

Court of Justice EU, 14 July 2011, Viking Gas v Kosan Gas



v



TRADEMARK LAW

Refilling gas bottles generally not an infringement of trademark rights

- that the holder of an exclusive licence for the use of composite gas bottles intended for re-use, the shape of which is protected as a three-dimensional mark and to which the holder has affixed its own name and logo that are registered as word and figurative marks, may not prevent those bottles, after consumers have purchased them and consumed the gas initially contained in them, from being exchanged by a third party, on payment, for composite bottles filled with gas which does not come from the holder of that licence, unless that holder is able to rely on a proper reason for the purposes of Article 7(2) of Directive 89/104.

It follows from the foregoing that the sale of the composite bottle exhausts the rights that the licensee of the right to the trade mark constituted by the shape of the composite bottle and proprietor of the marks affixed to that bottle derives from those marks and transfers to the purchaser the right to use that bottle freely, including the right to exchange it or have it refilled, once the original gas has been consumed, by an undertaking of his choice, that is to say, not only by that licensee and proprietor, but also by one of its competitors. The corollary of that right on the part of the purchaser is the right of those competitors, within the limits set out in Article 7(2) of Directive 89/104, to refill and exchange the empty bottles.

[...].

In that connection, it must be stated that, in order to answer the question whether the commercialisation of the composite bottles refilled by Viking Gas is carried out in such a way as to give the impression that there is a commercial connection between that undertaking and Kosan Gas which would entitle Kosan Gas to op-

pose that commercialisation, it is necessary to take into account the labelling of those bottles and the circumstances in which they are exchanged.

The labelling of the composite bottles and the circumstances in which they are exchanged must not lead the average consumer who is reasonably well informed and reasonably observant and circumspect to consider that there is a connection between the two undertakings at issue in the main proceedings or that the gas used to refill those bottles comes from Kosan Gas. In order to assess whether such an erroneous impression is precluded, it is necessary to take into account the practices in that sector and, in particular, whether consumers are accustomed to the gas bottles being filled by other dealers. Furthermore, it appears to be reasonable to assume that a consumer who goes directly to Viking Gas either to exchange his empty gas bottle for a full bottle or to have his own bottle refilled is more readily in a position to be aware that there is no connection between Viking Gas and Kosan Gas.

As regards the fact that the composite bottles bear word and figurative marks made up of the name and logo of Kosan Gas which remain, according to the findings of the national court, visible in spite of the labelling affixed by Viking Gas to those bottles, it must be pointed out that this constitutes a relevant factor in so far as it seems to rule out that labelling from altering the condition of the bottles by masking their origin.

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Court of Justice EU, 14 July 2011

(J.-J. Kasel, A. Borg Barthet, M. Ilešič, M. Safjan en M. Berger)

JUDGMENT OF THE COURT (First Chamber)

14 July 2011 (*)

(Trade marks – Directive 89/104/EEC – Articles 5 and 7 – Gas bottles protected as a three-dimensional mark – Placing on the market by an exclusive licensee – Business activity of a competitor of the licensee consisting in the refilling of those bottles)

In Case C-46/10,

REFERENCE for a preliminary ruling under Article 267 TFEU from the Højesteret (Denmark), made by decision of 2 November 2009, received at the Court on 28 January 2010, in the proceedings

Viking Gas A/S

v

Kosan Gas A/S, formerly BP Gas A/S,

THE COURT (First Chamber),

composed of J.-J. Kasel, President of the Fifth Chamber, acting for the President of the First Chamber, A. Borg Barthet, M. Ilešič (Rapporteur), M. Safjan and M. Berger, Judges,

Advocate General: J. Kokott,

Registrar: C. Strömholm, Administrator,

having regard to the written procedure and further to the hearing on 20 January 2011,

after considering the observations submitted on behalf of:

– Viking Gas A/S, by P.H. Würtz, advokat,

– Kosan Gas A/S, formerly BP Gas A/S, by E. Bertelsen, advokat,
– the Italian Government, by G. Palmieri, acting as Agent, assisted by S. Fiorentino, avvocato dello Stato,
– the European Commission, by F.W. Bulst and H. Støvlbæk, acting as Agents,
after hearing [the Opinion of the Advocate General at the sitting on 7 April 2011](#),
gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Articles 5 and 7 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 The reference has been made in proceedings between Viking Gas A/S ('Viking Gas'), the applicant in the main proceedings, and Kosan Gas A/S, formerly BP Gas A/S ('Kosan Gas'), concerning Viking Gas' practice of selling gas by refilling composite bottles of gas, the shape of which is protected as a three-dimensional trade mark, and exchanging them, in return for payment, for bottles previously purchased by consumers from Kosan Gas, which holds an exclusive license for their use and has affixed to the bottles its name and logo, which are protected as word and figurative marks.

Legal context

3 Directive 89/104 has been repealed by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) (OJ 2008 L 299, p. 25), which entered into force on 28 November 2008. However, having regard to the time of the events, the dispute in the main proceedings is governed by Directive 89/104.

4 Article 5(1) to (3) of Directive 89/104 provided:

'1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

...

3. The following, inter alia, may be prohibited under paragraphs 1 and 2:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

...

5 Article 7 of Directive 89/104, headed 'Exhaustion of the rights conferred by a trade mark', provided:

'1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.'

6 In accordance with Article 65(2) of the Agreement on the European Economic Area of 2 May 1992, read in conjunction with Annex XVII, Point 4, to that agreement, the original version of Article 7(1) of Directive 89/104 was amended for the purposes of that agreement, with the expression 'in the Community' being replaced by the words 'in a Contracting Party'.

7 Article 8(1) of Directive 89/104 provided:

'A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.'

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

8 Kosan Gas produces and sells bottled gas to private and commercial customers. Since 2001, Kosan Gas has marketed bottled gas in Denmark in 'composite' bottles (lightweight bottles). The particular shape of those bottles is registered as a three-dimensional Community trade mark and a three-dimensional Danish trade mark for gaseous fuels and containers used for liquid fuels. The validity and scope of those registrations are not in dispute.

9 The composite bottles are used by Kosan Gas in accordance with a sole distribution agreement entered into with the Norwegian producer of the bottle, which confers on Kosan Gas an exclusive licence to use those bottles as a shape trade mark in Denmark and the right to take legal proceedings against infringements of the mark. Kosan Gas affixes to those bottles its name and logo, which are registered both as Community word and figurative marks inter alia for gas.

10 On first purchase of a composite bottle filled with gas from one of Kosan Gas' dealers, the consumer also pays for the bottle, which thus becomes the consumer's property. Kosan Gas also refills empty composite bottles. A consumer may therefore exchange, at one of Kosan Gas' dealers, an empty composite bottle for a new composite bottle filled by Kosan Gas and will pay only the price of the gas purchased.

11 Viking Gas, which sells but does not itself produce gas, has one filling station in Denmark, from which composite bottles are dispatched, after being filled with gas, to independent dealers. Viking Gas attaches to those bottles an adhesive label bearing its name and the filling station number together with a further adhesive label providing inter alia information as required by law on the filling station and the contents of the bottles. The word and figurative marks of Kosan Gas on those bottles are neither removed nor covered. A consumer can go to a dealer cooperating with Viking Gas and, on

payment for the gas, get an empty gas bottle exchanged for a similar one filled by Viking Gas.

12 Kosan Gas has also sold gas using bottles other than composite bottles as containers, namely steel gas canisters of the same type as those used by most of the operators on the market (uniform, yellow steel canisters in a variety of sizes). Those canisters, previously used by Kosan Gas, are not registered as shape trade marks, but, like the composite bottles, bear the word and figurative marks of that undertaking. Viking Gas submits that Kosan Gas has for many years accepted, and continues to accept, the fact that other firms refill those uniform canisters to sell their gas although they bear the name and logo of Kosan Gas. 13 Following an action for infringement brought by Kosan Gas, the *fogedret* in Viborg (Bailiff's Court, Viborg) prohibited Viking Gas, by order of 6 December 2005, from selling gas by filling Kosan Gas' composite bottles. That order was confirmed by judgment of the *Sø- og Handelsretten* (Maritime and Commercial Court) of 21 December 2006, which holds *inter alia* that Viking Gas is infringing the trade mark rights of Kosan Gas by filling and marketing composite bottles in Denmark and prohibits Viking Gas from using marks of which Kosan Gas is the proprietor. Viking Gas was also ordered to pay DKK 75 000 to Kosan Gas as consideration for the use of those marks.

14 Viking Gas brought an appeal against that judgment before the *Højesteret* (Danish Supreme Court), which decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

'(1) Is Article 5, in conjunction with Article 7, of [Directive 89/104] to be interpreted in such a way that company B is guilty of an infringement of a trade mark if it fills gas bottles which originate from company A with gas which it then sells, where the following circumstances apply:

(a) Company A sells gas in so-called 'composite' bottles with a special shape, which is registered as such, that is to say, as a shape trade mark, under a Danish trade mark and a Community trade mark. Company A is not the proprietor of those shape trade marks but has an exclusive licence to use them in Denmark and has the right to take legal proceedings in respect of infringements in Denmark;

(b) On first purchase of a composite bottle filled with gas from one of company A's dealers the consumer also pays for the bottle, which thus becomes the consumer's property;

(c) Company A refills the composite bottles by a procedure under which the consumer goes to one of company A's dealers and, on payment for the gas, has an empty composite bottle exchanged for a similar one filled by company A;

(d) Company B's business consists in filling gas into bottles, including composite bottles covered by the shape trade mark referred to in point (a), by a procedure under which consumers go to a dealer associated with company B and, on payment for the gas, can have

an empty composite bottle exchanged for a similar one filled by company B;

(e) When the composite bottles in question are filled with gas by company B, adhesive labels are attached to the bottles indicating that the filling was undertaken by company B?

(2) If it may be assumed that consumers will generally receive the impression that there is an association between companies A and B, is this to be regarded as significant for the purpose of answering Question 1?

(3) If Question 1 is answered in the negative, may the outcome be different if the composite bottles – apart from being covered by the shape trade mark referred to – also feature (are imprinted with) the registered figurative and/or word mark of company A, which is still visible irrespective of any adhesive labels affixed by company B?

(4) If either Question 1 or Question 3 is answered in the affirmative, may the outcome be different if it is assumed that, with regard to other types of bottle which are not covered by the shape trade mark referred to but which feature company A's word and/or figurative mark, company A has for many years accepted, and continues to accept, the refilling of the bottles by other companies?

(5) If either Question 1 or Question 3 is answered in the affirmative, may the outcome be different if the consumer himself goes to company B directly and there:

(a) on payment for the gas, obtains, in exchange for an empty composite bottle, a similar one filled by company B, or

(b) on payment, has a composite bottle which he has brought filled with gas?'

Consideration of the questions referred

15 By its questions, which should be dealt with together, the national court asks, in essence, whether and, if so, in which circumstances, the holder of an exclusive licence for the use of composite gas bottles intended for re-use, the shape of which is protected as a three-dimensional mark and to which the holder has affixed its own name and logo that are registered as word and figurative marks, may prevent, pursuant to Articles 5 and 7 of Directive 89/104, those bottles, after consumers have purchased them and consumed the gas initially contained in them, from being exchanged by a third party, on payment, for composite bottles filled with gas which does not come from the holder of that licence.

Observations submitted to the Court

16 According to Viking Gas, in circumstances such as those at issue in the main proceedings, the refilling and exchanging of composite bottles may not be prohibited pursuant to Articles 5 and 7 of Directive 89/104. Kosan Gas and the Italian Republic express the contrary opinion. The European Commission takes the view that it is essentially a question of ascertaining whether there is, in the main proceedings, a likelihood of confusion in the sense that the consumer may believe that the gas contained in a bottle filled by Viking Gas comes from Kosan Gas or that there is a commercial connection between those undertakings, which it is for the national court to establish.

17 Viking Gas states that the consumer acquires the composite bottle at the time of the first purchase, which has the consequence that Kosan Gas' trade mark right is exhausted. Consequently, the consumer is entitled to use that bottle, which is indeed specifically intended to be filled with gas, freely for refills. The rights conferred on the proprietor of a mark cannot be extended to the point that the purchaser of a product bearing that mark is prevented from using that product for the purposes for which it has been placed on the market. It is of little importance, in that regard, whether the consumer has the composite bottles which he has purchased refilled by going directly to Viking Gas or by exchanging an empty composite bottle for a similar full bottle at one of the dealers of Viking Gas. Given that, in both of those cases, it is clear to purchasers that, first, the composite bottles are second-hand goods and, secondly, the gas comes not from Kosan Gas, but Viking Gas – which is indicated on the bottles by the adhesive labels attached – the resale of bottles filled by Viking Gas does not infringe the trade mark rights of Kosan Gas.

18 Viking Gas submits that types of gas bottles other than composite bottles are frequently refilled by traders other than those who have marketed those types of bottles. Kosan Gas cannot put an end to that practice by introducing a gas bottle of another type onto the market. The acquisition of a trade mark right cannot have the objective of ring-fencing markets so that the proprietor of that mark can obtain an undue competitive advantage and implement an unjustified difference in price, and that must also be taken into consideration in interpreting the rules relating to the exhaustion of the right conferred by the mark. Viking Gas states, in that connection, that Kosan Gas is using the non-exhaustion of the right conferred by the mark in question to achieve an artificial division of the market for bottled gas, which is proved by the fact that that undertaking currently sells the gas in a composite bottle at a price more than 20% higher than that of gas in a standard steel canister, without there being any production or distribution-related factors capable of justifying such a difference in price.

19 Kosan Gas takes the view that the case in the main proceedings concerns identical goods and marks, with the result that there is infringement by virtue of that fact alone. In any event, there is a strong likelihood of confusion since the labelling of the composite bottles carried out by Viking Gas is very unobtrusive.

20 Kosan Gas submits that the rule on the exhaustion of the rights conferred by the mark does not authorise Viking Gas to fill and sell its own gas in composite bottles protected by a mark of which it is not the proprietor. That rule implies only that Kosan Gas may not prevent the resale of the composite bottles which it fills and markets. The exhaustion of the right in question cannot relate to reusable packaging, as the packaging is not in itself a product, the product in the present case being the gas. Even if the reverse were true, the exhaustion could relate only to the packaging as such with the result that it could be distributed without contents. Fur-

thermore, the replacement of a product covered by a mark, which is intended for use by a consumer, constitutes a change in that product for the purposes of Article 7(2) of Directive 89/104, which the proprietor of that mark may oppose even after having put the product on the market.

21 The Italian Republic notes the risks stemming from the protection of containers as three-dimensional marks and the public interest in keeping them available in order to promote competition and protect consumers. However, that interest is protected by Article 3 of Directive 89/104, which lists the grounds for refusal or invalidity of marks, and cannot contribute towards a definition of the limits and scope of the right conferred by the mark once it has been validly registered. Since the validity of the registration of the composite bottle as a mark is not in dispute, it must be regarded as established that the shape of the bottle has a distinctive function in relation to the product, which implies that the sale of the same product in the same shape by a third party usurps the distinctive function of the mark.

22 The principle of the exhaustion of the rights conferred by the mark, which refers only to successive resales of the product in respect of which the exhaustion of the mark has occurred, cannot be relied upon against that interpretation. Even if the opposite view is used as a starting point, the trade mark rights are nevertheless not exhausted in the main proceedings given that the circumstances described by the national court are covered by the derogation provided for in Article 7(2) of Directive 89/104. The fact that Viking Gas fills the bottles with its own gas involves the risk of an impairment of or change to the 'product-bottle'. Kosan Gas has an obvious interest in those composite bottles being filled by its authorised dealers in order to be able to retain control over the quality of the product sold since any defect in that product may affect the reputation of the mark.

23 The Commission is of the opinion that the determinative element in the present case is whether the consumer who goes to Viking Gas to have his empty composite bottle filled is in a position to understand without difficulty, on the basis of the labelling alone, that the gas which he has just bought comes from Viking Gas and that there is no commercial connection between that undertaking and Kosan Gas. It states that the situation in the main proceedings is covered by Article 5(1)(a) of Directive 89/104, which protects, according to the case-law of the Court, all the functions of the mark. However, there is nothing to indicate that functions other than those to guarantee the origin of the product are undermined by the use at issue.

24 As regards the issue of the exhaustion of the rights conferred by the mark, the Commission makes a distinction between, first, the use of a composite bottle filled with gas by Kosan Gas or, as the case may be, of an empty composite bottle and, secondly, the use of that bottle filled with gas from another undertaking. The first type of use cannot be prohibited by the proprietor of the shape trade mark given that the rights conferred by that mark have been exhausted with the sale

of the composite bottle in so far as that sale made it possible to realise the economic value of the bottle. As regards the second type of use, account must be taken of the fact that the product covered by the mark, namely the gas, has already been consumed and has been replaced, without the consent of the proprietor of the trade mark, by another product which does not come from the proprietor of that mark. In such a case, the conditions set out in Article 7(1) of Directive 89/104 are not met because the mark does not serve to guarantee the origin of the product which it is supposed to cover.

Findings of the Court

25 According to well-established case-law, Articles 5 to 7 of Directive 89/104 effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the European Union ([see, inter alia, Case C-127/09 Coty Prestige Lancaster Group \[2010\] ECR I-0000, paragraph 27 and the case-law cited](#)).

26 In particular, Article 5 of the directive confers on the trade mark proprietor exclusive rights which entitle him to prevent any third party, *inter alia*, from offering goods bearing the mark, putting them on the market or stocking them for these purposes. Article 7(1) of the directive contains an exception to that rule, in that it provides that the trade mark proprietor's rights are exhausted where the goods have been put on the market in the European Economic Area (EEA) by the proprietor himself or with his consent ([see, inter alia, Case C-324/08 Makro Zelfbedieningsgroothandel and Others \[2009\] ECR I-10019, paragraph 20 and the case-law cited](#)).

27 Extinction of the exclusive right results either from the proprietor's consent, whether express or implied, to a putting on the market in the EEA or from the putting on the market in the EEA by the proprietor himself or by an operator with economic links to the proprietor, such as, in particular, a licensee. The proprietor's consent and the putting on the market in the EEA by him or by an operator with economic links to him, which are equivalent to the renunciation of the exclusive right, thus both constitute a decisive factor in the extinction of that right ([see Coty Prestige Lancaster Group, paragraph 29 and the case-law cited](#)).

28 In the case in the main proceedings, it is common ground that the composite bottles, the filling and exchange of which by Viking Gas is at issue, were put on the market in the EEA by Kosan Gas, which holds an exclusive licence for the use in Denmark of the three-dimensional mark constituted by the shape of those bottles and is the proprietor of the word and figurative marks affixed to them.

29 Kosan Gas, the Italian Republic and the Commission submit however that Article 7(1) of Directive 89/104 is to be interpreted as meaning that that putting on the market exhausts only the right of the proprietor or of a licensee to prohibit the further commercialisation of bottles which are still filled with the original gas or are empty, but does not authorise third parties to fill,

for commercial purposes and with their own gas, those same bottles. Kosan Gas submits in particular that the exhaustion of the trade mark rights cannot relate to the packaging of the product.

30 In that regard, it must be pointed out that the composite bottles, which are intended for re-use a number of times, do not constitute mere packaging of the original product, but have an independent economic value and must be regarded as goods in themselves. When the consumer first purchases such a bottle filled with gas from one of Kosan Gas' dealers, he must pay not only for that gas, but also for the composite bottle, the price of which is higher than that of standard steel gas canisters, in particular on account of their specific technical characteristics, and than the price of the gas which they contain.

31 In those circumstances, a balance must be struck between, on the one hand, the legitimate interest on the part of the licensee of the right to the trade mark constituted by the shape of the composite bottle and the proprietor of the marks affixed to that bottle in profiting from the rights attached to those marks and, on the other, the legitimate interests of purchasers of those bottles, in particular the interest in fully enjoying their property rights in those bottles, and the general interest in maintaining undistorted competition.

32 As regards the interest of that licensee and proprietor in profiting from the rights attached to those marks, it must be pointed out that the sale of composite bottles allows it to realise the economic value of the marks relating to those bottles. The Court has already held that a sale which allows the realisation of the economic value of a mark exhausts the exclusive rights conferred by Directive 89/104 ([see, inter alia, Case C-16/03 Peak Holding \[2004\] ECR I-11313, paragraph 40](#)).

33 As regards the interests of purchasers of composite bottles, it is common ground that they may not fully enjoy their property rights in those bottles if those rights are restricted by the related trade mark rights even after the sale of those bottles by the proprietor or with his consent. As the Advocate General stated at point 66 of her Opinion, those purchasers would no longer be free to exercise those property rights, but would be tied to a single gas supplier for the subsequent refilling of those bottles.

34 Lastly, to allow the licensee of the trade mark right constituted by the shape of the composite bottle and proprietor of the marks affixed to that bottle to prevent, on the basis of the rights relating to those marks, the bottles from being refilled would unduly reduce competition on the downstream market for the refilling of gas bottles, and would even create the risk of that market's being closed off if the licensee and proprietor were to succeed in imposing its bottle because of its specific technical characteristics, the protection of which is not the purpose of trade mark law. That risk is, moreover, increased by virtue of the fact that the cost of the composite bottle is much more than the gas and that the purchaser, in order to regain a free choice of gas supplier, would have to forgo the initial outlay made in purchasing the bottle, the recouping of which

requires the bottle to be reused a sufficient number of times.

35 It follows from the foregoing that the sale of the composite bottle exhausts the rights that the licensee of the right to the trade mark constituted by the shape of the composite bottle and proprietor of the marks affixed to that bottle derives from those marks and transfers to the purchaser the right to use that bottle freely, including the right to exchange it or have it refilled, once the original gas has been consumed, by an undertaking of his choice, that is to say, not only by that licensee and proprietor, but also by one of its competitors. The corollary of that right on the part of the purchaser is the right of those competitors, within the limits set out in Article 7(2) of Directive 89/104, to refill and exchange the empty bottles.

36 As regards those limits, it must be borne in mind that, pursuant to Article 7(2), the proprietor of a mark may, despite the putting on the market of goods bearing his mark, oppose further commercialisation of those goods where legitimate reasons for such opposition exist and especially where the condition of the goods is changed or impaired after they have been put on the market. According to settled case-law, the use of the adverb ‘especially’ in Article 7(2) of the directive indicates that alteration or impairment of the condition of goods bearing a mark is given only as an example of what may constitute legitimate reasons ([see, inter alia, Case C-59/08 Copad \[2009\] ECR I-3421, paragraph 54 and the case-law cited](#)).

37 The Court has therefore already held that such a legitimate reason also exists when the use by a third party of a sign identical with, or similar to, a trade mark seriously damages the reputation of that mark or when that use is carried out in such a way as to give the impression that there is a commercial connection between the trade mark proprietor and that third party, and in particular that the third party is affiliated to the proprietor’s distribution network or that there is a special relationship between those two persons ([see, to that effect, Case C-558/08 Portakabin and Portakabin \[2010\] ECR I-0000, paragraphs 79 and 80 and the case-law cited](#)).

38 Although it is the task of the national court to assess whether, having regard to the circumstances of the case in the main proceedings, such a legitimate reason exists, it is however necessary to provide that court with some guidance in respect of that assessment, in particular as regards the specific matters on which it seeks a ruling from the Court.

39 In that connection, it must be stated that, in order to answer the question whether the commercialisation of the composite bottles refilled by Viking Gas is carried out in such a way as to give the impression that there is a commercial connection between that undertaking and Kosan Gas which would entitle Kosan Gas to oppose that commercialisation, it is necessary to take into account the labelling of those bottles and the circumstances in which they are exchanged.

40 The labelling of the composite bottles and the circumstances in which they are exchanged must not lead

the average consumer who is reasonably well informed and reasonably observant and circumspect to consider that there is a connection between the two undertakings at issue in the main proceedings or that the gas used to refill those bottles comes from Kosan Gas. In order to assess whether such an erroneous impression is precluded, it is necessary to take into account the practices in that sector and, in particular, whether consumers are accustomed to the gas bottles being filled by other dealers. Furthermore, it appears to be reasonable to assume that a consumer who goes directly to Viking Gas either to exchange his empty gas bottle for a full bottle or to have his own bottle refilled is more readily in a position to be aware that there is no connection between Viking Gas and Kosan Gas.

41 As regards the fact that the composite bottles bear word and figurative marks made up of the name and logo of Kosan Gas which remain, according to the findings of the national court, visible in spite of the labelling affixed by Viking Gas to those bottles, it must be pointed out that this constitutes a relevant factor in so far as it seems to rule out that labelling from altering the condition of the bottles by masking their origin.

42 It is apparent from the foregoing that the answer to the questions referred is that Articles 5 and 7 of Directive 89/104 must be interpreted as meaning that the holder of an exclusive licence for the use of composite gas bottles intended for re-use, the shape of which is protected as a three-dimensional mark and to which the holder has affixed its own name and logo that are registered both as word and figurative marks, may not prevent those bottles, after consumers have purchased them and consumed the gas initially contained in them, from being exchanged by a third party, on payment, for composite bottles filled with gas which does not come from the holder of that licence, unless that holder is able to rely on a proper reason for the purposes of Article 7(2) of Directive 89/104.

Costs

43 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

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

1. Articles 5 and 7 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the holder of an exclusive licence for the use of composite gas bottles intended for re-use, the shape of which is protected as a three-dimensional mark and to which the holder has affixed its own name and logo that are registered as word and figurative marks, may not prevent those bottles, after consumers have purchased them and consumed the gas initially contained in them, from being exchanged by a third party, on payment, for composite bottles filled with gas which does not come from the holder of that licence, unless that holder is able to rely on a proper

reason for the purposes of Article 7(2) of Directive 89/104.

[Signatures]

* Language of the case: Danish.

Opinion of advocate general Kokott

delivered on 7 April 2011 (1)

Case C-46/10

Viking Gas A/S

v

Kosan Gas A/S, previously BP Gas A/S

(Reference for a preliminary ruling from the Højesteret, Denmark)

(Directive 89/104 – Trade mark law – Gas bottle registered as a 3D shape trade mark – Refilling and sale of those bottles by a competitor of the exclusive licensee)

I – Introduction

1. May a company fill the used packaging of a competitor with its own product and offer it for sale in that form where that packaging is protected as a trade mark? That is the question in the present case. In that regard, if one thinks, for example, of the well-known Coca Cola bottle, the answer appears obvious. However, does the same apply in relation to an innovative gas bottle for which a customer has paid more than for the gas it contains?

II – Legal framework

2. The relevant provisions are to be found in the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks. (2)

3. The rights associated with a trade mark are set out in Article 5 of Directive 89/104:

‘(1) The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

(2) Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(3) The following, inter alia, may be prohibited under paragraphs 1 and 2:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under the sign;

(d) using the sign on business papers and in advertising.’

4. The tenth recital in the preamble to Directive 89/104 explains the function of the protection afforded by a trade mark as follows:

‘Whereas the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and goods or services. ...’

5. Article 7 of Directive 89/104 governs the exhaustion of the right to the trade mark and the rights of the proprietor thereafter.

‘(1) The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

(2) Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.’

6. According to the referring court, those provisions were transposed into Danish law almost word for word.

III – Facts and reference for a preliminary ruling

7. According to the reference for a preliminary ruling, the facts of the case are as set out below.

8. The business of BP Gas A/S (hereinafter ‘BP’, now Kosan Gas A/S, hereinafter ‘Kosan’) consists, inter alia, in the production and sale of bottled gas to both private and commercial customers. The name and logo of BP are registered as Community trade marks. Both the word mark and the figurative mark are registered, inter alia, for chemical products, including gas.

9. Since 2001, BP has marketed bottled gas in Denmark in a composite bottle (lightweight bottle). The particular form of the bottle is registered as a Community trade mark and a Danish trade mark. Both registrations are 3D marks, covering both gaseous fuels and containers used for liquid fuels. (3) The composite bottle is used by BP in accordance with a sole distribution agreement entered into with the Norwegian producer of the bottle. BP has an exclusive licence for the use of the composite bottle as a shape trade mark (vareudstørsmærke) in Denmark and has the right to take legal proceedings against infringements of the design in Denmark. The word mark and/or figurative mark of BP is/are affixed to the composite bottle.

10. On first purchase of a composite bottle filled with gas from one of BP’s dealers the consumer also pays for the bottle, which thus becomes the consumer’s property. The business of BP also includes the refilling of empty bottles. In this procedure, a consumer goes to one of the dealers of BP and, on payment for the gas, can simply obtain a new composite bottle filled by BP in exchange for an empty one.

11. The business of Viking Gas A/S (hereinafter: ‘Viking’) consists in the sale of gas and related activities. Viking does not itself produce gas. It has a filling station in Denmark, from which bottles, in particular composite bottles, are distributed, after being filled with gas, to independent dealers with whom Viking has an arrangement. After filling, Viking attaches to the bottle an adhesive label bearing the name of Viking and the filling station number and a further adhesive label providing information as required by law on the filling station and the contents of the bottle, etc. The BP marks on the bottle are neither removed nor covered. The consumer can go to one of the dealers of Viking and, on payment for the gas, get an empty gas bottle, which may be a composite bottle, exchanged for a similar one filled by Viking.

12. BP previously also used other bottles as gas bottles. These were steel canisters of the same type as those used by almost all operators on the market and used as standard throughout much of the world, namely, uniform, yellow steel canisters in a variety of sizes. These other canisters are not registered as shape trade marks, but, like the composite bottles, bear the word and/or figurative mark of BP. Viking argues that BP has for many years accepted, and continues to accept, the fact that other firms refill these (other) canisters.

13. At issue in the case is whether, in the filling and sale of gas in the composite bottles of BP, Viking has infringed the trade-mark rights of BP. Two previous instances have prohibited Viking from using the shape trade mark and other marks of BP in filling BP’s composite bottles with bottled gas with a view to sale.

14. Against that background, the Højesteret, the Danish Supreme Court, requests the Court of Justice of the European Union to reply to the following questions:

(1) Is Article 5, in conjunction with Article 7, of Directive 89/104 to be interpreted in such a way that company B is guilty of an infringement of a trade mark if it fills gas bottles which originate from company A with gas which it then sells, where the following circumstances apply:

(a) Company A sells gas in composite bottles with a special shape, which is registered as such, that is to say, as a shape trade mark, under a Danish trade mark and a Community trade mark. Company A is not the proprietor of those shape trade marks but has an exclusive licence to use them in Denmark and has the right to take legal proceedings in respect of infringements in Denmark.

(b) On first purchase of a composite bottle filled with gas from one of company A’s dealers the consumer also pays for the bottle, which thus becomes the consumer’s property.

(c) Company A refills the composite bottles by a procedure under which the consumer goes to one of company A’s dealers and, on payment for the gas, has an empty composite bottle exchanged for a similar one filled by company A.

(d) Company B’s business consists in filling gas into bottles, including composite bottles covered by the shape trade mark referred to in paragraph (a), by a pro-

cedure under which consumers go to a dealer associated with company B and, on payment for the gas, can have an empty composite bottle exchanged for a similar one filled by company B.

(e) When the composite bottles in question are filled with gas by company B, adhesive labels are attached to the bottles indicating that the filling was undertaken by company B?

(2) If it may be assumed that consumers will generally receive the impression that there is an association between company B and company A, is this to be regarded as significant for the purpose of answering Question 1?

(3) If Question 1 is answered in the negative, may the outcome be different if the composite bottles – apart from being covered by the shape trade mark referred to – also feature (are imprinted with) the registered figurative and/or word mark of company A, which is still visible irrespective of any adhesive labels affixed by company B?

(4) If either Question 1 or Question 3 is answered in the affirmative, may the outcome be different if it is assumed that, with regard to other types of bottle which are not covered by the shape trade mark referred to but which feature company A’s word and/or figurative mark, company A has for many years accepted, and continues to accept, the refilling of the bottles by other companies?

(5) If either Question 1 or Question 3 is answered in the affirmative, may the outcome be different if the consumer himself goes to company B directly and there:

(a) on payment for the gas, obtains, in exchange for an empty composite bottle, a similar one filled by company B, or

(b) on payment, has a composite bottle which he has brought filled with gas?

15. Viking, Kosan as legal successor to BP, the Italian Republic and the European Commission participated in the written procedure and at the hearing on 20 January 2011.

IV – Legal appraisal

A – The first four questions

16. By the first four questions, the referring court seeks to establish, in essence, whether a company, in the refilling of gas bottles and commercialisation thereof, infringes the trade mark rights of another company which in relation to the bottle holds a shape trade mark for gas and gas containers.

17. Under the first sentence of Article 5(1) of Directive 89/104, the registered trade mark confers exclusive rights on its proprietor. By virtue of Article 5(1)(a) of that directive, those exclusive rights entitle the proprietor to prevent all third parties not having his consent from using, in the course of trade, any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered.

18. The composite bottle is registered as a trade mark for gas and gas bottles. In the present case, both products were sold, which necessarily results in the use of that trade mark for both products. On the sale of the gas

bottle, it is identified by the mark, and the filling of the gas bottle corresponds to affixing the mark on the gas as a product. Thus, the case is covered by Article 5(1) (a) of Directive 89/104.

19. The use of the sign identical to the mark – the composite bottle – is indeed use in the course of trade, since it takes place in the context of commercial activity with a view to economic advantage and not as a private matter. (4)

20. If one were to examine the wording of Article 5(1)(a) of Directive 89/104 in isolation, Kosan would be entitled thus to prohibit Viking from selling refilled composite bottles. However, on closer examination, it is clear that the right associated with the mark is subject to considerable restrictions. To that extent, a distinction must be made between the sale of the bottle and the sale of the gas.

1. Sale of the gas bottle

21. Article 7 of Directive 89/104 contains an exception to the proprietor's exclusive right laid down in Article 5, in that it provides that the proprietor's right to prohibit all third parties from using the mark is exhausted where goods have been placed on the market in the EEA (5) under that trade mark by the proprietor or with his consent, unless there are legitimate reasons for the proprietor to oppose further commercialisation of the goods. (6)

22. The resale by a third party of second-hand goods, which had originally been placed on the market under the trade mark by the proprietor of that mark or by a person authorised by him, constitutes a 'further commercialisation of the goods' within the meaning of Article 7. Therefore, the use of that mark for the purposes of that resale can be prohibited by that proprietor only where there are 'legitimate reasons', within the meaning of Article 7(2), such as to justify his opposition to that commercialisation. (7)

23. According to Article 7(2) of the Directive, a legitimate reason for opposition exists in particular where the condition of the goods is changed or impaired after they have been placed on the market. However, a legitimate reason exists also when the use of a sign identical with a trade mark seriously damages the reputation of that mark. (8)

24. In the present case, the likelihood that the reputation of the mark may be damaged as a result of modification results simply from the argument advanced by Kosan, the legal successor to BP, concerning the risk of an explosion of the gas bottle or a fire which might destroy the labeling of the bottle. If Viking, for example, as a result of filling errors or special characteristics of the gas used, were responsible for such an accident and the indication of that responsibility lost, the reputation of Kosan could be damaged.

25. However, such a risk is typical for the sale of second-hand goods and, consequently, is accepted, in principle, as inherent in the principle of exhaustion. Indeed, numerous products are conceivable which on resale are susceptible to much greater risk of harm arising than a refilled gas bottle and where the manufacturer has no opportunity to oppose the resale. One need think only

of all possible kinds of vehicle, in particular, cars, motorcycles and bicycles. Simply on the basis of their previous use these may have acquired unseen defects which, subsequently, following their acquisition by the purchaser, result in accidents which may potentially affect the manufacturer's reputation.

26. However, irrespective of that risk to its reputation, where the goods have not been changed or impaired, a proprietor cannot oppose the resale of goods identified with its mark.

27. Although, in addition, Kosan mentions the risk of liability under the law on product liability, pursuant to Article 4 of Directive 85/374/EEC, (9) such liability presupposes that the injured person proves a defect and the causal link between defect and damage. Therefore, in the absence of a defect in the product for which Kosan is responsible, the possibility of product liability is excluded. Consequently, this risk also does not constitute a legitimate reason to oppose the resale.

28. A legitimate reason within the meaning of Article 7(2) of Directive 89/104 also exists where the reseller gives the impression that there is a commercial connection between the reseller and the trade mark proprietor, and in particular that the reseller's business is affiliated to the proprietor's distribution network or that there is a special relationship between the two undertakings. Such an impression would be misleading and, moreover, is not essential to the further commercialisation of goods placed on the market under the trade mark by its proprietor or with his consent or, therefore, to the purpose of the exhaustion rule laid down in Article 7. (10)

29. For that reason, the bottle must be appropriately labelled to exclude any impression that there is an association between the two companies, as is mentioned in Question 2. If consumers, as is mentioned in Question 4, are accustomed to the fact that gas bottles are refilled by other companies, this should not constitute an insurmountable obstacle. (11)

30. However, any marks of Kosan affixed to the composite bottles specifying the bottle's origin should not be so impaired by those adhesive labels as to conceal that fact. In such a case, damage is caused to the essential function of the trade mark, which is to indicate and guarantee the origin of the goods, and the consumer is prevented from distinguishing the goods originating from the proprietor and those originating from the reseller or other third parties. (12)

31. Admittedly, it is not certain that the removal of a mark in all cases precludes the further commercialisation of the goods. (13) However, if that removal is not based on a legitimate interest of the purchaser of the goods, (14) trade mark law protects the – as a rule, legitimate – interest of the proprietor of the mark in making his achievement visible.

32. As the referring court states that the marks of Kosan affixed to the bottle were neither removed nor covered and in Question 3 specifically asks if this results in a different outcome, it must be presumed that the labelling of the refilled composite bottles satisfies those requirements.

33. As regards the interest in having exclusive use of the composite bottles for the commercialisation of bottled gas, that interest is not covered by the protection of the mark as an indicator of the origin of gas bottles. Therefore, it must be examined subsequently in connection with the commercialisation of gas.

34. Thus, a gas bottle, which is registered as a mark, may be resold following its initial commercialisation by the proprietor unless on account of particular circumstances a legitimate interest exists to justify the opposition of the proprietor of the mark. However, in the present case, no such interest can be discerned.

2. Sale of the gas

35. It must now be examined whether the proprietor of the trade mark may oppose the sale of gas in the gas bottle which has been registered as a mark.

36. In relation to the gas filled by Viking, the possibility that the right to the mark represented by the composite bottle has been exhausted does not arise, as that gas was not previously commercialised by the proprietor under that mark. Thus, the application of Article 5(1)(a) of Directive 89/104 is not precluded as a result of Article 7(1).

37. However, the proprietor of a mark cannot oppose the use of sign identical to that mark on the basis of Article 5(1)(a) of Directive 89/104, if that use is not liable to adversely affect any of the functions of that mark. (15) Those functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, (16) but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising. (17)

a) The function in relation to origin

38. The function of indicating the origin of the mark is adversely affected if the use thereof does not enable reasonably well informed and reasonably observant and circumspect consumers, or enables them only with difficulty, to ascertain whether the goods or services thus labelled originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party. (18)

39. As a consequence, the function by which the origin of the product is guaranteed is adversely affected not only where, on the purchase of a gas bottled filled by another company, consumers assume that the gas originates from the proprietor of the trade mark but also where, as mentioned in Question 2, consumers are given the impression that there is a connection between the proprietor of the trade mark and the company filling the bottle. The proprietor of the trade mark could oppose use of that kind.

40. However, the function by which the origin of the product is guaranteed is not adversely affected if there is effective prevention of mistakes as to the origin of the gas or the relationship between the refilling company and the proprietor of the trade mark. In that regard, it does not suffice simply to display notices to that effect in sales outlets, as away from the sales outlet the impression could arise that the bottles were filled with

gas originating from the trade mark proprietor. (19) However, that argument cannot be successfully advanced if the bottles themselves are labelled.

41. Whether or not the adhesive labels mentioned by the referring court are adequate to indicate clearly that the gas in the bottle does not originate from the proprietor of the trade mark is a question of fact. That must be assessed by the competent national court.

42. Crucial to that assessment will be the question of how the average consumer of that kind of product perceives the labelling (20) and, thus, also the sales practices in the market for bottled gas. If, as Question 4 suggests, consumers are accustomed to the fact that gas bottles are refilled by companies which did not initially place them on the market, the likelihood of a mistake is reduced.

43. The question whether, as Question 3 suggests, additional marks of the company which initially sold the bottle remain visible, notwithstanding labelling by the refilling company, must be taken into account in assessing whether the labelling by the latter suffices to preclude a mistake as to the origin of the gas.

44. In the case that a mistake as to the origin of the gas is effectively prevented, it must be assessed whether use of the bottle by another company for the commercialisation of gas adversely affects one of the other functions of a trade mark.

b) Guarantee as to the quality of the goods

45. As a rule, the function of guaranteeing the quality of the goods goes hand in hand with the function of guaranteeing its origin. The trade mark indicates that the goods satisfy the quality standards of the recognisable proprietor of the trade mark. Therefore, as a rule, the function in relation to quality is adversely affected, if goods not attaining those quality requirements are commercialised under the trade mark, for example, by licensees (21) or following impairment by the purchaser. (22)

46. If, however, the labelling of the bottles excludes any connection to the proprietor of the trade mark, consumers have no reason to presume in the present case that the proprietor of the trade mark acts as a guarantor for the quality of the gas.

47. However, cases also exist in which a trade mark indicates the quality of goods without referring to its specific origin. For example, an association of German mineral water companies is the proprietor of a collective trade mark in the form of a water bottle. That bottle is used by many companies and, thus, cannot indicate the origin of the water. However, it can only be used for mineral water and, thus, signals that product characteristic. Accordingly, use in connection with table water would adversely affect the function through which quality is guaranteed. (23)

48. However, in the present case, there is nothing to suggest that the gas bottle is intended to guarantee a particular quality of gas which is, in that sense, independent of the origin of the gas. Moreover, the Commission emphasised the fact that bottled gas is a standardised product and, as a result, consumers expect, in general, the same quality of product from all providers.

49. Thus, where there are adequate indications of the refilling company, there is nothing to suggest an adverse effect on the function by which quality is guaranteed.

c) Communication, investment and advertising functions

50. The commercialisation of refilled bottles could, however, adversely affect the functions of the trade mark with respect to communication, investment and advertising.

51. Only in its judgment in *Google France and Google* has the Court hitherto ruled on the substance of a specific function, that is, the advertising function. According to that judgment, the proprietor of a trade mark is entitled to prohibit a third party from using, without the proprietor's consent, a sign identical with its trade mark in relation to goods or services which are identical with those for which that trade mark is registered, in the case where that use adversely affects the proprietor's use of its mark as a factor in sales promotion or as an instrument of commercial strategy. (24)

52. The sale of gas originating from a different company in the composite bottles could adversely affect the possibility to use the bottle as a factor in sales promotion or as an instrument of commercial strategy.

53. Quite clearly, Kosan cannot claim in its advertising to be the only company selling gas in those particularly practical bottles if Viking also uses those bottles. However, that disadvantage relates to the specific technical characteristics of composite bottles as containers for gas. The commercial exploitation of technical characteristics is not covered by trade mark law but is included, for example, in the protection of patents, designs and models. Moreover, if there is intellectual property of that kind, it is exhausted on the initial sale of the composite bottle. Thus, to that extent, no adverse effects on the functions of the trade mark can be discerned.

54. However, the fact that the bottle does not remain exclusively associated with gas from Kosan has implications for the gas bottle's significance as a trade mark and its use for publicity purposes.

55. The immediate purpose of trade mark rights is to ensure exclusive use of the mark such that the proprietor may strengthen the connection between that sign and its goods and services. If it uses that sign intensively and exclusively, that sign acquires a distinctive character. The goods and services labelled with the mark can be identified more easily as originating from the proprietor of the mark. As a result, competition is strengthened as consumers can distinguish more readily between different products. (25)

56. That function of the trade mark is affected where others use the mark even if it is clarified in the context of such use that the goods or services are of a different origin. Consumers who have bought from a different company goods bearing that mark will associate them less readily with its proprietor.

57. These consequences are clearly evident in the present case. In particular, a consumer who at a sales outlet sees from a distance the composite bottle will not

necessarily presume that this contains gas originating from Kosan if he knows that Viking also sells gas in such bottles.

58. This constitutes a disadvantage for Kosan which concerns the functions of the trade mark. To that extent, not only is the advertising function but also the communication function and, indirectly, taking account of the cost of the licence for the composite bottle, also the investment function affected. If the fee payable for the licence to use the trade mark for the bottle includes also a price for using the mark in relation to gas it must be presumed that Kosan can no longer achieve the economic return anticipated.

59. However, not every adverse effect on those functions justifies the application of Article 5(1) of Directive 89/104. The protection of those functions on the basis of that provision, first, must not undermine the requirements of specific protective rules (26) and, second, must respect overriding other interests. (27)

60. The disadvantage – as set out above – to the proprietor of the trade mark consists, ultimately, in the dilution of the mark (28) against which, in principle, only marks with a reputation within the meaning of Article 5(2) of Directive 89/104 are protected. However, the referring court evidently presumes that the composite bottle does not constitute a mark with a reputation within the meaning of Article 5(2). In addition, that protection presupposes a use of the sign without due cause which takes unfair advantage of the distinctive character of the mark.

61. Admittedly, where identical signs are used to designate goods and services covered by the trade mark, simple trade marks are protected, in principle, against dilution. However, that protection is nothing other than a reflex of the protection afforded to the function by which origin is guaranteed. The fact that this has no bearing of its own is evident simply from the fact that simple trade marks may be used by others for goods and services which are not comparable. That kind of use, too, is susceptible to undermine the distinctive character of the mark.

62. However, even if one were inclined to protect the mark on account of the more serious dilution resulting from the use of the same kind of goods, in the present case, that is outweighed by other interests.

63. The fact that such a balancing is possible can be seen from the judgment in *Google France and Google* on the advertising function. (29) In that case, it was established that the third party use of a trade mark in the framework of an Internet referencing service can increase the costs to the proprietor of that trade mark if it seeks to use that service for its own advertising. However, the Court did not regard that disadvantage as likely to constitute an adverse effect in relation to the advertising function as it considered such advertising measures to be only of secondary importance.

64. Ultimately, that result is the outcome of a balancing of interests as is required, in the view of Advocate General Póitres Maduro, whenever the scope of the protection afforded to the functions of a trade mark –

with the exception of the function by which origin is guaranteed – is assessed. (30)

65. In the circumstances of the present case, the consumer's property rights in the composite bottle and the protection of competition (31) outweigh the affected functions of the trade mark.

66. Consumers would no longer be free to exercise their property rights in the bottle but in practice tied to a single supplier if other suppliers were precluded from putting the bottles to practical use.

67. At the same time, competition in the market for bottled gas would be considerably restricted. If consumers could only exchange empty gas bottles with Kosan they would not be potential customers for other suppliers. To that extent, the situation is comparable to the provision of repair services for a particular make of car. Pursuant to Article 6(1) of Directive 89/104, not applicable here, one may advertise those services using the mark of the relevant make of car as otherwise competition between authorised repairers and independent repairers would be precluded. (32)

68. From that, it must be concluded that the use of simple shape trade marks for goods of the same kind without any adverse effect on the function by which origin is guaranteed may not be regarded as impermissible on grounds of adversely affecting the distinctive character of the mark, at any rate, where a prohibition on use of that kind would seriously restrict the property rights of consumers and competition. It is unnecessary in the present case to determine how such use of the trade mark might be assessed where the adverse effects on competition are less serious and the restriction on the property rights of the consumer has a lower value.

69. Thus, the answer to the first four questions must be that the proprietor of the trade mark rights to a gas bottle registered as a trade mark may not oppose the sale of gas by another company in bottles of that kind which the proprietor of the mark has previously commercialised where there is adequate clarification of the fact that the gas sold does not originate from the proprietor of the mark and also that no connection to that proprietor exists.

B – Question 5

70. By Question 5 the referring court seeks to establish whether the outcome to the case would be different if the consumer himself goes directly to the company refilling the gas bottles and there, on payment for the gas, obtains, in exchange for an empty composite bottle, a similar refilled bottle or, on payment, has a composite bottle which he has brought filled with gas.

71. The first scenario does not differ substantively from the circumstances discussed hitherto. The refilling company sells gas in a bottle which is registered as the trade mark of another company.

72. In the light of the facts of the reference for a preliminary ruling, the second scenario is fictional. In the main proceedings, the issue is quite specifically not that the consumer has his own bottle refilled but that empty bottles are exchanged for bottles which have been refilled. According to the submissions of the parties, that scenario is also unrealistic as only very few stations for

the refilling of gas bottles exist where consumers can directly hand over a bottle for refilling. As the Court does not answer hypothetical questions, (33) that part of the question is inadmissible.

V – Conclusion

73. I therefore propose that the Court answer the questions referred for a preliminary ruling as follows:

The proprietor of the trade mark rights to a gas bottle registered as a trade mark may not oppose the sale of gas by another company in bottles of that kind which the proprietor of the mark has previously commercialised where there is adequate clarification of the fact that the gas sold does not originate from the proprietor of the mark and also that no connection to that proprietor exists.

1 – Original language: German.

2 – OJ 1989 L 40, p. 1, last amended by Annex XVII to the Agreement on the European Economic Area, OJ 1994 L 1, p. 482, repealed and replaced by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version), OJ 2008 L 299, p. 25.

3 – The registration for the relevant Community trade mark (No 003780343) also covers gas containers.

4 – Case C-206/01 Arsenal Football Club [2002] ECR I-10273, paragraph 40.

5 – Commercialisation in other Member States would mean exhaustion in relation to bottles which Viking subsequently imports to Denmark, see Case 119/75 Terrapin (Overseas) [1976] ECR 1039, paragraph 6, Joined Cases 55/80 and 57/80 Musik-Vertrieb membran and K-tel International [1981] ECR 147, paragraph 10, and Case C-200/96 Metronome Musik [1998] ECR I-1953, paragraph 14.

6 – Case C-558/08 Portakabin and Portakabin [2010] ECR I-0000, paragraph 74.

7 – *Ibid.*, paragraph 76.

8 – *Ibid.*, paragraph 79.

9 – Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products, OJ 1985 L 210, p. 29, as amended by Directive 1999/34/EC of the European Parliament and the Council of 10 May 1999, OJ 1999 L 141, p. 20).

10 – Portakabin and Portakabin, cited in footnote 6, paragraph 80.

11 – See Portakabin and Portakabin, cited in footnote 6, paragraph 84.

12 – *Ibid.*, paragraph 86.

13 – See, for example, the Opinion of Advocate General Jääskinen of 9 December 2010 in pending Case C-324/09 L'Oréal and Others, point 73 et seq.

14 – Thus, end consumers are likely to have a legitimate interest – in the case of clearly recognisable marks – not to become an advertiser on behalf of the proprietor of the mark such that removal of the mark

will not subsequently preclude the resale of the product.

15 – Arsenal Football Club, cited in footnote 4, paragraph 51; Case C-487/07 L’Oréal and Others [2009] ECR I-5815, paragraph 60; Joined Cases C-236/08 to C-238/08 Google France and Google [2010] ECR I-0000, paragraph 76; and Portakabin and Portakabin, cited in footnote 6, paragraph 29.

16 – As Article 5(1)(b) of Directive 89/104 presupposes a likelihood of confusion – that is, an impairment of the function guaranteeing origin – in the case of non-identical signs an infringement of a mark simply in relation to the other functions of the mark is difficult to conceive, see L’Oréal and Others, cited in footnote 15, paragraph 59, and Portakabin and Portakabin, cited in footnote 6, paragraph 50 et seq.; see also the Opinion of Advocate General Poiares Maduro in Joined Cases C-236/08 to C-238/08 Google France and Google [2010] ECR I-0000, point 100.

17 – L’Oréal and Others, cited in footnote 15, paragraph 58, Google France and Google, cited in footnote 15, paragraph 77, and Portakabin and Portakabin, cited in footnote 6, paragraph 30.

18 – Google France and Google, cited in footnote 15, paragraph 84, with further references.

19 – Arsenal Football Club, cited in footnote 4, paragraph 57.

20 – Case C-251/95 Sabèl [1997] ECR I-6191, paragraph 23, Case C-342/97 Lloyd Schuhfabrik Meyer [1999] ECR I-3819, paragraph 25, and Case C-353/03 Nestlé [2005] ECR I-6135, paragraph 25.

21 – Article 8(2) of Directive 89/104, see my Opinion in Case C-59/08 Copad [2009] ECR I-3421, point 28 et seq.

22 – In this case, Article 7(2) of Directive 89/104 may apply.

23 – The judgment of the Oberlandesgericht Zweibrücken (Higher Regional Court, Zweibrücken, Germany) of 8 January 1999 on the refilling of uniform mineral water bottles (Case no: 2 U 21/98, reported in: Gewerblicher Rechtsschutz und Urheberrecht, 2000, p. 511) treats this as an exception to exhaustion within the meaning of Article 7(2) of Directive 89/104.

24 – Google France and Google, cited in footnote 15, paragraph 92.

25 – See the Opinion of Advocate General Ruíz-Jarabo Colomer in Case C-206/01 Arsenal Football Club [2002] ECR I-10273, point 45.

26 – See also the Opinion of Advocate General Jacobs in Case C-337/95 Parfums Christian Dior [1997] ECR I-6013, point 42, who expressed considerable caution concerning the protection of a mark on the basis of those functions if mistakes as to the origin or the quality of the goods were unlikely.

27 – Opinion of Advocate General Poiares Maduro in Google France and Google, cited in footnote 16, point 102.

28 – See the definition set out in L’Oréal and Others, cited in footnote 15, paragraph 39.

29 – Cited in footnote 15, paragraphs 94 to 97.

30 – Google France and Google, cited in footnote 16, point 102.

31 – Ibid., point 103.

32 – See Case C-63/97 BMW [1999] ECR I-905, paragraph 62.

33 – Consistent case-law of the Court, see, for example, Case C-77/09 Gowan Comércio [2010] ECR I-0000, paragraph 25.