

European Court of Justice, 7 November 2000, Warsteiner Brauerei



## DESIGNATIONS OF ORIGIN

**National rules prohibiting the potentially misleading use of 'simple' geographical indications of source**

- **Regulation No 2081/92 does not preclude the application of national legislation which prohibits the potentially misleading use of a geographical indication of source in the case of which there is no link between the characteristics of the product and its geographical provenance.**

In that regard, it is sufficient to note, first, that Article 17(3) of Regulation No 2081/92 applies only to names, already in existence on the date of entry into force of that regulation, which were communicated by Member States to the Commission for registration and protection at Community level. That provision is thus intended to ensure that, owing to the initiation of the registration procedure and pending a decision closing that procedure, such names do not lose the national protection they enjoyed and is in no way intended to regulate the status of those existing names whose registration is not sought by any Member State.

Second, the second subparagraph of Article 5(5) of Regulation No 2081/92, as inserted by Regulation No 535/97, makes clear that the transitional protection which Member States may grant under that provision to a name whose registration has been applied for under the normal procedure is protection 'in the sense of the present Regulation', which, however, remains confined to the national territory, as is clear from the fifth subparagraph of Article 5(5) of Regulation No 2081/92, as inserted by Regulation No 535/97. That provision thus has no bearing on the question whether Member States may, on their respective national territories, grant protection under their national law to geographical designations for which they do not apply for registration under Regulation No 2081/92 or which do not meet the conditions for receiving the protection provided for by that regulation.

In view of the foregoing considerations, the answer to be given to the question referred to the Court must be that Regulation No 2081/92 does not preclude the application of national legislation which prohibits the potentially misleading use of a geographical indication of source in the case of which there is no link between the characteristics of the product and its geographical provenance.

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**European Court of Justice, 7 November 2000**

(G.C. Rodríguez Iglesias, C. Gulmann, A. La Pergola, M. Wathelet, V. Skouris, D.A.O. Edward, J.-P. Puissechet, P. Jann, L. Sevón, R. Schintgen and F. Macken)

JUDGMENT OF THE COURT

7 November 2000 (1)

*(Protection of geographical indications and designations of origin - Regulation (EEC) No 2081/92 - Scope - Directive 79/112/EEC - National rules prohibiting the potentially misleading use of 'simple' geographical indications of source)*

In Case C-312/98,

REFERENCE to the Court under Article 177 of the EC Treaty (now Article 234 EC) by the Bundesgerichtshof, Germany, for a preliminary ruling in the proceedings pending before that court between

Schutzverband gegen Unwesen in der Wirtschaft eV and

Warsteiner Brauerei Haus Cramer GmbH & Co. KG, on the interpretation of Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (OJ 1992 L 208, p. 1),

THE COURT,

composed of: G.C. Rodríguez Iglesias, President, C. Gulmann, A. La Pergola, M. Wathelet and V. Skouris, Presidents of Chambers, D.A.O. Edward, J.-P. Puissechet, P. Jann, L. Sevón, R. Schintgen (Rapporteur) and F. Macken, Judges,

Advocate General: F.G. Jacobs,

Registrar: H.A. Rühl, Principal Administrator, after considering the written observations submitted on behalf of:

- Schutzverband gegen Unwesen in der Wirtschaft eV, by E.M. Gerstenberg, Rechtsanwalt, Munich,
- Warsteiner Brauerei Haus Cramer GmbH & Co. KG, by W. Witz, Rechtsanwalt, Mannheim,
- the German Government, by W.-D. Plessing, Ministerialrat in the Federal Ministry of Finance, and A. Dittrich, Ministerialrat in the Federal Ministry of Justice, acting as Agents,
- the Greek Government, by I.K. Chalkias, Assistant Legal Adviser at the State Legal Council, acting as Agent,
- the French Government, by K. Rispal-Bellanger, Head of Subdirectorate in the Legal Affairs Directorate of the Ministry of Foreign Affairs, and C. Vasak, Assistant Secretary for Foreign Affairs in the same Directorate, acting as Agents,
- the Italian Government, by Professor U. Leanza, Head of the Legal Department of the Ministry of Foreign Affairs, acting as Agent, assisted by I.M. Braguglia, Avvocato dello Stato,
- the Austrian Government, by C. Pesendorfer, Ober-rätin in the Ministry of Justice, acting as Agent,
- the Commission of the European Communities, by J.L. Iglesias Buhigues, Legal Adviser, acting as Agent, assisted by B. Wägenbaur, of the Brussels Bar, having regard to the Report for the Hearing,

after hearing the oral observations of Schutzverband gegen Unwesen in der Wirtschaft eV, represented by E.M. Gerstenberg and C. Eggers, Rechtsanwälte, Frankfurt am Main; of Warsteiner Brauerei Haus Cramer GmbH & Co. KG, represented by W. Witz; of the German Government, represented by H. Heitland, Regierungsdirektor in the Federal Ministry of Justice, acting as Agent; of the Greek Government, represented by I.K. Chalkias; of the Italian Government, represented by F. Quadri, Avvocato dello Stato; and of the Commission, represented by J.L. Iglesias Buhigues, assisted by B. Wägenbaur, at the hearing on 22 March 2000,

after hearing the [Opinion of the Advocate General](#) at the sitting on 25 May 2000, gives the following

#### **Judgment**

1. By order of 2 July 1998, received at the Court on 12 August 1998, the Bundesgerichtshof (Federal Court of Justice) referred to the Court for a preliminary ruling under Article 177 of the EC Treaty (now Article 234 EC) a question on the interpretation of Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (OJ 1992 L 208, p. 1).

That question was raised in proceedings between the Schutzverband gegen Unwesen in der Wirtschaft eV, an association founded to combat unfair competition (hereinafter 'the Schutzverband'), and Warsteiner Brauerei Haus Cramer GmbH & Co. KG (hereinafter 'Warsteiner Brauerei') concerning the use by the latter of the name 'Warsteiner' on labels on bottles for certain types of beer which it brewed at a brewery in Paderborn, 40 km from the town of Warstein.

#### **The national legislation**

3. In Germany, Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb (Law against Unfair Competition, hereinafter 'the UWG') of 7 June 1909 provides:

'Whoever in commercial transactions for the purposes of competition gives misleading information about ... the origin ... of specific goods ... may be restrained by action from continuing to provide such information.'

4. The Gesetz über den Schutz von Marken und sonstigen Kennzeichen (Law on Protection of Trade Marks and Other Signs, hereinafter 'the Markengesetz') of 25 October 1994 (BGBl. I, 1994, p. 3082), which entered into force on 1 January 1995, provides in Paragraph 1, entitled 'Protected trade marks and other signs':

'This Law protects:

1. trade marks,
2. trade names, signs and company names,
3. geographical indications of source.'
5. Geographical indications of source are regulated by the sixth part of the Markengesetz. That part is divided into three sections, the first of which (Paragraphs 126 to 129) concerns 'Protection of geographical indications of source' and the second (Paragraphs 130 to 136) 'Protection of geographical indications and designations of

origin within the meaning of Regulation (EEC) No 2081/92'.

Paragraph 126(1) of the Markengesetz, headed 'Names, indications or signs protected as geographical indications of source' provides as follows:

'Geographical indications of source within the meaning of this Law mean names of places, areas, regions or countries and other indications or signs used commercially to designate the geographical provenance of goods or services.'

7. Paragraph 126(2) provides that 'The names, indications or signs within the meaning of subparagraph (1) are not eligible for protection as geographical indications of source if they are generic designations'.

Paragraph 127 of the Markengesetz, headed 'Scope of protection', provides:

'1. Geographical indications of source may not be used commercially for goods or services which do not come from the place, area, region or country which they designate, if with the use of such names, indications or signs for goods or services of other origin there is a risk of misleading as to the geographical provenance.

2. If the goods or services marked with a geographical indication of source have particular characteristics or a particular quality, the geographical indication of source may be used commercially for the corresponding goods or services of that source only if the goods or services have those characteristics or that quality.

3. If a geographical indication of source enjoys a particular reputation, it may not be used commercially for goods or services of other provenance, even if there is no risk of misleading as to the geographical provenance, where use for goods or services of other provenance is liable unfairly to exploit or affect adversely, without justification, the reputation of the indication of geographical source or its distinctive force.

...'

9. Paragraph 128(1) of the Markengesetz provides:

'An action for a prohibitory order may be brought against a person who uses names, indications or signs commercially contrary to Paragraph 127 by those entitled to bring claims under Paragraph 13(2) of the Law on Unfair Competition.'

10. According to the order for reference, Paragraph 13(2) of the UWG refers to competitors, trade associations, consumer organisations and chambers of industry and commerce or craft trade associations.

11. Paragraphs 130 to 136 of the Markengesetz set out inter alia the procedure to be followed for the registration of geographical indications and designations of origin within the meaning of Regulation No 2081/92, the arrangements for supervision and monitoring laid down by that regulation, the remedies available and their limitation periods.

#### **The Community legislation**

##### **Regulation No 2081/92**

12. Regulation No 2081/92, which entered into force on 25 July 1993, states, in its fifth recital, 'the labelling of agricultural products and foodstuffs is subject to the

general rules laid down in Council Directive 79/112/EEC of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs (OJ 1979 L 33, p. 1 ...); ... in view of their specific nature, additional special provisions should be adopted for agricultural products and foodstuffs from a specified geographical area'.

Regulation No 2081/92 also states, in its seventh recital, 'there is diversity in the national practices for implementing registered designations of origin and geographical indications; ... a Community approach should be envisaged; ... a framework of Community rules on protection will permit the development of geographical indications and designations of origin since, by providing a more uniform approach, such a framework will ensure fair competition between the producers of products bearing such indications and enhance the credibility of the products in the consumers' eyes'.

The ninth and tenth recitals of Regulation No 2081/92 are worded as follows:

'Whereas the scope of this Regulation is limited to certain agricultural products and foodstuffs for which a link between product or foodstuff characteristics and geographical origin exists; whereas, however, this scope could be enlarged to encompass other products or foodstuffs;

Whereas existing practices make it appropriate to define two different types of geographical description, namely protected geographical indications and protected designations of origin'.

15. Article 1 of Regulation No 2081/92 provides:

'1. This Regulation lays down rules on the protection of designations of origin and geographical indications of agricultural products intended for human consumption referred to in Annex II to the Treaty and of the foodstuffs referred to in Annex I to this Regulation and agricultural products listed in Annex II to this Regulation.

...

2. This Regulation shall apply without prejudice to other specific Community provisions.

...'

16. Annex I to the Regulation, headed 'Foodstuffs referred to in Article 1', mentions 'Beer' in its first indent.

Article 2(1) and (2) of Regulation No 2081/92 provides:

'1. Community protection of designations of origin and of geographical indications of agricultural products and foodstuffs shall be obtained in accordance with this Regulation.

2. For the purposes of this Regulation:

(a) designation of origin: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and

- the quality or characteristics of which are essentially or exclusively due to a particular geographical

environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area;

(b) geographical indication: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and

- which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area.'

18. Regulation No 2081/92 states, in its 12th recital, that 'to enjoy protection in every Member State geographical indications and designations of origin must be registered at Community level' and that 'entry in a register should also provide information to those involved in trade and to consumers'.

Articles 5 to 7 of Regulation No 2081/92 lay down the procedure for the registration of geographical indications and designations of origin mentioned in Article 2, which is known as the 'normal procedure'. According to Article 5(4), the application is to be sent to the Member State in which the geographical area is located. Under Article 5(5), the Member State is to check that the application is justified and forward it to the Commission.

Since examination of an application for registration by the Commission takes a certain amount of time and, pending a decision on the registration of a name, a Member State must be allowed to confer transitional national protection, Regulation No 2081/92 was amended by Council Regulation (EC) No 535/97 of 17 March 1997 (OJ 1997 L 83, p. 3), which inserted the following text in Article 5(5) after the first subparagraph:

'That Member State may, on a transitional basis only, grant on the national level a protection in the sense of the present Regulation to the name forwarded in the manner prescribed, and, where appropriate, an adjustment period, as from the date of such forwarding; ...

Such transitional national protection shall cease on the date on which a decision on registration under this Regulation is taken. ...

The consequences of such national protection, where a name is not registered under this Regulation, shall be the sole responsibility of the Member State concerned.

The measures taken by Member States under the second subparagraph shall produce effects at national level only; they shall have no effect on intra-Community trade.'

21. Article 17 of Regulation No 2081/92 sets up a simplified registration procedure applicable to the registration of names already in existence on the date of entry into force of the Regulation. It provides:

'1. Within six months of the entry into force of the Regulation, Member States shall inform the Commission which of their legally protected names or, in those

Member States where there is no protection system, which of their names established by usage they wish to register pursuant to this Regulation.

2. In accordance with the procedure laid down in Article 15, the Commission shall register the names referred to in paragraph 1 which comply with Articles 2 and 4. Article 7 shall not apply. However, generic names shall not be added.

3. Member States may maintain national protection of the names communicated in accordance with paragraph 1 until such time as a decision on registration has been taken.<sup>4</sup>

22. Under Article 8 of Regulation No 2081/92, 'the indications PDO, PGI or equivalent traditional national indications may appear only on agricultural products and foodstuffs that comply with this Regulation'.

Under Article 13 of Regulation No 2081/92:

'1. Registered names shall be protected against:

(a) any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or insofar as using the name exploits the reputation of the protected name;

(b) any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as "style", "type", "method", "as produced in", "imitation" or similar;

(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;

(d) any other practice liable to mislead the public as to the true origin of the product.

Where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic, the use of that generic name on the appropriate agricultural product or foodstuff shall not be considered to be contrary to (a) or (b) in the first subparagraph.

2. However, Member States may maintain national measures authorising the use of the expressions referred to in paragraph 1(b) for a period of not more than five years after the date of publication of this Regulation, provided that:

- the products have been marketed legally using such expressions for at least five years before the date of publication of this Regulation,

- the labelling clearly indicates the true origin of the product.

However, this exception may not lead to the marketing of products freely on the territory of a Member State where such expressions are prohibited.

3. Protected names may not become generic.<sup>4</sup>

24. In order to allow for the fact that the first proposal for registration of geographical indications and designations of origin which the Commission was to draw up pursuant to Article 17(2) of Regulation No 2081/92 was not submitted to the Council until March 1996,

when the major part of the transitional period of five years provided for by Article 13(2) of that Regulation had elapsed, Regulation No 535/97, which entered into force on 28 March 1997, replaced the latter paragraph with the following:

'By way of derogation from paragraph 1(a) and (b), Member States may maintain national systems that permit the use of names registered under Article 17 for a period of not more than five years after the date of publication of registration, provided that:

- the products have been marketed legally using such names for at least five years before the date of publication of this Regulation,

- the undertakings have legally marketed the products concerned using those names continuously during the period referred to in the first indent,

- the labelling clearly indicates the true origin of the product.

However, this derogation may not lead to the marketing of products freely within the territory of a Member State where such names were prohibited.<sup>4</sup>

The main proceedings and the question referred for a ruling

25. Warsteiner Brauerei has run a brewery in Warstein in Nordrhein-Westfalen, Germany, since 1753. It is the owner of the trade mark 'Warsteiner' for 'beer of Pilsener style', registered on 24 October 1990 at the Deutsche Patentamt (German Patents Office), on the basis of public acceptance. It is common ground that beer brewed in Warstein has no special characteristics attributable to that locality and that the beer called 'Warsteiner' owes its reputation to the quality of the beer and promotion of the 'Warsteiner' brand.

26. In autumn 1990, Warsteiner Brauerei acquired a brewery located in Paderborn, 40 km from Warstein, where it brewed 'Light' and 'Fresh' type beers until the end of 1991. The labels on the front of the bottles for these beers bore inter alia the name 'Warsteiner' or 'Marke Warsteiner' (Warsteiner Brand). The back labels indicated inter alia that the beers were brewed and bottled 'in unserer neuen Paderborner Brauerei' (in our new Paderborn Brewery).

27. As it considered that those labels were misleading, the Schutzverband brought an action against Warsteiner Brauerei before the Landgericht (Regional Court), Mannheim, seeking an injunction, pursuant to Paragraph 3 of the UWG, restraining it from using 'Warsteiner' as a geographical indication of source for beer brewed in Paderborn.

28. Before the Landgericht, Mannheim, Warsteiner Brauerei argued, inter alia, that the name 'Warsteiner' was not a reference to geographical provenance, inasmuch as the locality of Warstein was largely unknown to the general public, and, in any event, the reputation of its beer did not depend on particular characteristics attributable to that locality. It also pointed out that there were other beers bearing names referring to a geographical source which did not come exclusively from the place thereby designated.

29. After ordering a consumer survey, the Landgericht, Mannheim, granted the injunction sought by the

Schutzverband and, by order of 10 June 1994, prohibited the defendant from offering for sale, distributing and/or putting into circulation with the offending labels the beers brewed in the Paderborn brewery.

30. On appeal, the Oberlandesgericht (Higher Regional Court), Karlsruhe, by order of 14 February 1996, quashed the judgment of the Landgericht and dismissed the action of the Schutzverband. After obtaining a supplementary expert opinion, the Oberlandesgericht, Karlsruhe, held that the survey showed that the name at issue did not significantly mislead, that is to say mislead in a manner likely to influence consumer behaviour, a substantial proportion of those surveyed. It found that among the consumers surveyed who drank beer, even if only occasionally or rarely, only 8% knew of a locality called Warstein and accorded that place importance.

31. In its judgment, the Oberlandesgericht, Karlsruhe, also considered the claims based on the Markengesetz, which was by then in force, and, according to the written observations put before the Court by Warsteiner Brauerei, stated in that regard:

'Nor can the claim made be based on Paragraph 128(1) of the Markengesetz, in conjunction with Paragraphs 126 and 127 of that Law. The protection, in trade-mark law, of geographical indications of source, requires that there be a risk of misleading (Paragraph 127(1) of the Markengesetz). Just as in the case of Paragraph 3 of the UWG, the basis for a claim must be the existence of a false impression which influenced the decision to purchase.'

32. The dispute finally came before the Bundesgerichtshof which, in its order for reference, observes, first, that it is the provisions of the Markengesetz which are of relevance for the legal assessment of the dispute in the main proceedings. It points out that the protection of geographical indications of source was widened by the adoption of that new legislation which operates as a *lex specialis*. By its nature, that protection continues to be a matter of competition law, but provisions such as Paragraph 3 of the UWG can now be invoked only for situations which do not fall under Paragraph 126 et seq. of the Markengesetz. In the absence, however, of an allocation of the name to a specified (exclusive) holder, geographical indications of source do not constitute a distinct form of intellectual property.

33. The Bundesgerichtshof then observes that the prohibition on labelling a product with inaccurate information as to its geographical source is justified in order to protect competitors, so that geographical indications of source should also be protected where the source of a product has no influence on the consumer's purchasing decision.

34. According to the Bundesgerichtshof, the protection of simple geographical indications of source provided for in Paragraph 127(1) of the Markengesetz is not subject to the condition that such indications should be familiar to the public as such, that is to say, in the case in the main proceedings, as a reference to a place called 'Warstein', but simply requires that the locality indicat-

ed should not be wholly inconceivable as the place of production because of its specific character or the particular nature of the product. Nor is that protection subject to the condition that the consumer should associate particular qualities with that indication, attributable to regional or local characteristics. In order to rule on the dispute in the main proceedings, it is not, therefore, relevant to know whether the consumer associates particular expectations of quality with the place of provenance of the beer or whether the designation 'Warsteiner', as an indication of source, has any importance in the consumer's decision to purchase.

35. Finally, the Bundesgerichtshof considers that Regulation No 2081/92, Article 2(2)(b) of which protects geographical indications of foodstuffs only if a specific quality, reputation or other characteristics are attributable to that geographical origin, should not preclude national protection of simple geographical indications of source. However, it takes the view that neither the Court, in its judgment in Joined Cases C-321/94 to C-324/94 *Pistre and Others* [1997] ECR I-2343, nor the Commission, in the written observations it lodged in this case, gave a clear and definitive answer to the question whether the protection of geographical indications and designations of origin introduced by Regulation No 2081/92 precludes any more extensive national protection.

36. Since it considered that the case turned on the interpretation of Regulation No 2081/92, the Bundesgerichtshof decided to stay proceedings and refer the following question to the Court of Justice for a preliminary ruling:

'Does Regulation No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs preclude application of a national provision which prohibits the misleading use of a simple geographical designation of source, that is, an indication in the case of which there is no link between the characteristics of the product and its geographical provenance?'

**The question referred for a preliminary ruling**

37. It should be borne in mind, first of all, that the fifth recital of Regulation No 2081/92 states that the labelling of agricultural products and foodstuffs remains subject to the general rules laid down in Directive 79/112.

38. It must also be observed that, in its written observations, the German Government expressly points out that, like inter alia Paragraph 3 of the UWG, Paragraph 126 et seq of the Markengesetz seek to provide consumers with the same protection against misleading labelling as Directive 79/112.

39. However, the national court has not asked the Court to interpret that directive: the question it has referred for a preliminary ruling concerns the provisions of Regulation No 2081/92 only.

40. Read in the light of the applicable national legislation the question referred must therefore be understood as seeking to ascertain whether Regulation No 2081/92 precludes the application of national legislation which prohibits the potentially misleading use of a geograph-

ical indication of source where there is no link between a product's characteristics and its geographical provenance.

41. In that regard, it must be observed that it is clear from the case-law of the Court that, in the absence of common rules relating to the production and marketing of a product, it is in principle for the Member States to regulate all matters relating to the marketing of that product on their own territory, including its description and labelling, subject to any Community measure adopted with a view to approximating national laws in these fields (Case 27/80 Fietje [1980] ECR 3839, paragraph 7).

42. Next, it must be observed that, pursuant to Articles 1(1) and 2(1) and (2), Regulation No 2081/92 regulates the Community protection of designations of origin and geographical indications within the meaning of that regulation.

43. According to Article 2(2)(b), Regulation No 2081/92 only concerns geographical indications in respect of which there is a direct link between both a specific quality, reputation or other characteristic of the product and its specific geographical origin (see, to that effect Pistre, cited above, paragraph 35).

44. It is common ground that simple geographical indications of source, in the case of which, in the terms used by the national court in its question, there is no link between the characteristics of the product and its geographical provenance, do not fall within that definition and are not therefore protected under Regulation No 2081/92.

45. However, there is nothing in Regulation No 2081/92 to indicate that such geographical indications of source cannot be protected under the national legislation of a Member State.

46. On the contrary, it is expressly stated in the ninth recital of Regulation No 2081/92 that its scope is limited to designations in the case of which a link between product or foodstuff characteristics and geographical origin exists.

47. Moreover, in its judgment in Pistre, cited above, paragraphs 39 and 40, the Court has held that Regulation No 2081/92 does not preclude application of domestic rules protecting designations containing specific geographical references, which, if there were links between the characteristics of the products which those designations evoke and the geographical area to which they refer, could be registered under that regulation.

48. Warsteiner Brauerei and the Greek Government object that by authorising the maintenance, alongside Regulation No 2081/92, of national rules on the protection of geographical indications which do not coincide with the conditions for protection laid down by the Regulation would run counter to the very purpose of that regulation, which, according to its seventh recital, is to set up a Community system for the protection of geographical indications and designations of origin by replacing diverse national practices in that area with a framework of Community rules and a more uniform approach. According to the Greek Government, the maintenance of such national rules also fundamentally

undermines the Community registration system set up by Regulation No 2081/92, in that it would allow the protection of geographical indications without respect for the procedural rules and the strict basic conditions to which their registration is subject, and thus without respect for their protection under Regulation No 2081/92.

49. In that regard, it must be observed, first, that the purpose of Regulation No 2081/92 cannot be undermined by the application, alongside that regulation, of national rules for the protection of geographical indications of source which do not fall within its scope.

50. Second, Regulation No 2081/92 is intended to ensure uniform protection within the Community of the geographical designations which it covers and it introduced a requirement of Community registration so that they could enjoy protection in every Member State (see, to that effect, the judgment in [Joined Cases C-129/97 and C-130/97 Chiciak and Fol \[1998\] ECR I-3315, paragraphs 25 and 26](#)), whereas the national protection which a Member State confers on geographical designations which do not meet the conditions for registration under Regulation No 2081/92 is governed by the national law of that Member State and is confined to the territory of that Member State.

51. Warsteiner Brauerei and the Greek Government also point out that Article 17(3) of Regulation No 2081/92 and Article 5(5) thereof, as amended by Regulation No 535/97, authorise Member States to maintain or grant national protection for names communicated or forwarded to the Commission for registration under either the simplified procedure or the normal procedure only for a transitional period, until the date on which a decision on their registration is taken. They infer from this that neither names communicated or forwarded pursuant to Article 17(1) and Article 5(5) respectively of Regulation No 2081/92 which do not meet the conditions for protection under that regulation, nor a fortiori those not so communicated or forwarded can no longer be protected.

52. In that regard, it is sufficient to note, first, that Article 17(3) of Regulation No 2081/92 applies only to names, already in existence on the date of entry into force of that regulation, which were communicated by Member States to the Commission for registration and protection at Community level. That provision is thus intended to ensure that, owing to the initiation of the registration procedure and pending a decision closing that procedure, such names do not lose the national protection they enjoyed and is in no way intended to regulate the status of those existing names whose registration is not sought by any Member State.

53. Second, the second subparagraph of Article 5(5) of Regulation No 2081/92, as inserted by Regulation No 535/97, makes clear that the transitional protection which Member States may grant under that provision to a name whose registration has been applied for under the normal procedure is protection 'in the sense of the present Regulation', which, however, remains confined to the national territory, as is clear from the fifth subparagraph of Article 5(5) of Regulation No 2081/92, as

inserted by Regulation No 535/97. That provision thus has no bearing on the question whether Member States may, on their respective national territories, grant protection under their national law to geographical designations for which they do not apply for registration under Regulation No 2081/92 or which do not meet the conditions for receiving the protection provided for by that regulation.

54. In view of the foregoing considerations, the answer to be given to the question referred to the Court must be that Regulation No 2081/92 does not preclude the application of national legislation which prohibits the potentially misleading use of a geographical indication of source in the case of which there is no link between the characteristics of the product and its geographical provenance.

#### Costs

55. The costs incurred by the German, Greek, French, Italian and Austrian Governments, and by the Commission, which have submitted observations to the Court, are not recoverable. 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.

On those grounds,

#### THE COURT

in answer to the question referred to it by the Bundesgerichtshof, by order of 2 July 1998, hereby rules:  
Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs does not preclude the application of national legislation which prohibits the potentially misleading use of a geographical indication of source in the case of which there is no link between the characteristics of the product and its geographical provenance.

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### OPINION OF ADVOCATE GENERAL JACOBS

delivered on 25 May 2000 (1)

Case C-312/98

Schutzverband gegen Unwesen in der Wirtschaft e.V.

v

Warsteiner Brauerei Haus Cramer GmbH & Co. KG

1. This case concerns the interface between Community law on the protection of geographical indications of origin and on the free movement of goods and national law on the protection of geographical indications of source and unfair competition law, including the protection of consumers. The Bundesgerichtshof (Federal Court of Justice), Germany, asks the Court whether Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (2) precludes application of a national provision which prohibits the misleading use of a simple geographical indication of source.

2. I would note at the outset that the terminology used in this area itself risks being a fruitful source of confusion. I will use the term 'geographical indication of source' (3) in the sense simply of a place name designating a product where, first, there is no link between the characteristics of the product and its geographical provenance and, secondly, use of the name may or may not lead consumers to think that the product originates in that place; it is clear from the order for reference that this is moreover the sense in which the referring court uses the term 'simple geographical indication of source'. I will in contrast use the terms 'geographical indication' (4) and 'designation of origin' (5) only in the sense in which they are defined in Regulation No 2081/92, namely (in brief) where there is some link between the characteristics of the product and its geographical provenance. (6)

#### The facts and the main proceedings

3. The defendant, which operates a brewery in Warstein, is the owner of the German trade mark No 1 166 399 'Warsteiner' for 'beer of Pilsener style', which was registered on 24 October 1990. In Autumn 1990 the defendant acquired the Paderborn brewery, situated 40 km from Warstein.

4. The subject-matter of the dispute is the wording used by the defendant on the labels on the bottles for 'Light' and 'Fresh' beer brewed in the Paderborn brewery to the end of 1991. The front label describes the beers respectively as 'Warsteiner Premium Light' and 'Warsteiner Marke [Brand] Premium Fresh'. The back label in each case repeats the name, gives some promotional information about the beer, and concludes with the statement:

'Specially brewed in accordance with the German beer purity law and bottled in our new PADERBORN BREWERY'.

5. I would note at this point that it is common ground first that 'Warsteiner', the adjectival form of 'Warstein' as a place name, is a geographical indication of source and secondly that beer brewed in Warstein has no special features attributable to locality: the reputation of Warsteiner branded beer derives from the quality of the beer and promotion of the mark.

6. The applicant, an association whose object according to its statutes is to combat unfair competition, considers that the design of the labels is misleading and that the geographical indication of source 'Warsteiner' may consequently not be used for beer brewed in Paderborn. (7) The defendant responds that customers do not regard 'Warsteiner' as a reference to geographical provenance. The place Warstein is unknown to customers; even if some customers associate the designation 'Warsteiner' with geographical provenance, appreciation of the beer does not depend on local factors. There are other beers with a geographical indication of source which do not come (exclusively) from the place thereby designated.

7. The Landgericht (District Court), Mannheim, after obtaining a consumer survey, essentially upheld the application for an injunction and by order of 10 June 1994 prohibited the defendant from offering for sale, distrib-

uting and/or putting into circulation with the labels referred to above the 'Warsteiner Premium Light' and 'Warsteiner Premium Fresh' beers brewed in the Paderborn brewery. The Landgericht based its decision on Paragraph 3 of the Gesetz gegen den unlauteren Wettbewerb (law against unfair competition; 'UWG'). (8)

8. On appeal, the Oberlandesgericht (Higher Regional Court), Karlsruhe, after a supplementary expert opinion on the consumer survey, quashed the judgment of the Landgericht and dismissed the action. It considered that the survey showed that the designation did not mislead a significant part of the customer groups surveyed in a manner decisive for consumer behaviour. Ultimately only 8% of those consumers surveyed who drank beer, even if only occasionally or rarely, both knew that there was a place called Warstein and, when asked, also regarded that place as of importance.

9. The applicant appealed on a point of law to the Bundesgerichtshof. That court considered that the decision on the appeal depended on whether Regulation No 2081/92 precluded national protection of simple geographical indications of source: if the national legislation remained unaffected by that Regulation, then for reasons explained below the applicant's claim should succeed. It accordingly stayed the proceedings and by order of 2 July 1998 referred to the Court the following question:

'Does Regulation No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs preclude application of a national provision which prohibits the misleading use of a simple geographical designation of source, that is, an indication in the case of which there is no link between the characteristics of the product and its geographical provenance?'

10. Written observations have been presented by the parties, the Austrian, French, German, Greek and Italian Governments and the Commission. The parties, the German, Greek and Italian Governments and the Commission were represented at the hearing.

#### **The relevant national legislation and its interpretation by the referring court**

11. Paragraph 3 of the UWG provides:

'Whoever in commercial transactions for the purposes of competition gives misleading information about ... the origin ... of specific goods ... may be restrained by action from continuing to provide such information.'

12. Although it appears that the action was originally brought and decided at first instance on the basis of the above provision, the Bundesgerichtshof states in the order for reference that the case is governed primarily by the Markengesetz (Trade Marks Law) which entered into force on 1 January 1995, and all the observations proceed on that basis.

13. The sixth part of the Markengesetz contains three sections. The first (containing Paragraphs 126 to 129) is headed 'Protection of geographical indications of source', while the second (Paragraphs 130 to 136) is headed 'Protection of geographical indications and designations of origin within the meaning of Regulation

(EEC) No 2081/92'. The third section contains provisions delegating authority for the adoption of regulations.

14. Paragraph 126 of the Markengesetz is headed 'Names, indications or signs protected as geographical indications of source'. Paragraph 126(1) provides: 'Geographical indications of source within the meaning of this Law mean names of places, areas, regions or countries and other indications or signs used commercially to designate the geographical provenance of goods or services.'

15. Paragraph 127 of the Markengesetz, headed 'Scope of protection', provides in so far as relevant:

(1) Geographical indications of source may not be used commercially for goods or services which do not come from the place, area, region or country which they designate, if with the use of such names, indications or signs for goods or services of other origin there is a risk of misleading as to the geographical provenance.

(2) If the goods or services marked with a geographical indication of source have particular characteristics or a particular quality, the geographical indication of source may be used commercially for the corresponding goods or services of that source only if the goods or services have those characteristics or that quality.

(3) If a geographical indication of source enjoys a particular reputation, it may not be used commercially for goods or services of other provenance, even if there is no risk of misleading as to the geographical provenance, where use for goods or services of other provenance is liable unfairly to exploit or affect adversely, without justification, the reputation of the indication of geographical source or its distinctive force.'

16. Paragraph 128(1) of the Markengesetz provides:

'An action for a prohibitory order may be brought against a person who uses names, indications or signs commercially contrary to Paragraph 127 by those entitled to bring claims under Paragraph 13(2) of the Law on Unfair Competition.'

17. According to the order for reference, Paragraph 13(2) of the UWG refers to competitors, trade associations, consumer organisations and chambers of industry and commerce or craft trade associations.

18. The Bundesgerichtshof stresses in the order for reference that the protection of geographical indications of source embodied in Paragraphs 126 to 128 of the Markengesetz is to be regarded as a *lex specialis* of a protection which by its nature is a matter of competition law; Paragraph 3 of the UWG may now be invoked only for situations which do not fall within Paragraph 126 et seq. of the Markengesetz. Geographical indications of source are not, however, an additional type of intellectual property in the absence of an allocation of the designation to a specified (exclusive) holder. Individual protection still arises only as a reflex of the essentially competition law protection.

19. The Bundesgerichtshof continues by stating that, since incorrectly indicating the geographical provenance of goods is prohibited on grounds of the

protection of competitors, geographical indications of source may be protected also when the provenance of the goods is unimportant for the consumer's decision to purchase. Protection of simple geographical indications of source under Paragraph 127(1) of the Markengesetz requires merely that the place indicated is not recognisably excluded as a place of production on the basis of its particular character or the special nature of the goods; (9) it does not presuppose that the consumer associates with the indication a special quality attributable to regional or local characteristics or that the indication is known to customers as such. For the present case, therefore, it is not relevant whether the consumer associates particular expectations as to quality with the place of provenance of the beer or to what extent the designation 'Warsteiner' as geographical indication is of importance for the consumer's decision to purchase. Since the defendant fails to provide sufficient and reasonable clarifying indications as to the place of brewing, Paderborn, it is prohibited from using the local designation 'Warsteiner' for beer brewed in Paderborn.

20. The Bundesgerichtshof concludes by indicating that the defendant could neutralise the meaning of 'Warsteiner' as a geographical indication by stating on the front labels of the beer bottles that the beer is brewed in Paderborn, and perhaps in addition by adding the word 'Marke' ('brand' or 'trade mark') to the designation 'Warsteiner'. (10) According to the applicant, some 'Fresh' and 'Light' beer brewed by the defendant at Paderborn was marketed under labels satisfying both those criteria and, in a judgment given in parallel proceedings brought by the applicant against the defendant in respect of such labelling, the Bundesgerichtshof has ruled in favour of the defendant. It appears however that the proceedings which gave rise to this request for a preliminary ruling are not regarded by the parties as rendered moot by that judgment; according to the applicant, the defendant wishes to return to the label designs at issue in these proceedings if it may lawfully do so.

#### **The relevant Community legislation**

Regulation No 2081/92

21. Regulation No 2081/92 provides, for designations which satisfy its conditions and are registered thereunder, a system of protection throughout the Community.

22. The seventh, ninth and tenth recitals in the preamble to Regulation No 2081/92 state:

'... there is diversity in the national practices for implementing registered designations of origin and geographical indications; ... a Community approach should be envisaged; ... a framework of Community rules on protection will permit the development of geographical indications and designations of origin since, by providing a more uniform approach, such a framework will ensure fair competition between the producers of products bearing such indications and enhance the credibility of the products in the consumers' eyes;

... the scope of this Regulation is limited to certain agricultural products and foodstuffs for which a link

between product or foodstuff characteristics and geographical origin exists; ... however, this scope could be enlarged to encompass other products or foodstuffs;

... existing practices make it appropriate to define two different types of geographical description, namely protected geographical indications and protected designations of origin'.

23. Article 1(1) provides:

'This Regulation lays down rules on the protection of designations of origin and geographical indications of agricultural products intended for human consumption referred to in Annex II to the Treaty and of the foodstuffs referred to in Annex I to this Regulation and agricultural products listed in Annex II to this Regulation. ...'

The foodstuffs referred to in Annex I include beer.

24. According to Article 2(1) of the Regulation, 'Community protection of designations of origin and of geographical indications of agricultural products and foodstuffs' is to be obtained in accordance with the Regulation.

25. The general definition of 'designation of origin' and 'geographical indication' for the purposes of the Regulation appears in Article 2(2):

(a) designation of origin: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and

- the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area;

(b) geographical indication: means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and

- which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area'.

26. Pursuant to Article 17(1) of the Regulation, Member States were obliged 'within six months of the entry into force of the Regulation, [to] inform the Commission which of their legally protected names or, in those Member States where there is no protection system, which of their names established by usage they wish to register pursuant to this Regulation'. Furthermore, Article 17(3) provides that 'Member States may maintain national protection of the names communicated in accordance with paragraph 1 until such time as a decision on registration has been taken.' Subsequent registrations are of course possible, and indeed there is still a steady stream of applications for registration pursuant to the Regulation. The registration procedure is laid down in Articles 4 to 7: in brief, a group or in certain

circumstances a natural or legal person may apply for registration in respect of agricultural products or foodstuffs which it produces or obtains within the meaning of Article 2(2)(a) or (b); the Commission verifies whether the application contains all the prescribed particulars and, if satisfied, publishes the details in the Official Journal; if there has been no opposition within six months of publication, the name is registered.

#### **The labelling and advertising directives**

27. The applicant, the defendant, the German Government and the Commission variously refer in their observations to Directive 79/112 on the labelling, presentation and advertising of foodstuffs (11) and Directive 84/450 on misleading advertising. (12)

28. Directive 79/112 enacts Community rules of a general nature on labelling which are applicable horizontally to all foodstuffs put on the market and intended for sale to the ultimate consumer. (13) The prime consideration is the need to inform and protect the consumer; the rules are also to prohibit the use of information which would mislead the purchaser. (14) 'Labelling' is defined to include any words, particulars, trade marks or brand name relating to a foodstuff and placed on any label; (15) it must not be such as could mislead the purchaser to a material degree, particularly as to the characteristics of the foodstuff including its origin or provenance. (16)

29. Directive 84/450 aims to improve consumer protection and to put an end to distortions of competition and hindrances to the free movement of goods and services arising from disparities between the Member States' laws against misleading advertising. (17) With those objectives in mind, it seeks to establish minimum objective criteria for determining whether advertising is misleading and minimum requirements for the means of affording protection against such advertising. 'Advertising' is widely defined in Article 2(1) to mean the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services; 'misleading advertising' is defined in Article 2(2) to mean any advertising which in any way deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behaviour or which, for those reasons, injures or is likely to injure a competitor. Article 3 makes clear that, in determining whether advertising is misleading, account is to be taken of any information it contains concerning the geographical or commercial origin of goods. Article 7 provides that Member States may retain or adopt provisions with a view to ensuring more extensive protection for, inter alia, consumers.

#### **Analysis of the issues**

30. A number of different issues arise in this case. First and foremost it must be established whether Regulation No 2081/92 permits the co-existence of national legislation on simple indications of source: that of course is the question referred by the Bundesgerichtshof. If so, the further question arises whether that national legislation is compatible with other requirements of

Community law, in particular the Treaty provisions on the free movement of goods. That issue was raised by the defendant and the French, German and Italian Governments in their written observations. Since however the observations concentrated substantially on the scope of Regulation No 2081/92, the subject-matter of the sole question referred, the Court asked that observations at the hearing should also address the links between national protection of simple geographical indications of source and the Treaty provisions on the free movement of goods and, in that connection, on the compatibility of the Bundesgerichtshof's interpretation of Paragraph 127(1) of the Markengesetz with the requirements of Community law, in particular concerning consumer protection. I will consider first the question referred, namely whether Regulation No 2081/92 permits the co-existence of national legislation on simple geographical indications of source.

#### **The scope of Regulation No 2081/92**

31. The applicant, the French, German and Italian Governments and the Commission all echo the view of the Bundesgerichtshof as set out in the order for reference: Regulation No 2081/92 applies exclusively to the designations of origin and geographical indications defined in Article 2 thereof (18) - namely designations in respect of products for which there is a link between their geographical origin and their particular quality - and does not preclude national legislation protecting other types of geographical indications.

32. The German Government adds that Directive 79/112 on the labelling, presentation and advertising of foodstuffs (19) and Directive 84/450 on misleading advertising (20) require Member States to prohibit all misleading indications, including therefore misleading indications as to geographical provenance; it would be contrary to those Directives if the Regulation rendered Member States powerless in the area of geographical indications of source. (21) Moreover, if the Regulation were exhaustive the misleading use of such indications of source would be uncontrolled at both national and Community level.

33. The Austrian Government concurs with the view that the Regulation does not preclude national legislation protecting geographical indications of source, but arrives at that conclusion by another route. It notes that the objectives of the Regulation include in particular the improvement of income in rural areas; it would conflict with that objective if simple geographical indications of source which cannot benefit from the protection of the Regulation were to lose all national-protection as well, since the standard of living of the producers concerned would be significantly affected. The Austrian and German Governments both refer in addition to Article 22 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), (22) which requires parties - including the Community itself and the Member States as members of the WTO - to protect 'geographical indications'.

34. The defendant and the Greek Government, in contrast, submit that the Regulation has exhaustively regulated the protection of all types of geographical in-

dications and designations of origin and thus precludes national legislation in the area (although the defendant in submitting observations at the hearing on the additional issues raised by the Court proceeded on the basis that the national legislation was not so precluded). The defendant adds that the Regulation does not affect national competition laws which have as their object the protection of the consumer against misleading practices, in particular those implementing Directive 79/112 on the labelling, presentation and advertising of foodstuffs (23) and Directive 84/450 on misleading advertising. (24)

35. In my view it is apparent from both the purpose and wording of the Regulation that it does not preclude national systems of protection of simple geographical indications of source, namely indications where there is no link between provenance and quality or reputation.

36. First, it is to my mind clear that the Regulation itself extends only to those agricultural products and foodstuffs whose characteristics are linked to their place of origin: see the ninth recital in the preamble (25) and the definitions in Article 2(2) of 'designation of origin' and 'geographical indication', to which the Regulation is expressly limited in Article 1(1). (26) It is common ground that simple geographical indications of source do not fall within that definition.

37. It could of course be argued that, since strict conditions are necessary to qualify for 'geographical indications' within the meaning of the Regulation, it would be strange if simple indications could be protected without any conditions being imposed. The answer to that argument is that, within the field of 'true' designations of origin and geographical indications (namely those within the definitions in Article 2(2)), stringent conditions are justified to warrant Community-wide protection under a Community regime, but that that should not preclude Member States from granting such national protection as they think fit (provided of course that such protection is compatible with other provisions of Community law and in particular the Treaty provisions on the free movement of goods).

38. The defendant argues that, although by virtue of Article 2 the Regulation protects by registration only designations of origin and geographical indications as there defined, the scope of the Regulation as set out in Article 1 extends to all types of geographical designations and indications and thus precludes national protection of all such types including indications of source. That seems to me a somewhat contrived interpretation; it is moreover contrary to the statement in the preamble to the Regulation that its scope is limited to products for which a link between characteristics and geographical origin exists. (27)

39. As mentioned above, several parties refer in support of their arguments to Directive 79/112 on the labelling, presentation and advertising of foodstuffs (28) and Directive 84/450 on misleading advertising. (29) The Directives have been cited both by those submitting that the Regulation cannot be exhaustive, on the basis that it would in that case prevent Member States from complying with their obligations under the Direc-

tives to prohibit labelling and advertising which misleads as to provenance, and by the defendant, which argues that the Regulation, although precluding national legislation on indications of source, leaves unaffected legislation such as the Directives which have as their objective the protection of the consumer.

40. In my view the Directives do not assist with the argument whether the Regulation is exhaustive. They are however of some relevance to the question whether the national legislation is lawful independently of the scope of the Regulation. I will accordingly consider them below, in that context.

41. I accept that it is not obvious whether the Regulation precludes the co-existence of national systems of protection of products and foodstuffs within the scope of the Regulation, namely products and foodstuff described by geographical indications and designations of origin there defined. That question however is not at issue in the present case, which is concerned solely with the lawfulness of a national system of protection of simple geographical indications of source, clearly not within the scope of the Regulation.

42. I therefore conclude on the question referred by the Bundesgerichtshof that the Regulation does not preclude national legislation such as Paragraph 127(1) of the Markengesetz which protects simple geographical indications of source. The question whether such legislation is lawful must therefore be assessed by reference to other principles of Community law.

#### **The applicability of Article 30 of the EC Treaty**

43. The next question to be considered is whether national legislation such as Paragraph 127(1) of the Markengesetz is within the scope of Article 30 of the EC Treaty (now, after amendment, Article 28 EC), which prohibits between Member States quantitative restrictions on imports and all measures having equivalent effect.

44. It may be wondered whether the facts giving rise to the main proceedings fall within the scope of that article, given that German legislation is sought to be enforced by a German association against a Germany company in the context of beer brewed in Germany. Indeed the representative of the Italian Government raised this doubt at the hearing. The defendant, however, and by implication the French and German Governments consider that Article 30 is in principle applicable on the basis of the potential effects of the national legislation on intra-Community trade.

45. A similar issue arose in *Pistre*, (30) which concerned a prosecution brought against French nationals in connection with French products marketed on French territory. The prosecution was for failure to obtain authorisation required by national legislation for the use of certain descriptions in marketing the goods. The Court rejected an argument that in such circumstances the prosecutions did not fall within the ambit of Article 30, stating that that article could not be considered inapplicable simply because all the facts of the specific case before the national court were confined to a single Member State, since in such a situation the application of the national measure could also have

effects on the free movement of goods between Member States. (31) It must be observed however that the issue arose in that case in a rather unusual manner: it was argued that the compatibility of the national legislation with Article 30 was relevant since if the legislation had been unlawful as regards imports alone, there would have been discrimination against domestic producers. Such reverse discrimination would have been unlawful under national law. Consequently the domestic producers could rely indirectly on Article 30 to resist the application of the national legislation to them.

46. In the present case in contrast no such link is involved. I remain of the view that, for Article 30 to apply, there has to be an actual or potential effect on trade between Member States; it may be noted that that view has recently been expressed also by Advocate General Saggio in *Guimont*. (32) Since however argument has been addressed to Article 30, I shall consider the issues on the assumption that such an effect may be found to arise.

47. In terms of its substance, Paragraph 127(1) of the *Markengesetz* clearly falls within the scope of Article 30, which covers all trading rules enacted by Member States which are capable of hindering, directly or indirectly, actually or potentially, intra-Community trade. (33)

48. It accordingly remains to be determined whether the national provision at issue may be justified either by virtue of Article 36 of the Treaty (now, after amendment, Article 30 EC) or as an overriding requirement within the meaning of the *Cassis de Dijon* (34) case-law.

#### **The protection of industrial and commercial property under Article 36**

49. Article 36 permits restrictions on imports which are justified on various grounds including the protection of industrial and commercial property, provided that the restrictions do not constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States. The applicant submits that the national legislation falls within this derogation, citing in support of its view the judgment in *Exportur* (35) in which the Court appeared to accept that the protection of simple geographical indications of source falls within the scope of 'the protection of industrial and commercial property' within the meaning of Article 36. (36)

50. The defendant responds that the main proceedings in this case may be distinguished from those in *Exportur* in a critical respect. In that case, the Court appeared to accept that indications of source were entitled to protection because they 'may ... enjoy a high reputation amongst consumers and constitute for producers established in the places to which they refer an essential means of attracting custom'. (37) Protection of such indications of source was therefore justified because of the risk that their reputation might otherwise be exploited by another. In this case however the national legislation prohibits the use of indications of source whether or not there is any reputation linked to the ge-

ographical indication. The indication 'Warsteiner' has been promoted by the defendant and its reputation lies with the quality of the beer it identifies rather than with the beer's geographical provenance. Accordingly, the defendant concludes that it alone is entitled to complain of infringement of its fundamental Community law right to the protection of its intellectual property.

51. I find those submissions on behalf of the defendant convincing. *Exportur* arose out of an action brought by a Spanish association of exporters of the product in question (nougat called 'Turrón de Alicante' and 'Turrón de Jijona'), formed with the aim of launching and promoting export, against two French manufacturers of nougat called 'tourons Alicante', 'tourons type Alicante', 'tourons Jijona' and 'tourons type Jijona', in which the applicant sought an injunction prohibiting the defendants from using the Spanish names in question. The action was brought under the Convention between the French Republic and the Spanish State of 27 June 1973 on the protection of designations of origin, indications of provenance and names of certain products, which provided that the names 'Turrón de Alicante' and 'Turrón de Jijona' were, in the territory of the French Republic, to be reserved exclusively to Spanish products or goods and there used only in compliance with Spanish legislation. Whether or not simple geographical indications of source such as those at issue in *Exportur* can sensibly be considered to be on a par with mainstream intellectual property rights such as patents, trade marks and copyright, it is none the less clear that in that case the applicant was seeking to enforce a right of at least an analogous nature conferred on it (or its members) by the Convention; it was also clearly regarded as significant by the Court that the protected names and the products manufactured by the undertakings there established had a reputation of which the defendant manufacturers were taking advantage. (38) In this case in contrast the applicant, which has no right of any sort to use the geographical indication of source at issue, is seeking to prevent its use by the undertaking which has itself built up the reputation which the name enjoys. It seems to me that it strains accepted use of Community law concepts to regard the legislation pursuant to which such an action is brought as falling within the scope of 'the protection of industrial and commercial property' within the meaning of Article 36.

52. Moreover, the Court in its case-law on the scope of that derogation has consistently ruled that Article 36 admits derogations from the free movement of goods only to the extent to which they are justified for the purpose of safeguarding rights which constitute the specific subject-matter of such property. (39) The Court has given guidelines as to what constitutes the specific subject-matter of particular types of intellectual property: in the case of patents, for instance, it is the guarantee that the patentee, to reward the creative effort of the inventor, has the exclusive right to use an invention with a view to manufacturing industrial products and putting them into circulation for the first time, as well as the right to oppose infringements; (40) in the

case of a trade mark, it is the guarantee that the owner of the trade mark has the exclusive right to use that trade mark for the purpose of putting products protected by the trade mark into circulation for the first time; the guarantee is intended to protect the owner against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing the mark. (41) The object of national legislation such as Paragraph 127(1) of the *Markengesetz* is manifestly not to safeguard any comparable rights in connection with indications of source; indeed the *Bundesgerichtshof* is at pains to stress that, in the absence of an allocation of the indication of source to a specified exclusive holder, it is inappropriate to speak in terms of intellectual property rights. In my view, the principles developed by the Court in the context of industrial and commercial property in the strict sense of alienable rights such as patents, trade marks and copyright are an inherently inappropriate framework for assessing the lawfulness of national legislation on simple geographical indications of source.

53. Finally I would note that the facts in *Exportur* arose in an entirely different historical and legislative context from those in this case. In *Exportur* the Court was considering a Convention with a much broader aim than that of the national legislation at issue in this case: the Convention sought to protect designations of origin, indications of source and names of certain products, none of which at the time of the facts giving rise to the main proceedings was protected at Community level. (42) I am not persuaded that the Court's general statement that the objective of that Convention 'may be regarded as falling within the sphere of the protection of industrial and commercial property within the meaning of Article 36' should apply to the much narrower field of simple geographical indications of source, all the more so now that designations of origin are within the scope of the Regulation and protected at Community level pursuant thereto.

54. I accordingly conclude that national legislation such as Paragraph 127(1) of the *Markengesetz* does not fall within the derogation for measures for the protection of industrial and commercial property within the meaning of Article 36 of the Treaty.

#### **Justification on the grounds of overriding requirements**

55. Although the Court appeared to accept that the need to protect producers against unfair competition and consumers against deception regarding the origin of products could constitute justification on grounds of public policy under Article 36, (43) subsequent case-law has made it clear that, since Article 36 derogates from a fundamental rule of the Treaty enshrined in Article 30, it must be interpreted strictly and cannot be extended to objectives - such as protection against unfair competition and consumer protection - which are not expressly mentioned therein. (44) Justification on the grounds of consumer protection for the national legislation at issue must accordingly be sought elsewhere.

56. Since the national legislation is expressed to apply without distinction to domestic goods and to imports,

the restriction on the free movement of goods within the Community which it entails may in principle be justified under the formula first articulated by the Court in *Cassis de Dijon*, (45) namely in order to satisfy overriding requirements (46) which include protection against unfair competition (47) and the defence of the consumer, provided that the legislation is proportionate to its objective.

57. The *Bundesgerichtshof* in its order for reference stresses its view that Paragraph 127(1) of the *Markengesetz* is a competition law provision; the German Government emphasises that it is based on consumer protection. That aspect of the legislation is clear not only from its tenor but also from the facts that, pursuant to the combined provisions of Paragraph 128(1) of the *Markengesetz* and Paragraph 13(2) of the *UWG*, consumer associations are entitled to bring proceedings for infringement of Paragraph 127(1), and that Paragraph 3 of the *UWG*, which Paragraph 127(1) of the *Markengesetz* appears designed to supplement if not to supplant in the area of indications of provenance, has been frequently analysed by the Court as a provision for the protection of consumers. (48)

58. In any event it is apparent from *Cassis de Dijon* itself that the two concepts of consumer protection and unfair competition are closely related: the Court there stated that the mandatory fixing of minimum alcohol content could not be regarded as an essential guarantee of the fairness of commercial transactions (49) since it was a simple matter to ensure that suitable information was conveyed to the purchaser on the packaging. (50) The two grounds of justification will by their nature frequently arise together; (51) indeed the twin aims of consumer and producer protection underlie Regulation No 2081/92. (52)

59. It is clear from the case-law of the Court that the risk of misleading consumers cannot override the requirements of the free movement of goods and so justify barriers to trade unless that risk is sufficiently serious (53) and that in assessing the level of risk the relevant criterion is the presumed expectations of an average consumer who is reasonably well-informed and reasonably observant and circumspect. (54)

60. If therefore the average consumer, as so defined, of a particular product marketed under a simple geographical indication of source makes no link between the features of the product which inspire his purchase and the indication of source, then that indication does not influence his decision, he cannot sensibly be regarded as having been misled and a prohibition on marketing the product under such indication, ostensibly for the protection of consumers, would clearly be a disproportionate and inappropriate means to that end.

61. It appears from the figures cited in the order for reference (drawn from the consumer survey on which the *Oberlandesgericht, Karlsruhe*, based its judgment) that, although nearly 81% of frequent consumers of beer know of the place Warstein, a mere 8% of consumers who drink beer, even only occasionally or rarely, also regard that place as important to their decision to purchase.

62. The Bundesgerichtshof states in the order for reference that it is not a precondition for protection of a geographical indication of source under Paragraph 127 of the Markengesetz that the indication of source is known to consumers as such but merely that the place referred to is not recognisably excluded as the place of production. On that interpretation it is irrelevant whether the fact that there is a place called Warstein is significant for the average consumer's decision to purchase Warsteiner beer: the question whether there is a real risk that that consumer will be misled as to the geographical provenance of the product is disregarded.

63. If however the average consumer is not being misled, it is difficult to see what public interest is served by restricting the use of the indication of source. It is impossible to reconcile such a restriction with the standard of the average consumer which, as explained above, the Court has developed as a yardstick for assessing the lawfulness in this context of obstacles to the free movement of goods. Put another way, it is manifestly disproportionate to prohibit the marketing of a product under an indication of source in such circumstances. I accordingly conclude that for the above reasons Paragraph 127(1) of the Markengesetz as interpreted by the Bundesgerichtshof constitutes an unjustified limitation on the free movement of goods guaranteed by Article 30 since it would have the effect of protecting simple geographical indications of source, and hence potentially restricting intra-Community trade, even in the absence of any actual risk of confusion for consumers. It would however be compatible with Article 30, since it would be justified on the ground of consumer protection, if Paragraph 127(1) of the Markengesetz were interpreted by the national court as requiring a sufficiently serious risk of misleading the average consumer as defined by the Court as to geographical provenance.

64. That approach moreover ensures that the lawfulness of the national legislation is assessed on the basis of the same criteria which will determine its compatibility with Directive 79/112 on the labelling, presentation and advertising of foodstuffs (55) since in the case of that directive the same yardstick of the average consumer as defined by Community law will apply: it is clear from the case-law of the Court (56) that that standard applies to determine the extent to which a description, trade mark (57) or promotional text is misleading under the provisions of the Treaty or of Community legislation.

65. The situation is slightly different however with regard to Directive 84/450 on misleading advertising, (58) which is expressed to be a minimum standards directive which does not preclude Member States from retaining or adopting provisions with a view to ensuring more extensive protection for consumers, persons carrying on a trade, business, craft or profession, and the general public. (59) The Directive itself would therefore not preclude national legislation such as Paragraph 127(1) of the Markengesetz as interpreted by the Bundesgerichtshof. Such legislation would however, as indicated above, need to be compatible with the

principles articulated by the Court in the context of Article 30: (60) the result would consequently be the same.

#### Conclusion

66. I accordingly consider that the question referred by the Bundesgerichtshof should be answered as follows:

(1) Regulation No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs does not preclude application of national legislation which prohibits the misleading use of a simple geographical indication of source, that is, an indication in the case of which there is no link between the characteristics of the product and its geographical provenance.

(2) Where such national legislation has an actual or potential effect on trade between Member States and is interpreted by the national court so as to prohibit use of a simple geographical indication of source even where it was not liable to mislead a reasonably well-informed and reasonably observant and circumspect consumer, it will be contrary to Article 30 of the EC Treaty (now, after amendment, Article 28 EC).

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1: Original language: English.

2: - OJ 1992 L 208, p. 1; as amended by Council Regulation (EC) No 535/97 of 17 March 1997, OJ 1997 L 83, p. 3.

3: - 'Indication de provenance géographique' and 'geographische Herkunftsangabe'.

4: - 'Indication géographique' and 'geographische Angabe'.

5: - 'Appellation d'origine' and 'Ursprungsbezeichnung'.

6: - See paragraph 25 below for the full definitions.

7: - The relevant national legislation is set out in paragraphs 11 and 15 below.

8: - See paragraph 11 below.

9: - The defendant gives 'Mont Blanc' pens and 'Havana' razor blades as examples from the national case-law of indications in which the place indicated was regarded as so recognisably excluded.

10: - This is mentioned on both labels of the 'Fresh' beer but on neither label of the 'Light' beer.

11: - Council Directive 79/112/EEC of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer, OJ 1979 L 33, p. 1.

12: - Council Directive 84/450/EEC of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising, OJ 1984 L 250, p. 17, as amended by Directive 97/55/EC of European Parliament and of the Council of 6 October 1997 so as to include comparative advertising, OJ 1997 L 290, p. 18.

13: - Third and fifth recitals in the preamble and Article 1(1).

14: - See the sixth and twelfth recitals in the preamble.

- 15: - Article 1(3)(a).
- 16: - Article 2(1)(a)(i).
- 17: - Case C-373/90 Complaint against X [1992] ECR I-131, paragraph 9 of the judgment.
- 18: - See paragraph 25 above.
- 19: - Cited in note 10.
- 20: - Cited in note 11.
- 21: - The applicant makes the same point in relation to Directive 84/450 alone.
- 22: - OJ 1994 L 336, p. 214.
- 23: - Cited in note 10.
- 24: - Cited in note 11.
- 25: - Set out in paragraph 22 above.
- 26: - Set out in paragraph 25 above.
- 27: - Ninth recital, set out in paragraph 22 above.
- 28: - Cited in note 10.
- 29: - Cited in note 11.
- 30: - Joined Cases C-321/94, C-322/94, C-323/94 and C-324/94 Pistre and Others [1997] ECR I-2343, paragraph 35 of the judgment.
- 31: - Paragraphs 44 and 45 of the judgment.
- 32: - Case C-448/98 Ministère Public v Guimont, paragraphs 5 to 8 of the Opinion delivered on 9 March 2000.
- 33: - Case 8/74 Dassonville [1974] ECR 837.
- 34: - Case 120/78 Rewe v Bundesmonopolverwaltung für Branntwein [1979] ECR 649.
- 35: - Case C-3/91 [1992] ECR I-5529.
- 36: - See paragraph 37 of the judgment.
- 37: - Paragraph 28.
- 38: - See paragraphs 28 and 37 of the judgment.
- 39: - Case 78/70 Deutsche Grammophon v Metro [1971] ECR 487, paragraph 11 of the judgment; frequently affirmed since.
- 40: - Case 15/74 Centrafarm v Sterling Drug [1974] ECR 1147, paragraph 9 of the judgment.
- 41: - Case 16/74 Centrafarm v Winthrop [1974] ECR 1183, paragraph 8 of the judgment.
- 42: - Although the judgment was given some months after the Regulation had entered into force, the facts arose before that date.
- 43: - See Case 12/74 Commission v Germany [1975] ECR 181, in particular the Opinion of Advocate General Warner, p. 208.
- 44: - See for example Case 113/80 Commission v Ireland [1981] ECR 1625, paragraphs 7 to 8 of the judgment, and Case 177/83 Kohl v Ringelhan & Rennett [1984] ECR 3651, paragraph 14.
- 45: - Cited in note 33.
- 46: - 'Exigences impératives'; originally translated as 'mandatory requirements' but now more frequently rendered as 'imperative' or 'overriding' requirements.
- 47: - 'La loyauté des transactions commerciales', originally translated in Cassis de Dijon as 'the fairness of commercial transactions'.
- 48: - See for example Case C-315/92 Clinique [1994] ECR I-317; Case C-470/93 Verein gegen Unwesen in Handel und Gewerbe Köln v Mars [1995] ECR I-1923; and most recently Case C-220/98 Estée Lauder Cosmetics v Lancaster Group (judgment delivered on 13 January 2000).
- 49: - See note 46.
- 50: - Paragraph 13 of the judgment.
- 51: - For an analysis of the more general relationship between competition law and benefits to consumers see paragraphs 58 to 61 of my Opinion in Case C-7/97 Bronner v Mediaprint [1998] ECR I-7791.
- 52: - See in particular the second, third and fourth recitals in the preamble.
- 53: - Case C-313/94 Graffione [1996] ECR I-6039, paragraph 24 of the judgment, and the cases there cited.
- 54: - Case C-210/96 Gut Springenheide and Tusky v Oberkreisdirektor Steinfurt [1998] ECR I-4657, paragraphs 30 to 32 of the judgment, and the cases there cited, and most recently Case C-465/98 Verein gegen Unwesen in Handel und Gewerbe Köln v Adolf Darbo, judgment delivered on 4 April 2000, paragraph 20. For a helpful account of the notion of the average consumer in Community law, see paragraphs 23 to 29 of the Opinion of Advocate General Fennelly delivered on 16 September 1999 in Estée Lauder Cosmetics v Lancaster Group, cited in note 47.
- 55: - Cited in note 10.
- 56: - See the cases cited in note 53.
- 57: - The test of the average consumer as formulated by the Court in Gut Springenheide was explicitly endorsed in relation to trade marks in Case C-342/97 Lloyd Schuhfabrik Meyer v Klijsen Handel [1999] ECR I-3819, paragraph 26 of the judgment.
- 58: - Cited in note 11.
- 59: - Article 7.
- 60: - See to the same effect Case C-238/89 Pall [1990] ECR I-4827, paragraph 22 of the judgment
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