

Case C-197/21**Request for a preliminary ruling****Date lodged:**

29 March 2021

Referring court:

Korkein oikeus (Finland)

Date of the decision to refer:

9 March 2021

Appellants:

Soda-Club (CO2) SA

SodaStream International BV

Respondent:

MySoda Oy

KORKEIN OIKEUS	ORDER	Case reference
		S2019/620
APPELLANTS	SodaStream International B.V. Soda-Club (C02) SA	
	MySoda Oy	
RESPONDENTS	MySoda Oy	
	SodaStream International B.V. Soda-Club (C02) SA	
SUBJECT MATTER	Dispute concerning trade mark infringement	

DECISION OF THE KORKEIN OIKEUS (Supreme Court, Finland)

Subject matter of the proceedings

- 1 The dispute concerns the right of a company that refills and distributes CO₂ cylinders put on the market in a Member State by the trade mark proprietor or with its consent to remove a label bearing the trade mark proprietor's trade mark from the cylinders and to replace it with its own. As regards EU trade marks, the present case concerns the interpretation of Article 13(2) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark, as amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council [...] **[Or. 2]** (EU Trade Mark Regulation), which entered into force on 23 March 2016, and the interpretation of Article 15(2) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (new EU Trade Mark Regulation). As regards national trade marks, the present case concerns the interpretation of Article 7(2) of 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 (Trade Mark Directive) and the interpretation of Article 15(2) of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (new Trade Mark Directive).
- 2 It is open to interpretation whether the so-called *Bristol-Myers Squibb* criteria (judgment of 11 July 1996, Joined Cases C-427/93, C-429/93 and C-436/93, *Bristol-Myers Squibb and Others* [, EU:C:1996:282]), which have been developed in the case-law of the Court of Justice in respect of the assessment of the repackaging of goods, in particular in the case of parallel imports of pharmaceutical products, can be applied to the conduct of a company that refills and distributes CO₂ cylinders. This concerns, in particular, the applicability of the condition of necessity, which is one of the abovementioned criteria, that is to say, whether the trade mark proprietor can prevent the distribution of cylinders where the removal of the trade mark proprietor's label and the affixing of a new label are not necessary to enable the refilled cylinders to be put on the market in the Member State. **[Or. 3]**
- 3 In that context, it is open to interpretation, first, whether a legitimate reason for the trade mark proprietor to oppose the resale of repackaged products in the Member State is subject to uniform criteria, irrespective of whether it is a case of parallel imports of products acquired in another Member State or of the repackaging of goods originally put on the market in the same Member State. Furthermore, it is open to interpretation whether the conduct of the company that refills the CO₂ cylinders is to be regarded as repackaging of a product within the meaning of the case-law of the Court of Justice, which includes the affixing of a new label.

- 4 If the condition of necessity does apply, it is also open to interpretation what importance for the fulfilment of that criterion is to be attached to the intended use of the products under consideration (*in casu*, the CO₂ cylinders), that is to say, the fact that they are intended to be refilled. In that regard, it is also unclear whether the replacement of labels as regularly carried out by the refilling company can be considered to be necessary for the market access of the products on the ground that, in the case of some cylinders returned for refilling, the original label may have been damaged or already replaced by the label of a filling company other than the trade mark proprietor which originally put the cylinder on the market. **[Or. 4]**

The relevant facts

Pending case

- 5 Soda-Club (CO₂) SA (hereinafter, together with SodaStream International B.V.: ‘SodaStream’) is the proprietor of the national trade marks No 70211 SODASTREAM and No 77984 SODASTREAM. In addition, Soda-Club (CO₂) SA is the proprietor of the EU trade mark No 87957 SODA-CLUB. SodaStream International B.V. is the proprietor of the EU trade marks No 295923 SODASTREAM, No 1039965 SODASTREAM and No 1246511 SODASTREAM. The abovementioned registered trade marks SODASTREAM and SODA-CLUB cover both the carbon dioxide and the cylinders in question.
- 6 SodaStream distributes carbonating machines for beverages of the SodaStream trade mark in Finland. The sales packaging of the machines contains, inter alia, a refillable aluminium CO₂ cylinder engraved with the SODASTREAM or SODA-CLUB trade mark of SodaStream. The CO₂ cylinder also bears a label displaying the SODASTREAM or SODA-CLUB trade mark. SodaStream also separately sells the CO₂ cylinders in question after refilling them.
- 7 MySoda Oy distributes, in Finland, carbonating machines for beverages of the MySoda trade mark in packaging that does not contain a CO₂ cylinder. Since June 2016, MySoda Oy has sold and put on the market CO₂ cylinders that are filled in Finland and **[Or. 5]** are compatible with, inter alia, its own carbonating machines and those of SodaStream. Some of those cylinders were refilled CO₂ cylinders originally put on the market by SodaStream, as described above.
- 8 After receiving from distributors the empty CO₂ cylinders originating from SodaStream and returned by consumers, MySoda Oy first removed the SodaStream label from the cylinders. After refilling the cylinders, it affixed its own label in such a way that the engravings on those cylinders, including the SODASTREAM or SODA-CLUB trade mark, remained visible.
- 9 MySoda Oy used two different labels on the cylinders in question:

- A pink label that prominently displayed the defendant’s MySoda logo in large letters along with the text ‘Finnish carbon dioxide for carbonating machines’. The product information in small print contained a reference to the company that had filled the cylinder, the current company name of which is ‘MySoda Oy’, and to the MySoda Oy website for further information.
 - A white label that displayed the words ‘carbon dioxide’ in large letters in five languages. The product information in small print contained a reference to the company that had filled the cylinder, the current company name of which is ‘My [Or. 6] Soda Oy’, and the statement that that company had no connection with the original supplier of the cylinder or with its company or trade mark, which appeared on the cylinder. Reference was made to the MySoda Oy website for further information.
- 10 SodaStream did not give MySoda Oy its consent to engage in the conduct described above.
 - 11 CO₂ cylinders are available at retail level in Finland, both as ‘off-the-shelf’ products and at shop information stands and cash registers. Neither SodaStream nor MySoda Oy offers their CO₂ cylinders directly to consumers themselves through their own stores.
 - 12 By its action, SodaStream primarily sought a declaration that MySoda Oy had infringed SodaStream’s abovementioned trade marks in Finland by using them, without authorisation, in its commercial activities by putting on the market and selling such refilled CO₂ cylinders bearing those trade marks,
 - (i) on which the trade mark of MySoda Oy was also affixed without the consent of SodaStream and on which the original labels belonging thereto had been replaced by new labels; or
 - (ii) on which the original labels belonging thereto had been replaced by new labels.

SodaStream also sought an injunction against what it considered to be infringing conduct and asserted claims for remuneration and compensation based [Or. 7] on the trade mark infringement.

Interlocutory judgment of the Markkinaoikeus (Commercial Court, Finland) of 5 September 2019

- 13 The Commercial Court ruled on SodaStream’s claims for declaratory and injunctive relief by way of an interlocutory judgment. It upheld those claims in so far as MySoda Oy had used pink labels, as described above, and rejected the claims with regard to the white labels.
- 14 That court found that the exclusive right conferred by SodaStream’s trade marks had been exhausted in respect of the CO₂ cylinders originally put on the market by

it. The dispute therefore concerned the question of whether SodaStream had a legitimate reason, within the meaning of the provisions applicable to the case, to oppose MySoda Oy's conduct.

- 15 In its assessment, the Commercial Court did not apply the *Bristol-Myers Squibb* criteria relied on by SodaStream, on the ground that the present case did not concern parallel imports, but rather a process carried out within one and the same Member State. Instead, the court based its decision on the judgment of the Court of Justice [of 14 July 2011] in Case C-46/10, *Viking Gas*, EU:C:2011:485. [Or. 8]
- 16 The court held that it had not been shown that MySoda Oy's conduct changed or impaired the CO₂ cylinders or their contents in such a way as to damage SodaStream's reputation on account of the associated safety risks or cause it harm such as would constitute a legitimate reason to oppose MySoda Oy's conduct.
- 17 The Commercial Court took the view that MySoda Oy had also not created a false impression of an economic link between itself and SodaStream in so far as it had used white labels.
- 18 By contrast, the court held that the use of the pink label was liable to create the impression in the mind of the average consumer, who is reasonably well-informed and reasonably observant, that there was some kind of economic link between SodaStream and MySoda Oy. The court took the view that, regard being had to, inter alia, the circumstances of the sale, the label on which the MySoda Oy logo was placed in a dominant position was liable to create the impression in the mind of a consumer inspecting the CO₂ cylinder that the latter originated from MySoda Oy. SodaStream had a legitimate reason to oppose MySoda Oy's conduct in that respect. [Or. 9]

Appeals before the Supreme Court

- 19 SodaStream and MySoda Oy appealed against the interlocutory judgment of the Commercial Court. The Supreme Court granted both parties leave to appeal. The issue before the Supreme Court on appeal is whether SodaStream has a legitimate reason to oppose MySoda Oy's conduct.
- 20 SodaStream submits, in essence, that the removal of the label bearing its trade mark and indicating the origin of the CO₂ cylinder and the replacement thereof by MySoda Oy's label constitute in themselves a legitimate reason to oppose MySoda Oy's conduct. According to SodaStream, that conduct constitutes relabelling of a product which is such as to jeopardise, in principle, the trade mark's function of guaranteeing origin and to which the *Bristol-Myers Squibb* criteria relating to repackaging laid down in the case-law of the Court of Justice, or at any rate the condition of necessity, must therefore be applied. SodaStream takes the view that it is entitled to oppose MySoda Oy's conduct on the ground that replacement of the label is not necessary in order for the refilled CO₂ cylinders to be put on the market. According to SodaStream, it is possible for the

information regarding the company that refills the cylinder to be provided in a way that interferes less with the rights of the trade mark proprietor, for example by affixing an adhesive label to the cylinder. SodaStream also invokes as a legitimate reason the false impression, created by MySoda Oy's conduct, of an economic link between itself and MySoda Oy. [Or. 10]

- 21 MySoda Oy takes the view that the *Bristol-Myers Squibb* criteria do not apply in a situation involving trade within one Member State and that the replacement of the label affixed to the refilled CO₂ cylinder cannot be equated with the repackaging of an original product sold by way of parallel imports and sold for the first time to the consumer. It submits that the replacement of the label does not jeopardise the trade mark's function as a guarantee of origin, because the target public will understand that the label indicates only the origin of the carbon dioxide in the cylinder and the company that refills the cylinder and that the engraving on the latter indicates its origin. MySoda Oy takes the view that the replacement of the label is in any event necessary for putting the refilled cylinder on the market because the provision of information about the company that previously filled the cylinder on a label affixed to it could create confusion among consumers and traders as to who last filled it and who is liable for it. In addition, MySoda Oy submits, it is essential for traders that there should be only one barcode on the cylinder. According to MySoda Oy, it is also necessary to replace the label because the original label on some of the cylinders put on the market by SodaStream may be damaged or may have become detached. MySoda Oy submits that its conduct is in line with an established practice in the industry in Finland, which is also followed by SodaStream itself. According to MySoda Oy, the labels that it removes from the refilled cylinders may also be the labels of previous refilling companies other than [Or. 11] the company which originally put the cylinders on the market and is the proprietor of the trade mark engraved on them.

Applicable legislation

EU law

- 22 According to Article 13 of the EU Trade Mark Regulation and Article 15(1) of the new EU Trade Mark Regulation, an EU trade mark does not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent. According to paragraph 2, paragraph 1 is not to 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.
- 23 In accordance with Article 7 of the Trade Mark Directive and Article 15(1) of the new Trade Mark Directive, which corresponds, in substance, to the first-mentioned provision, a trade mark does not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the [European Union]

under that trade mark by the proprietor or with the proprietor's consent. According to paragraph 2, paragraph 1 is not to 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. 12] or impaired after they have been put on the market.

National legislation

- 24 According to Paragraph 9(1) of the Tavamerkkilaki (Law on trade marks), which is applicable to national trade marks, a trade mark proprietor may not prohibit the use of the trade mark in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with the proprietor's consent. According to subparagraph 2 of that paragraph, without prejudice to subparagraph 1, the trade mark proprietor may prohibit the use of the trade mark in relation to goods if the proprietor has a legitimate reason to oppose the further offering or putting on the market of the goods. In particular, the trade mark proprietor may prohibit the use of the trade mark where the condition of the goods is changed or impaired after they have been put on the market. The national provision is based on Article 7 of the Trade Mark Directive or, respectively, Article 15 of the new Trade Mark Directive.
- 25 On account of the period of the alleged infringement, Paragraph 10(a) of the Law on trade marks (as amended by Law No 1715/1995), which was in force until 31 August 2016, and Paragraph 8 of the Law on trade marks (as amended by Law No 616/2016), which was in force until 30 April 2019, are also applicable to the case, the content of which corresponds, in substance, to the abovementioned provision of the Law on trade marks currently in force. [Or. 13]

The need for the preliminary ruling

- 26 The Supreme Court has been seised of a trade mark infringement dispute in which the delivery of a reasoned decision requires an interpretation of provisions of the EU trade mark regulations and of the trade mark directives in relation to the exhaustion of the rights conferred by a trade mark. EU law does not contain detailed rules on the conditions under which a trade mark proprietor has a legitimate reason to oppose the further commercialisation of goods put on the market. Nor does the Court of Justice's case-law on such a legitimate reason provide a clear answer to the questions raised in this dispute.

Background to Questions 1, 2 and 3

- 27 In accordance with settled case-law of the Court of Justice, at any rate the repackaging of pharmaceutical products imported in parallel, which also includes relabelling, creates by its very nature risks for the guarantee of origin of the trade mark and is thereby prejudicial to its specific subject matter (judgment of 23 April 2002, C-143/00, *Boehringer Ingelheim and Others*, paragraphs 29 and 30,

[EU:C:2002:246]; judgment of 26 April 2007, C-348/04, *Boehringer Ingelheim and Others*, [EU:C:2007:249,] paragraphs 28 to 30). In accordance with settled case-law, the trade mark proprietor may prohibit the commercialisation of repackaged products if the trader fails to prove that the conduct satisfies the *Bristol-Myers Squibb* criteria (judgment of 26 April 2007, C-348/04, *Boehringer Ingelheim and Others*, EU:C:2007:249, paragraphs 52 and 53). **[Or. 14]** The trade mark proprietor may therefore prohibit the repackaging of a product unless the repackaging is necessary in order to enable the marketing of the products imported in parallel and the legitimate interests of the proprietor are safeguarded (for example, judgment of 23 April 2002, C-143/00, *Boehringer Ingelheim and Others*, EU:C:2002:246, paragraph 34).

- 28 The Court of Justice has provided guidance on the assessment of the existence of a legitimate reason in a case where a company that refills gas cylinders put on the market in the same Member State had affixed its own labels to the cylinders (judgment of 14 July 2011, *Viking Gas*, C-46/10, EU:C:2011:485). In its decision, the Court of Justice pointed out that a legitimate reason for opposing the conduct of the refilling company could exist, inter alia, when the use of the sign is such as to give the impression that there is a commercial connection between the trade mark proprietor and the refilling company (paragraph 37 of the judgment). However, the Court of Justice did not refer in that context to its case-law on repackaging or to the *Bristol-Myers Squibb* criteria.
- 29 On the basis of the case-law of the Court of Justice to date, it is not clear whether the condition of necessity applies to the repackaging of goods which have been put on the market in the same Member State. The *Viking Gas* judgment cited above differs from the case here at issue in that, inter alia, the former concerned a case in which the trade marks **[Or. 15]** that had been affixed to the gas cylinders by the trade mark proprietor which had originally put them on the market had not been removed from them or concealed. The Court of Justice considered that this constituted a relevant factor in so far as it seemed to rule out that labelling from altering the condition of the cylinders by masking their origin (paragraph 41 of the judgment). In the present case, however, the company which refills the CO₂ cylinders removed the label bearing the trade mark proprietor's trade mark and replaced it with its own. Both the original label and the refilling company's label covered most of the cylinder's surface, leaving only the upper part and neck of the cylinder uncovered, on which, inter alia, the trade mark of the original distributor of the cylinder was engraved.
- 30 Furthermore, it is not clear whether the removal of the trade mark proprietor's label and the affixing of a new label to the product, such as has taken place in the main proceedings, is to be regarded as repackaging within the meaning of the case-law of the Court of Justice cited above, which also includes relabelling. It is open to interpretation what significance is to be attached in this respect to the intended use of the product in question, that is to say, the CO₂ cylinder, and the fact that the product offered by the trader consists of both the cylinder originating from the trade mark proprietor and the carbon dioxide originating from the

refilling company. On the assumption that the target public perceives the label as referring exclusively to the origin of the carbon dioxide – even if the trade mark proprietor also originally [Or. 16] affixed the label bearing the trade mark to the cylinder when putting the CO₂ cylinder on the market so as to provide a guarantee of the origin of the cylinder – it is unclear whether this can be of decisive importance in that respect.

Background to Question 4

- 31 In the case-law of the Court of Justice, the view is taken that the person carrying out the relabelling must use means which make parallel trade feasible while causing as little prejudice as possible to the specific subject matter of the trade mark right. Thus, if the statements on the original labels comply with the rules on labelling in force in the Member State of destination, but those rules require additional information to be given, it is not necessary to remove and reattach or replace the original labels. This is because the mere application to the bottles in question of a sticker with the additional information may suffice (judgment of 11 November 1997, C-349/95, *Loendersloot*, EU:C:1997:530, paragraph 46). It has also been held in the case-law that the condition of necessity will not be satisfied if replacement of the trade mark is explicable solely by the parallel importer's attempt to secure a commercial advantage (judgment of 12 October 1999, C-379/97, *Upjohn*, EU:C:1999:494, paragraph 44).
- 32 When refilled CO₂ cylinders are offered to consumers, the latter must be provided with information about the company that refills the cylinders. If the replacement of the label on a CO₂ cylinder is to be assessed on the basis of the *Bristol-Myers Squibb* criteria, it is not clear from the case-law to date whether and to what extent the intended use of the products in question can be taken into account in the assessment of whether the condition of necessity [Or. 17] is met. The CO₂ cylinders in question are intended to be refilled and resold multiple times, which is likely to impair the condition of the original labels affixed to them. It is open to interpretation whether the fact that a label affixed to the cylinder by the trade mark proprietor has been damaged or become detached or the fact that another refilling company may have already previously replaced the original label with its own may constitute a circumstance on the basis of which the substitution of the label or the replacement thereof with that of the refilling company can be deemed to be necessary for the marketing of the refilled cylinder.

Questions referred for a preliminary ruling

- 33 After affording the parties the opportunity to comment on the content of the request for a preliminary ruling, the Korkein oikeus (Supreme Court) has decided to stay the proceedings and to refer the following questions to the Court of Justice of the European Union for a preliminary ruling:

1. Do the so-called *Bristol-Myers Squibb* criteria developed in the Court of Justice's case-law on repackaging and relabelling in cases of parallel imports,

and in particular the so-called condition of necessity, also apply in the case of repackaging [Or. 18] or relabelling of goods, which had been put on the market in a Member State by the trade mark proprietor or with its consent, for the purposes of resale in the same Member State?

2. Where the trade mark proprietor has affixed its trade mark to the cylinder, both on the label and engraved on the neck of the cylinder, when putting a cylinder containing carbon dioxide on the market, do the *Bristol-Myers Squibb* criteria referred to above, and in particular the so-called condition of necessity, also apply when a third party refills the cylinder with carbon dioxide for the purposes of resale, removes the original label and replaces it with a label bearing that third party's own trade mark, while at the same time the trade mark of the person that put the cylinder on the market continues to be visible in the engraving on the neck of the cylinder?

3. In the situation described above, can the view be taken that the removal and replacement of the label bearing the trade mark jeopardises, in principle, the function of the trade mark as a guarantee of the origin of the cylinder, or is it of significance, with regard to the applicability of the conditions for repackaging and relabelling, that

- it is to be assumed that the target public will perceive the label as referring exclusively to the origin of the carbon dioxide (and thus to the company that refills the cylinder); or
- it is to be assumed that the target public will perceive the label as also referring, at least in part, to the origin of the cylinder? [Or. 19]

4. If the removal and replacement of the label on CO₂ cylinders is to be assessed on the basis of the condition of necessity, can the fact that the labels affixed to the cylinders put on the market by the trade mark proprietor have been accidentally damaged or become detached or have been removed and replaced by a previous refilling company constitute a [Or. 20] circumstance on the basis of which the replacement of the labels by a label of the refilling company, a process regularly carried out by the latter, is to be regarded as being necessary for putting the refilled cylinders on the market?

[...]