia*, Case C-63/97 BMW [1999] ECR I-905, paragraph 62).
- 17 Article 5(1) of Directive 89/104 allows the proprietor of a trade mark to prevent all third parties from using, in the course of trade, any sign which is identical with the trade mark in relation to goods which are identical with those for which the trade mark is registered (Article 5(1)(a)) and any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods in question, there exists a likelihood of confusion on the part of the public (Article 5(1)(b)).

- 18 Article 6(1)(b) of Directive 89/104 provides that the proprietor of the trade mark may not prohibit a third party from using, in the course of trade, indications concerning, *inter alia*, the geographical origin of goods provided the third party uses them in accordance with honest practices in industrial or commercial matters.
- 19 It should be noted that that provision draws no distinction between the possible uses of the indications referred to in Article 6(1)(b) of Directive 89/104. For such an indication to fall within the scope of that article, it suffices that it is an indication concerning one of the characteristics set out therein, like geographical origin.
- 20 The main proceedings in the present case concern, first, the trade mark 'GERRI', which has no geographical connotation and, second, the sign 'KERRY Spring', which refers to the geographical origin of the water used in the manufacture of the product in question, the place where the product is bottled and the place where the producer is established.
- 21 The Commission emphasised the geographical nature of the expression 'KERRY Spring' by noting that 'Kerry Spring' is expressly included in the list of mineral waters recognised by Ireland for the purposes of Council Directive 80/777/EEC of 15 July 1980 on the approximation of the laws of the Member States relating to the exploitation and marketing of natural mineral waters (OJ 1980 L 229, p. 1) (see the list of natural mineral waters recognised by the Member States published by the Commission in OJ 2002 C 41, p. 1).

- 22 The referring court finds that there exists a likelihood of aural confusion for the purposes of Article 5(1)(b) of Directive 89/104 between ‘GERRI’ and ‘KERRY’ since experience shows that, when ordering orally, customers shorten ‘KERRY Spring’ to ‘KERRY’.
- 23 The question therefore arises whether such a likelihood of confusion between a word mark and an indication of geographical origin entitles the proprietor of the trade mark to rely upon Article 5(1)(b) of Directive 89/104 to prevent a third party from using the indication of geographical origin.
- 24 In answering that question, the only test mentioned in Article 6(1) of Directive 89/104 is whether the indication of geographical origin is used in accordance with honest practices in industrial or commercial matters. The condition of ‘honest practice’ constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner (*BMW*, cited above, paragraph 61).
- 25 The mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices. In a Community of 15 Member States, with great linguistic diversity, the chance that there exists some phonetic similarity between a trade mark registered in one Member State and an indication of geographical origin from another Member State is already substantial and will be even greater after the impending enlargement.

- 26 It follows that, in a case such as that in the main proceedings, it is for the national court to carry out an overall assessment of all the relevant circumstances. Since the case concerns bottled drinks, the circumstances to be taken into account by that court would include in particular the shape and labelling of the bottle in order to assess, more particularly, whether the producer of the drink bearing the indication of geographical origin might be regarded as unfairly competing with the proprietor of the trade mark.
- 27 The answer to the questions referred for a preliminary ruling must therefore be that Article 6(1)(b) of Directive 89/104 is to be interpreted as meaning that, where there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication, in the course of trade, of the geographical origin of a product originating in another Member State, the proprietor of the trade mark may, pursuant to Article 5 of Directive 89/104, prevent the use of the indication of geographical origin only if that use is not in accordance with honest practices in industrial or commercial matters. It is for the national court to carry out an overall assessment of all the circumstances of the particular case in that regard.

Costs

- 28 The costs incurred by the Greek and United Kingdom Governments and the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main action, a step in the proceedings pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT (Fifth Chamber),

in answer to the questions referred to it by the Bundesgerichtshof by order of 7 February 2002, hereby rules:

Article 6(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks is to be interpreted as meaning that, where there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication, in the course of trade, of the geographical origin of a product originating in another Member State, the proprietor of the trade mark may, pursuant to Article 5 of Directive 89/104, prevent the use of the indication of geographical origin only if that use is not in accordance with honest practices in industrial or commercial matters. It is for the national court to carry out an overall assessment of all the circumstances of the particular case in that regard.

Jann

Timmermans

Edward

Delivered in open court in Luxembourg on 7 January 2004.

R. Grass

V. Skouris

Registrar

President