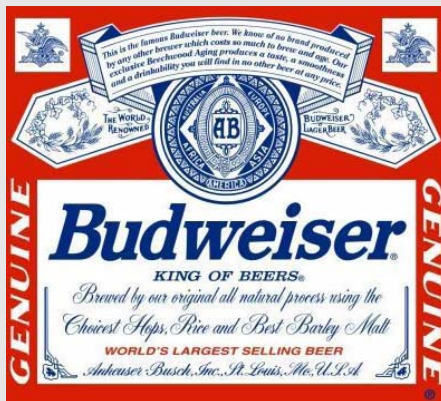


European Court of Justice, 16 November 2004, Anheuser Busch



v



TRADEMARK LAW – TRADENAME LAW – LITIGATION

Jurisdiction of the Court to interpret the TRIPs Agreement

- The Court has jurisdiction to interpret a provision of the TRIPs Agreement for the purpose of the obligation of the Community to interpret its trademark legislation in the light of the wording and purpose of that agreement

It is apparent from its case-law that the Court has jurisdiction to interpret a provision of the TRIPs Agreement for the purpose of responding to the needs of the judicial authorities of the Member States where they are called upon to apply their national rules with a view to ordering measures for the protection of rights created by Community legislation which fall within the scope of that agreement. Since the Community is a party to the TRIPs Agreement, it is indeed under an obligation to interpret its trade-mark legislation, as far as possible, in the light of the wording and purpose of that agreement.

- TRIPs applicable where the conflict arose before the date of application of the agreement

Consequently the TRIPs Agreement applies in the event of a conflict between a trade mark and a sign alleged to infringe that trade mark where that conflict arose before the date of application of the TRIPs Agreement but continued beyond that date.

TRIPs – prejudice to the essential functions of a trade mark

- The exercise the trade mark right must be reserved to cases in which a third party's use of the sign prejudices or is liable to prejudice the functions

of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods

The relevant provisions of national trade-mark law must therefore be applied and interpreted to the effect that the exercise of the exclusive right conferred on the proprietor of the trade mark to prevent the use of the sign of which that mark consists or of a sign similar to that mark must be reserved to cases in which a third party's use of the sign prejudices or is liable to prejudice the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods. Such an interpretation is, moreover, supported by the general purpose of the TRIPs Agreement, which is to ensure that a balance is maintained between the aim of reducing distortions and impediments to international trade and that of promoting effective and adequate protection of intellectual property rights so as to ensure that the measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade. That distinction also appears to be appropriate in the light of the specific object of Article 16 of the TRIPs Agreement, which is to guarantee a minimum standard of exclusive rights agreed at international level.

TRIPs – trade names

- A trade name may constitute a sign within the meaning of the first sentence of Article 16(1)

A trade name may constitute a sign within the meaning of the first sentence of Article 16(1) of the TRIPs Agreement. That provision is intended to confer on the proprietor of a trade mark the exclusive right to prevent a third party from using such a sign if the use in question prejudices or is liable to prejudice the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods;

- Exceptions in Article 17

The exceptions provided for in Article 17 of the TRIPs Agreement are intended, inter alia, to enable a third party to use a sign which is identical or similar to a trade mark to indicate his trade name, provided that such use is in accordance with honest practices in industrial or commercial matters.

- Trade name can be a prior right within the meanin of Article 16(1)

A trade name which is not registered or established by use in the Member State in which the trade mark is registered and in which protection against the trade name in question is sought may be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement if the proprietor of the trade name has a right falling within the substantive and temporal scope of the TRIPs Agreement which arose prior to the trade mark with which it is alleged to conflict and which entitles him to use a sign identical or similar to that trade mark.

Trade mark Directive – prejudice to the essential functions of a trade mark

- In particular, where the use of that sign allegedly made by the third party is such as to create the im-

pression that there is a material link in trade between the third party's goods and the undertaking from which those goods originate, including post-sale confusion

First, with respect to Directive 89/104, it follows from the Court's case-law on the definition of use by a third party, for which provision is made in Article 5(1) of that directive, that the exclusive right conferred by a trade mark was intended to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods. That is the case, in particular, where the use of that sign allegedly made by the third party is such as to create the impression that there is a material link in trade between the third party's goods and the undertaking from which those goods originate. It must be established whether the consumers targeted, including those who are confronted with the goods after they have left the third party's point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the third party's goods originate.

• **Article 5(1)(a): absolute protection – Article 5(1)(b) likelihood of confusion**

Where those conditions are satisfied, it follows from the case-law of the Court that, in the event of identity of the sign and the trade mark and of the goods or services, the protection conferred by Article 5(1)(a) of Directive 89/104 is absolute, whereas, in the situation provided for in Article 5(1)(b), the proprietor, in order to enjoy protection, must also prove that there is a likelihood of confusion on the part of the public because the signs and trade marks and the designated goods or services are identical or similar.

Trade mark Directive – trade names

• **Reference must be made to the legal order of the Member State concerned to determine the extent and nature of the protection afforded to the trade-mark proprietor who claims to be suffering damage as a result of use of that sign as a trade name or company name.**

However, where the examinations to be carried out by the national court show that the sign in question in the main case is used for purposes other than to distinguish the goods concerned – for example, as a trade or company name – reference must, pursuant to Article 5(5) of Directive 89/104, be made to the legal order of the Member State concerned to determine the extent and nature, if any, of the protection afforded to the trade-mark proprietor who claims to be suffering damage as a result of use of that sign as a trade name or company name.

Source: curia.europa.eu

European Court of Justice, 16 November 2004

(V. Skouris, P. Jann, C.W.A. Timmermans, A. Rosas and R. Silva de Lapuerta, C. Gulmann, R. Schintgen, N. Colneric, S. von Bahr, J.N. Cunha Rodrigues and K. Schiemann)

JUDGMENT OF THE COURT (Grand Chamber)
16 November 2004 (1)

(Agreement establishing the World Trade Organisation – Articles 2(1), 16(1) and 70 of the TRIPs Agreement – Trade marks – Scope of the proprietor's exclusive right to the trade mark – Alleged use of the sign as a trade name)

In Case C-245/02,

REFERENCE for a preliminary ruling under Article 234 EC from the Korkein oikeus (Finland), made by decision of 3 July 2002, received at the Court on 5 July 2002, in the proceedings

Anheuser-Busch Inc.

v

Budějovický Budvar, národní podnik,

THE COURT (Grand Chamber),

composed of: V. Skouris, President, P. Jann, C.W.A. Timmermans (Rapporteur), A. Rosas and R. Silva de Lapuerta (Presidents of Chambers), C. Gulmann, R. Schintgen, N. Colneric, S. von Bahr, J.N. Cunha Rodrigues and K. Schiemann, Judges,

Advocate General: A. Tizzano,

Registrar: M. Múgica Arzamendi, Principal Administrator,

having regard to the written procedure and further to the hearing on 27 April 2004, after considering the observations submitted on behalf of:

– Anheuser-Busch Inc., by R. Hilli, asianajaja, and D. Ohlgart and B. Goebel, Rechtsanwälte,

– Budějovický Budvar, národní podnik, by P. Backström and P. Eskola, asianajajat,

– the Finnish Government, by T. Pynnä, acting as Agent,

– the Commission of the European Communities, by E. Paasivirta and R. Raith, acting as Agents,

after hearing the **Opinion of the Advocate General** at the sitting on 29 June 2004,

gives the following

Judgment

1 The question referred for a preliminary ruling concerns the interpretation of Articles 2(1), 16(1) and 70 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ('the TRIPs Agreement'), as set out in Annex 1 C to the Agreement establishing the World Trade Organisation ('the WTO Agreement'), approved on behalf of the Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1, at p. 214).

2 The reference has been made in the proceedings between the breweries Anheuser-Busch, Inc. ('Anheuser-Busch'), established in Saint Louis, Missouri (United States), and Budějovický Budvar, národní podnik ('Budvar'), established in České Budějovice (Czech Republic), concerning the labelling used by Budvar to

market its beer in Finland, which, according to Anheuser-Busch, infringes the trade marks Budweiser, Bud, Bud Light and Budweiser King of Beers owned by it in that Member State.

Legal background

International law

3 Article 8 of the Paris Convention for the Protection of Industrial Property of 20 March 1883, as last revised at Stockholm on 14 July 1967, (United Nations Treaty Series, Vol. 828, No 11847, p. 108, 'the Paris Convention') provides:

'A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trade mark.'

4 The WTO Agreement, and the TRIPs Agreement which forms an integral part of it, entered into force on 1 January 1995. However, according to Article 65(1) of the TRIPs Agreement, the members were not obliged to apply the provisions of that agreement before the expiry of a general period of one year, that is to say, before 1 January 1996 ('the date of application').

5 Article 1 of the TRIPs Agreement, which is entitled 'Nature and Scope of Obligations', provides in paragraph 2:

'For the purposes of this agreement, the term "intellectual property" refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II.'

6 Article 2 of the TRIPs Agreement, which is headed 'Intellectual Property Conventions', provides:

'1. In respect of Parts II, III and IV of this agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).

2. Nothing in Parts I to IV of this agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits.'

7 Article 15 of the TRIPs Agreement, which is headed 'Protectable Subject-matter' and is to be found in Section 2 of Part II of that agreement, which deals with standards concerning the availability, scope and use of intellectual property rights, provides in paragraph 1:

'Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trade mark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trade marks. ...'

8 Article 16 of the TRIPs Agreement, which is headed 'Rights Conferred', provides in paragraph 1:

'The owner of a registered trade mark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade mark is registered where such use would result in a likelihood of confusion. In case of the use of an iden-

tical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.'

9 Under Article 17 of the TRIPs Agreement, which is headed 'Exceptions':

'Members may provide limited exceptions to the rights conferred by a trade mark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trade mark and of third parties.'

10 Article 70 of the TRIPs Agreement, which is headed 'Protection of Existing Subject-matter', provides:

'1. This agreement does not give rise to obligations in respect of acts which occurred before the date of application of the Agreement for the Member in question.

2. Except as otherwise provided for in this agreement, this agreement gives rise to obligations in respect of all subject-matter existing at the date of application of this agreement for the Member in question, and which is protected in that Member on the said date, or which meets or comes subsequently to meet the criteria for protection under the terms of this agreement. ...

4. In respect of any acts in respect of specific objects embodying protected subject-matter which become infringing under the terms of legislation in conformity with this agreement, and which were commenced, or in respect of which a significant investment was made, before the date of acceptance of the WTO Agreement by that Member, any Member may provide for a limitation of the remedies available to the right-holder as to the continued performance of such acts after the date of application of this agreement for that Member. In such cases the Member shall, however, at least provide for the payment of equitable remuneration. ...'

Community law

11 According to the first recital in the preamble thereto, the purpose 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) is to approximate the laws of Member States in order to remove the existing disparities which may impede the free movement of goods and the freedom to provide services and may distort competition within the common market.

12 However, as is apparent from the third recital, Directive 89/104 is not intended to achieve full-scale approximation of the trade-mark laws of the Member States.

13 Article 5 of Directive 89/104, which is principally intended to define the scope of protection conferred by the right to a trade mark, provides in paragraphs 1, 2, 3 and 5:

'(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;

...

(5) Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, 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.'

14 Article 6 of Directive 89/104, which is headed 'Limitation of the effects of a trade mark', provides in paragraph 1:

'1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, (a) his own name or address;

...

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

National law

Trade-mark law

15 Under the first subparagraph of Paragraph 3 of the Tavamerkkilaki (Law on trade marks) (7/1964) of 10 January 1964 ('the Tavamerkkilaki'):

'Any person may use, in the course of his trade, his name, address or trade name as a trade symbol for his products unless use of that symbol might give rise to confusion with the protected trade mark of a third party or with a name, address or trade name lawfully used by a third party in his trading activities.'

16 The first subparagraph of Paragraph 4 of the Tavamerkkilaki provides:

'The right to use a sign for a product under Paragraphs 1 to 3 of this law means that no one other than its proprietor may use commercially as a sign for his products a sign liable to be confused therewith, on the product or its packaging, in advertising or business documents or otherwise, including also use by word of mouth. ...'

17 The first subparagraph of Paragraph 6 of the Tavamerkkilaki provides:

'Signs are deemed to be liable to be confused with each other under this law only if they refer to identical or similar types of products.'

18 Under Paragraph 7 of the Tavamerkkilaki, where more than one person claims to have an exclusive right to use on his products signs which are liable to be confused, priority is to be given to that person who is able to rely on an earlier legal basis, provided that the right claimed has not expired as a result of, for example, a lack of use by the proprietor.

19 Under point 6 of the first subparagraph of Paragraph 14 of the Tavamerkkilaki, marks liable to be confused with the protected trade name, secondary sign or trade mark of another economic operator may not be registered.

20 The national court points out that the Finnish legislature took the view that the Tavamerkkilaki is consistent with the TRIPs Agreement and that there was therefore no need to amend it to bring into line with that agreement. Similarly, the Finnish legislature considered the provisions of the Tavamerkkilaki on the likelihood of confusion between marks designating identical or similar goods to be compatible with Directive 89/104, so that they could remain unchanged.

The right to trade names

21 Under Paragraph 2(1) of the Toiminimilaki (Law on trade names) (128/1979) of 2 February 1979 ('the Toiminimilaki'), the exclusive right to use a trade name is acquired either by registering that name or by establishing it through use.

22 Paragraph 2(3) of the Toiminimilaki provides:

'A trade name is regarded as having been established by use where it is generally well known by the public targeted by the activity of the economic operator.'

23 The national court points out that, in its decisions, it has interpreted Article 8 of the Paris Convention as protecting, in addition to trade names registered in Finland or established by use there, foreign trade names which have been registered in another contracting State to that convention and the ancillary signs contained in that trade name. However, according to that case-law, protection of such foreign trade names is subject to the condition that the 'effective' element of that trade name be, at least to some extent, well known in the relevant Finnish trade circles.

The main action and the questions referred for a preliminary ruling

24 Anheuser-Busch is the proprietor in Finland of the trade marks Budweiser, Bud, Bud Light and Budweiser King of Beers, which designate beer and were registered between 5 June 1985 and 5 August 1992. The first application for registration of those marks, that for Budweiser, was filed on 24 October 1980.

25 Budvar registered its trade name in the Czechoslovakian commercial register on 1 February 1967. It was registered in Czech ('Budějovický Budvar, národní podnik'), English ('Budweiser Budvar, National Corporation') and French ('Budweiser Budvar, Entreprise nationale'). Budvar was, moreover, the proprietor in Finland of the trade marks Budvar and Budweiser Budvar, which designate beer and were registered on 21

May 1962 and 13 November 1972 respectively, but the Finnish courts declared that it had forfeited those rights as a result of a failure to use the trade marks.

26 By an action brought before the Helsingin käräjäoikeus (Helsinki District Court) (Finland) on 11 October 1996, Anheuser-Busch sought to prohibit Budvar from continuing or recommencing the use in Finland of the trade marks Budějovický Budvar, Budweiser Budvar, Budweiser, Budweis, Budvar, Bud and Budweiser Budbrau as signs for the marketing and sale of beer produced by Budvar. Moreover, Anheuser-Busch sought an order that all labels contrary to that prohibition be removed and that Budvar pay compensation for any infringement of its trade-mark rights.

27 Anheuser-Busch argued that the signs used by Budvar could be confused, within the meaning of the Tavaramerkkilaki, with its trade marks since those signs and trade marks designate identical or similar types of goods.

28 By the same action, Anheuser-Busch sought a further order prohibiting Budvar from using in Finland, on pain of a fine pursuant to the Toiminimilaki, the trade names 'Budějovický Budvar, národní podnik', 'Budweiser Budvar', 'Budweiser Budvar, national enterprise', 'Budweiser Budvar, Entreprise nationale' and 'Budweiser Budvar, National Corporation', on the ground that those names were liable to be confused with its trade marks.

29 In its defence, Budvar contended that the signs used in Finland to market its beer could not be confused with Anheuser-Busch's trade marks. It also submitted that, with respect to the sign 'Budweiser Budvar', the registration of its trade name in Czech, English and French conferred on it, pursuant to Article 8 of the Paris Convention, a right in Finland earlier than that conferred by Anheuser-Busch's trade marks and that that earlier right was therefore protected under that article.

30 By its judgment of 1 October 1998, the Helsingin käräjäoikeus held that the beer-bottle labels used by Budvar in Finland and, in particular, the dominant sign appearing on that label, 'Budějovický Budvar', especially when taken as a whole, were so different from Anheuser-Busch's trade marks and labels that the goods in question could not be confused.

31 It further held that the sign 'BREWED AND BOTTLED BY THE BREWERY BUDWEISER BUDVAR national enterprise', appearing on the labels below the abovementioned dominant sign and in considerably smaller letters, was not used as a mark but merely indicated the trade name of the brewery. It found that Budvar was entitled to use that sign since it was the registered English version of its trade name, had been registered as such and, according to the statements made by witnesses, was, at least to a certain extent, well known in the relevant trade circles when Anheuser-Busch's trade marks were registered, with the result that it was likewise protected in Finland under Article 8 of the Paris Convention.

32 On appeal, the Helsingin hovioikeus (Helsinki Court of Appeal) (Finland), by judgment of 27 June 2000, ruled that the abovementioned witness statements did

not suffice to prove that the English version of Budvar's trade name was, at least to some extent, well known in the relevant trade circles in Finland before registration of Anheuser-Busch's trade marks. Accordingly, it set aside the judgment given by the Helsingin käräjäoikeus in so far as that court held that the English version of Budvar's trade name enjoyed protection in Finland under Article 8 of the Paris Convention.

33 Both Anheuser-Busch and Budvar then appealed to the Korkein oikeus (Supreme Court) against the judgment given by the Helsingin hovioikeus, relying, essentially, on the arguments which they had already put forward at first instance and on appeal.

34 In its order for reference, the Korkein oikeus observes that it follows from paragraph 35 of the judgment in [Joined Cases C-300/98 and C-392/98 Dior and Others \[2000\] ECR I-11307](#) that the Court has jurisdiction to interpret a provision of the TRIPs Agreement if it may be applied both to situations falling within the scope of national law and to situations falling within the scope of Community law, as is the case in the field of trade marks.

35 The national court adds that, in paragraphs 47 to 49 of the judgment in Dior, the Court held that, in the areas to which the TRIPs Agreement applies, a situation falls within the scope of Community law where the Community has already adopted legislation in the relevant field but this is not so in the case of a field in which the Community has not yet legislated and which, consequently, falls within the competence of the Member States.

36 According to the Korkein oikeus, the provisions of the TRIPs Agreement on trade marks relate to a field in which the Community has already adopted legislation and which therefore falls within the scope of Community law. By contrast, the Community has not, as yet, adopted legislation relating to trade names.

37 As regards the temporal applicability of the TRIPs Agreement to the main case, the national court observes that it follows from paragraphs 49 and 50 of the judgment in [Case C-89/99 Schieving-Nijstad and Others \[2001\] ECR I-5851](#) that, in accordance with Article 70(1), the TRIPs Agreement is applicable in so far as the infringement of intellectual property rights continues beyond the date on which TRIPs became applicable with regard to the Community and the Member States.

38 The national court also observes that Article 70(2) of the TRIPs Agreement provides that, save where otherwise provided, that agreement gives rise to obligations in respect of all subject-matter existing at the date of application of the TRIPs Agreement to the Member in question, which is protected in that Member on that date or which meets or comes subsequently to meet the criteria for protection laid down in that agreement.

39 Accordingly, the Korkein oikeus decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

'1. If the conflict between a trade mark and a sign alleged to infringe it is situated at a point in time before

the entry into force of the TRIPs Agreement, do the provisions of the TRIPs Agreement apply to the question of which right has the earlier legal basis, when the alleged infringement of the trade mark is said to continue after the date on which the TRIPs Agreement became applicable in the Community and the Member States?

2. If the answer to Question 1 is affirmative:

(a) Can the trade name of an undertaking also act as a sign for goods or services within the meaning of the first sentence of Article 16(1) of the TRIPs Agreement?

(b) If the answer to Question 2(a) is affirmative, on what conditions may a trade name be regarded as a sign for goods or services within the meaning of the first sentence of Article 16(1) of the TRIPs Agreement?

3. If the answer to Question 2(a) is affirmative:

(a) How is the reference in the third sentence of Article 16(1) of the TRIPs Agreement to existing prior rights to be interpreted? May the right to a trade name also be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement?

(b) If the answer to Question 3(a) is affirmative, how is the said reference in the third sentence of Article 16(1) of the TRIPs Agreement to existing prior rights to be interpreted in the case of a trade name which is not registered or established by use in the State in which the trade mark is registered and in which protection is sought for the trade mark against the trade name in question, having regard to the obligation under Article 8 of the Paris Convention to afford protection to a trade name regardless of whether it is registered and to the fact that the Permanent Appellate Body of the WTO has regarded the reference in Article 2(1) of the TRIPs Agreement to Article 8 of the Paris Convention as meaning that WTO members are obliged under the TRIPs Agreement to protect trade names in accordance with the latter article? When assessing, in such a case, whether a trade name has a legal basis prior to a trade mark for the purposes of the third sentence of Article 16(1) of the TRIPs Agreement, may it thus be considered as decisive:

(i) whether the trade name was well known at least to some extent among the relevant trade circles in the State in which the trade mark is registered and in which protection is sought for it, before the point in time at which registration of the trade mark was applied for in the State in question; or

(ii) whether the trade name was used in commerce directed to the State in which the trade mark is registered and in which protection is sought for it, before the point in time at which registration of the trade mark was applied for in the State in question; or

(iii) what other factor may decide whether the trade name is to be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement?

The questions referred for a preliminary ruling
Admissibility of the reference for a preliminary ruling

40 According to Anheuser-Busch, the reference for a preliminary ruling is inadmissible in its entirety since the main case does not fall within either the temporal or the substantive scope of the TRIPs Agreement. Accordingly, the Court does not, in the present case, have jurisdiction to interpret the relevant provisions of that agreement.

41 It is apparent from its case-law that the Court has jurisdiction to interpret a provision of the TRIPs Agreement for the purpose of responding to the needs of the judicial authorities of the Member States where they are called upon to apply their national rules with a view to ordering measures for the protection of rights created by Community legislation which fall within the scope of that agreement (see, to that effect, *Dior*, cited above, paragraphs 35 and 40 and the case-law cited there).

42 Since the Community is a party to the TRIPs Agreement, it is indeed under an obligation to interpret its trade-mark legislation, as far as possible, in the light of the wording and purpose of that agreement (see, with respect to a situation falling within the scope of both a provision of the TRIPs Agreement and Directive 89/104, Case C-49/02 *Heidelberger Bauchemie* [2004] ECR I-0000, paragraph 20).

43 The Court therefore has jurisdiction to interpret Article 16(1) of the TRIPs Agreement, which is the subject of the second and third questions referred for a preliminary ruling.

44 Whether the TRIPs Agreement, and in particular Article 16 thereof, is relevant to the settlement of the dispute in the main case depends on what interpretation is to be given to that article, which is precisely the subject of the second and third questions referred for a preliminary ruling. It follows that the question of the substantive applicability of the TRIPs Agreement is included in the last two questions referred and will be dealt with in the answer to be given to those questions.

45 The question of temporal applicability is the subject of the first question referred.

46 Accordingly, the reference for a preliminary ruling must be declared admissible.

The first question

47 By its first question, the national court asks, essentially, whether the TRIPs Agreement applies in the event of a conflict between a trade mark and a sign alleged to infringe that trade mark, where that conflict arose before the date of application of the TRIPs Agreement but continued beyond that date.

48 The Court has already held, in paragraphs 49 and 50 of the judgment in *Schieving-Nijstad*, cited above, that, even if the alleged infringement of a trade mark arose before the date of application of the TRIPs Agreement to the Community and the Member States – that is to say, prior to 1 January 1996 – this does not necessarily mean that such acts ‘occurred’ before that date within the meaning of Article 70(1) of the TRIPs Agreement. The Court stated that, where the acts which the third party is alleged to have committed continued up to the date on which a ruling was given – which, in the case giving rise to the abovementioned judgment, occurred

after the date of application of the TRIPs Agreement – the relevant provision of that agreement is temporally relevant to the settlement of the dispute in the main case.

49 The effect of Article 70(1) of the TRIPs Agreement is merely to exclude the imposition of obligations under that agreement in respect of ‘acts which occurred’ before its date of application but it does not exclude such obligations in respect of situations which continue beyond that date. By contrast, Article 70(2) of the TRIPs Agreement states that the obligations arising from that agreement apply in respect of ‘all subject-matter existing ... and which is protected’ on the date of application of that Agreement to a Member of the World Trade Organisation (‘the WTO’), so that, from that date, such a member is required to fulfil all the obligations arising from that agreement in respect of that existing subject-matter (see also, to that effect, the Report of the WTO Appellate Body, issued on 18 September 2000, Canada – Term of Patent Protection (AB/2000/7), WT/DS170/AB/R, paragraphs 69, 70 and 71).

50 Furthermore, Article 70(4) of the TRIPs Agreement applies to acts in respect of specific objects embodying protected subject-matter which become infringing under the terms of legislation in conformity with that agreement, and which were commenced, or in respect of which a significant investment was made, before the date of acceptance of the WTO Agreement. In such a situation, Article 70(4) allows the members to provide for limitations of the remedies available to the holder of the right against continued performance of such acts after the date of application of the TRIPs Agreement to the WTO member concerned.

51 In the present case, it is apparent from the decision to refer that the acts which Budvar is alleged to have committed in Finland certainly commenced before the date of application of the TRIPs Agreement but that they continued after that date. Moreover, it is undisputed that the proceedings alleging infringement concern signs which were protected as trade marks in Finland on the date of application of the TRIPs Agreement, that is to say, in respect of that Member State, 1 January 1996, and that those proceedings were brought on 11 October 1996, that is to say, after that date.

52 It follows that, in accordance with Article 70(1) and (2), the TRIPs Agreement applies to that situation.

53 Consequently, the answer to the first question must be that the TRIPs Agreement applies in the event of a conflict between a trade mark and a sign alleged to infringe that trade mark where that conflict arose before the date of application of the TRIPs Agreement but continued beyond that date.

The second and third questions

Preliminary observations

54 The Court has already held that, having regard to their nature and structure, the provisions of the TRIPs Agreement do not have direct effect. Those provisions are not, in principle, among the rules in the light of which the Court is to review the legality of measures of the Community institutions under the first paragraph of

Article 230 EC and are not such as to create rights upon which individuals may rely directly before the courts by virtue of Community law (see, to that effect, Dior, paragraphs 42 to 45).

55 However, it follows from the Court’s case-law that, when called upon to apply national rules with a view to ordering measures for the protection of rights in a field to which the TRIPs Agreement applies and in which the Community has already legislated, as is the case with the field of trade marks, the national courts are required under Community law to do so, as far as possible, in the light of the wording and purpose of the relevant provisions of the TRIPs Agreement (see, to that effect, *inter alia*, Dior, paragraphs 42 to 47).

56 Moreover, according to that case-law, the competent authorities called on to apply and interpret the relevant national law must likewise do so, as far as possible, in the light of the wording and the purpose of Directive 89/104 so as to achieve the result it has in view and thereby comply with the third paragraph of Article 249 EC (see, *inter alia*, Case C-218/01 Henkel [2004] ECR I-0000, paragraph 60 and the case-law cited there).

57 Consequently, in the present case, the relevant provisions of the national trade-mark law must be applied and interpreted, as far as possible, in the light of the wording and purpose of the relevant provisions of both Directive 89/104 and the TRIPs Agreement.

The second question

58 By its second question, the national court is asking, essentially, whether and, if so, under what conditions a trade name may be regarded as a sign for the purposes of the first sentence of Article 16(1) of the TRIPs Agreement with the result that, under that provision, the proprietor of a trade mark has an exclusive right to prevent a third party from using that trade name without his consent.

59 First, with respect to Directive 89/104, it follows from the Court’s case-law on the definition of use by a third party, for which provision is made in Article 5(1) of that directive, that the exclusive right conferred by a trade mark was intended to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party’s use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods (see [Case C-206/01 Arsenal Football Club \[2002\] ECR I-10273, paragraphs 51 and 54](#)).

60 That is the case, in particular, where the use of that sign allegedly made by the third party is such as to create the impression that there is a material link in trade between the third party’s goods and the undertaking from which those goods originate. It must be established whether the consumers targeted, including those who are confronted with the goods after they have left the third party’s point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the

third party's goods originate (see, to that effect, Arsenal Football Club, cited above, paragraphs 56 and 57).

61 The national court must establish whether that is the case in the light of the specific circumstances of the use of the sign allegedly made by the third party in the main case, namely, in the present case, the labelling used by Budvar in Finland.

62 The national court must also confirm whether the use made in the present case is one 'in the course of trade' and 'in relation to goods' within the meaning of Article 5(1) of Directive 89/104 (see, inter alia, Arsenal Football Club, paragraphs 40 and 41).

63 Where those conditions are satisfied, it follows from the case-law of the Court that, in the event of identity of the sign and the trade mark and of the goods or services, the protection conferred by Article 5(1)(a) of Directive 89/104 is absolute, whereas, in the situation provided for in Article 5(1)(b), the proprietor, in order to enjoy protection, must also prove that there is a likelihood of confusion on the part of the public because the signs and trade marks and the designated goods or services are identical or similar (see, to that effect, [Case C-292/00 Davidoff \[2003\] ECR I-389, paragraph 28](#), and [Case C-291/00 LTJ Diffusion \[2003\] ECR I-2799, paragraphs 48 and 49](#)).

64 However, where the examinations to be carried out by the national court, referred to in paragraph 60 of this judgment, show that the sign in question in the main case is used for purposes other than to distinguish the goods concerned – for example, as a trade or company name – reference must, pursuant to Article 5(5) of Directive 89/104, be made to the legal order of the Member State concerned to determine the extent and nature, if any, of the protection afforded to the trade-mark proprietor who claims to be suffering damage as a result of use of that sign as a trade name or company name (see [Case C-23/01 Robelco \[2002\] ECR I-10913, paragraphs 31 and 34](#)).

65 Secondly, with respect to the TRIPs Agreement, it should be observed that the primary objective of that agreement is to strengthen and harmonise the protection of intellectual property on a worldwide scale (see Schieving-Nijstad, paragraph 36 and the case-law cited there).

66 According to the preamble, the purpose of the TRIPs Agreement is to 'reduce distortions and impediments to international trade' by 'taking into account the need to promote effective and adequate protection of intellectual property rights' while at the same time ensuring that 'measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade'.

67 Article 16 of the TRIPs Agreement confers on the proprietor of a registered trade mark a minimum standard of exclusive rights agreed at international level which all the members of the WTO must guarantee in their domestic legislation. Those exclusive rights protect the proprietor against any infringements of the registered trade mark that may be committed by non-authorised third parties (see also the Report of the WTO Appellate Body, issued on 2 January 2002,

United States – Section 211 of the Omnibus Appropriations Act (AB-2001-7) WT/DS/176/AB/R, paragraph 186).

68 Article 15 of the TRIPs Agreement provides, inter alia, that any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, is to be capable of constituting a trade mark.

69 Thus, like Article 2 of Directive 89/104, Article 15 of the TRIPs Agreement lays down a guarantee of origin which is the essential function of a trade mark (see, with respect to that directive, inter alia, Arsenal Football Club, paragraph 49).

70 It follows from those factors that the interpretation of the relevant provisions of the national trade-mark law so far as possible in the light of the wording and purpose of the relevant provisions of Community law, in the present case those of Directive 89/104, is not prejudiced by an interpretation in keeping with the wording and purpose of the relevant provisions of the TRIPs Agreement (see paragraph 57 of this judgment).

71 The relevant provisions of national trade-mark law must therefore be applied and interpreted to the effect that the exercise of the exclusive right conferred on the proprietor of the trade mark to prevent the use of the sign of which that mark consists or of a sign similar to that mark must be reserved to cases in which a third party's use of the sign prejudices or is liable to prejudice the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

72 Such an interpretation is, moreover, supported by the general purpose of the TRIPs Agreement, referred to in paragraph 66 of this judgment, which is to ensure that a balance is maintained between the aim of reducing distortions and impediments to international trade and that of promoting effective and adequate protection of intellectual property rights so as to ensure that the measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade (see, to that effect, Schieving-Nijstad, paragraph 38). That distinction also appears to be appropriate in the light of the specific object of Article 16 of the TRIPs Agreement, referred to in paragraph 67 of this judgment, which is to guarantee a minimum standard of exclusive rights agreed at international level.

73 Moreover, the conditions laid down in Article 16 of the TRIPs Agreement, in the authentic French, English and Spanish versions, that the use must be made 'in the course of trade' ('au cours d'opérations commerciales', 'en el curso de operaciones comerciales') and 'for goods' ('pour des produits', 'para bienes') appear to correspond to those laid down in Article 5(1) of Directive 89/104, which require that the use be made 'in the course of trade' (in the French and Spanish versions, 'dans la vie des affaires' and 'en el tráfico económico') and 'for goods' (in those other versions, 'pour des produits' and 'para productos').

74 It should be added that, should it become apparent from the examinations to be carried out by the national court that, in the present case, the proprietor of the

trade mark may assert his exclusive rights under Article 16(1) of the TRIPs Agreement to prevent the use allegedly made by the third party, that agreement contains a further provision which may be relevant in resolving the dispute in the main case.

75 It should be remembered that it is for the Court to provide the national court with all the elements of interpretation of Community law which may be of assistance in adjudicating on the case pending before it, whether or not that court specifically refers to them in its questions (see Case C-456/02 Trojani [2004] ECR I-0000, paragraph 38 and the case-law cited there).

76 More specifically, in the present case, it is appropriate to examine the possible impact of Article 17 of the TRIPs Agreement, which allows the members of the WTO to provide for limited exceptions to the rights conferred by a trade mark, for example with respect to fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the proprietor of the trade mark and of third parties. Such an exception might cover use of the sign in good faith by a third party, particularly if that sign is an indication of that party's name or address.

77 With respect to the Community, provision is made for such an exception in Article 6(1)(a) of Directive 89/104, which, essentially, allows third parties to use signs to indicate their own name or address, provided that they use them in accordance with honest practices in industrial or commercial matters.

78 Certainly, the Council of the European Union and the Commission of the European Communities issued a joint declaration, which was recorded in the minutes of the Council when Directive 89/104 was adopted, that that provision covers only natural persons' names.

79 However, the interpretation given in such a declaration cannot be used where no reference is made to its content in the wording of the provision in question and that content therefore has no legal significance. The Council and the Commission themselves explicitly recognised that limitation in the preamble to their declaration, stating that 'since the following statements of the Council and the Commission are not part of the legal text they are without prejudice to the interpretation of that text by the Court of Justice of the European Communities' (see HeidelbergBauchemie, cited above, paragraph 17 and the case-law cited there).

80 No reference is made in the wording of Article 6(1)(a) of Directive 89/104 to the considerable restriction of the meaning of 'name' resulting from the declaration mentioned in paragraph 78 of this judgment. That declaration therefore has no legal significance.

81 A third party may, in principle, rely on the exception provided for in Article 6(1)(a) of Directive 89/104 in order to be entitled to use a sign which is identical or similar to a trade mark for the purpose of indicating his trade name, even if that constitutes a use falling within the scope of Article 5(1) of that directive which the trade mark proprietor may prohibit by virtue of the exclusive rights conferred on him by that provision.

82 It is also necessary that the use be made in accordance with honest practices in industrial or commercial matters, which is the only assessment criterion referred to in Article 6(1) of Directive 89/104. The condition of 'honest practice' is, in essence, an expression of the duty to act fairly in relation to the legitimate interests of the trade-mark proprietor (see Case C-100/02 Gerolsteiner Brunnen [2004] ECR I-0000, paragraph 24 and the case-law cited there). It is therefore essentially the same condition as that laid down by Article 17 of the TRIPs Agreement.

83 In assessing whether the condition of honest practice is satisfied, account must be taken first of the extent to which the use of the third party's trade name is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party's goods and the trade-mark proprietor or a person authorised to use the trade mark, and secondly of the extent to which the third party ought to have been aware of that. Another factor to be taken into account when making the assessment is whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in selling his goods.

84 It is for the national court to carry out an overall assessment of all the relevant circumstances, which include the labelling of the bottle in order to assess, more specifically, whether the producer of the drink bearing the trade name can be regarded as unfairly competing with the proprietor of the trade mark (see, to that effect, Gerolsteiner Brunnen, paragraphs 25 and 26).

85 Accordingly, the second question must be answered as follows:

- a trade name may constitute a sign within the meaning of the first sentence of Article 16(1) of the TRIPs Agreement. That provision is intended to confer on the proprietor of a trade mark the exclusive right to prevent a third party from using such a sign if the use in question prejudices or is liable to prejudice the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods;
- the exceptions provided for in Article 17 of the TRIPs Agreement are intended, inter alia, to enable a third party to use a sign which is identical or similar to a trade mark to indicate his trade name, provided that such use is in accordance with honest practices in industrial or commercial matters.

The third question

86 By its third question, the national court is asking, essentially, whether and, if so, under what conditions a trade name which is not registered or established by use in the State in which the trade mark is registered and in which protection against the trade name in question is sought may be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement, having regard in particular to that Member State's obligations to protect the trade name under Article 8 of the Paris Convention and Article 2(1) of the TRIPs Agreement.

87 If it is apparent from the examinations to be carried out by the national court in accordance with the principles set out in paragraph 60 of this judgment in response to the second question that the use made of the trade name falls within the scope of the first sentence of Article 16(1) of the TRIPs Agreement, the proprietor of the trade mark has an exclusive right to prevent such use, subject to the provisions of Article 17 of that agreement.

88 However, the third sentence of Article 16(1) of the TRIPs Agreement provides that that exclusive right must not prejudice any 'existing prior right'.

89 That provision must be understood as meaning that, where the proprietor of a trade name has a right falling within the scope of the TRIPs Agreement which arose prior to that conferred by the trade mark with which it is alleged to conflict and which entitles him to use a sign identical or similar to that trade mark, such use cannot be prohibited by virtue of the exclusive right conferred by the trade mark on its proprietor under the first sentence of Article 16(1) of the TRIPs Agreement.

90 For that provision, thus understood, to be applicable, the third party must first of all be able to rely on a right falling within the substantive scope of the TRIPs Agreement.

91 It should be observed that a trade name is a right falling within the scope of the term 'intellectual property' within the meaning of Article 1(2) of the TRIPs Agreement. Moreover, it follows from Article 2(1) of the TRIPs Agreement that the protection of trade names, for which specific provision is made in Article 8 of the Paris Convention, is expressly incorporated into that agreement. Therefore, by virtue of the TRIPs Agreement, the members of the WTO are under an obligation to protect trade names (see also the Report of the WTO Appellate Body, United States – Section 211 of the Omnibus Appropriations Act, cited above, paragraphs 326 to 341).

92 Accordingly, in so far as it is existing subject-matter within the meaning of Article 70(2) of the TRIPs Agreement, as was explained in paragraph 49 of this judgment, the trade name in question must be protected under the TRIPs Agreement.

93 The trade name is therefore a right falling within the substantive scope of the TRIPs Agreement, so that the first condition laid down by the third sentence of Article 16(1) of that agreement is satisfied.

94 It must, moreover, be an existing right. The term 'existing' means that the right concerned must fall within the temporal scope of the TRIPs Agreement and still be protected at the time when it is relied on by its proprietor in order to counter the claims of the proprietor of the trade mark with which it is alleged to conflict.

95 In the present case, it must therefore be ascertained whether the trade name in question, which the parties agree is neither registered nor established by use in the Member State in which the trade mark is registered and in which the protection afforded by that mark against the trade name in question is sought, satisfies the conditions set out in the preceding paragraph of this judgment.

96 It follows from Article 8 of the Paris Convention, which, as was explained in paragraph 91 of this judgment, must be complied with by virtue of the TRIPs Agreement, that the protection of trade names is to be guaranteed and that such protection may not be made subject to any registration requirement.

97 As regards any conditions relating to minimum use or minimum awareness of the trade name to which that name may, according to the national court, be subject under Finnish law, it should be observed that, in principle, neither Article 16(1) of the TRIPs Agreement nor Article 8 of the Paris Convention precludes such conditions.

98 Finally, 'priority' of the right in question for the purposes of the third sentence of Article 16(1) of the TRIPs Agreement means that the basis for the right concerned must have arisen at a time prior to the grant of the trade mark with which it is alleged to conflict. As the Advocate General pointed out in point 95 of his Opinion, that requirement is an expression of the principle of the primacy of the prior exclusive right, which is one of the basic principles of trade-mark law and, more generally, of all industrial-property law.

99 It should be added that the principle of priority is likewise enshrined in Directive 89/104 and, more specifically, in Articles 4(2) and 6(2) thereof.

100 In light of the above, the answer to the third question must be that a trade name which is not registered or established by use in the Member State in which the trade mark is registered and in which protection against the trade name in question is sought may be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement if the proprietor of the trade name has a right falling within the substantive and temporal scope of the TRIPs Agreement which arose prior to the trade mark with which it is alleged to conflict and which entitles him to use a sign identical or similar to that trade mark.

Costs

101 The costs incurred by the Finnish Government and by the Commission in submitting observations to the Court are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court.

On those grounds,

the Court (Grand Chamber) rules as follows:

1. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement), as set out in Annex 1 C to the Agreement establishing the World Trade Organisation, approved on behalf of the European Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994, applies in the event of a conflict between a trade mark and a sign alleged to infringe that trade mark where that conflict arose before the date of application of the TRIPs Agreement but continued beyond that date.

2. A trade name may constitute a sign within the meaning of the first sentence of Article 16(1) of the Agreement on Trade-Related Aspects of Intellectual

Property Rights (TRIPs Agreement). That provision is intended to confer on the proprietor of a trade mark the exclusive right to prevent a third party from using such a sign if the use in question prejudices or is liable to prejudice the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

The exceptions provided for in Article 17 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement) are intended, *inter alia*, to enable a third party to use a sign which is identical or similar to a trade mark to indicate his trade name, provided that such use is in accordance with honest practices in industrial or commercial matters.

3. A trade name which is not registered or established by use in the Member State in which the trade mark is registered and in which protection against the trade name in question is sought may be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement) if the proprietor of the trade name has a right falling within the substantive and temporal scope of that agreement which arose prior to the trade mark with which it is alleged to conflict and which entitles him to use a sign identical or similar to that trade mark.

OPINION OF ADVOCATE GENERAL
TIZZANO

of 29 June 2004 (1)

Case C-245/02

Anheuser-Busch Inc.

v

Budějovický Budvar, národní podnik

(Reference for a preliminary ruling from the Korkein oikeus (Finland))

(TRIPs Agreement – Article 16 – Protection of trade marks – Protection of trade names – Use of a trade name as a trade mark)

1. This case has its origins in the Finnish strand of the lengthy dispute that has arisen, in various countries, between the Czech brewery Budějovický Budvar (2) (hereinafter ‘the Budvar brewery’ or simply ‘Budvar’), with its headquarters in the Bohemian city of České Budějovice, (Czech Budweis) (3) (Czech Republic), and the American company Anheuser-Busch Inc (hereinafter ‘Anheuser-Busch’) (4) concerning the right to use the words ‘Bud’, ‘Budweiser’ and similar terms when marketing their various beers.

2. On this occasion, the Court is basically being asked to clarify which rules are applicable to the use of a registered trade mark and a potentially conflicting trade name in the light, in particular, of the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter ‘the TRIPs Agreement’). (5)

I – Legislative framework

A – International law

3. Article 8 of the Paris Convention for the Protection of Industrial Property (hereinafter ‘the Paris Convention’) (6) provides that ‘a trade name (7) shall

be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trade mark’.

4. Article 2 of the TRIPs Agreement refers to the rules contained in some of the substantive provisions of the Paris Convention, including Article 8 thereof. The latter consequently forms part of the regime of the World Trade Organisation. (8)

5. The substantive provisions of the TRIPs Agreement material to this case include Article 16(1) which provides:

‘The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade mark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, (9) nor shall they affect the possibility of Members making rights available on the basis of use.’

6. Article 70 of the TRIPs Agreement provides as follows with respect to the temporal scope of that Agreement:

‘1. This Agreement does not give rise to obligations in respect of acts which occurred before the date of application of the Agreement for the Member in question.

2. Except as otherwise provided for in this Agreement, this Agreement gives rise to obligations in respect of all subject-matter existing at the date of application of this Agreement for the Member in question, and which is protected in that Member on the said date, or which meets or comes subsequently to meet the criteria for protection under the terms of this Agreement. ...’

7. The TRIPs Agreement, like the Agreement establishing the World Trade Organisation (WTO), to which it is annexed, entered into force on 1 January 1995; however, Article 65(1) of the TRIPs Agreement provides that the parties are not required to implement it for a year from that date.

B – Community law

8. The Community took action to regulate the field of trade marks by adopting, of relevance here, Directive 89/104/EEC (hereinafter ‘Directive 89/104’ or ‘the Directive’) (10) which, its provisions being ‘entirely consistent with [those of] the Paris Convention’, (11) approximates the laws of the Member States in relation to some aspects of trade mark legislation, although it stops short of full harmonisation.

9. It is worth noting for the purposes of this case that under Article 4(1) of the Directive:

‘A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

(a) if it is identical with an earlier trade mark ...’

10. Under Article 4(2):

“‘Earlier trade marks’ within the meaning of paragraph 1 means:

...

(d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6 bis of the Paris Convention.’

11. Article 4(4)(b) then goes on to provide that any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that ‘rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark’.

12. So far as is material to this case, Article 5(1) then provides:

‘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.’

13. Under Article 5(3), it is possible to prohibit, *inter alia* the affixing of the sign to the goods or to their packaging.

14. Article 5(5) provides that paragraphs 1 to 4 ‘shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, 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’.

C – National law

15. On the basis of Article 2(1) of the Toiminilaki (the Finnish law on trade names; hereinafter: ‘the Law on trade names’), (12) the exclusive right to use a trade name is acquired through registration or ‘by virtue of use’, that is to say, where the trade name is generally known within the field of activity of the economic operator that uses it.

16. According to Article 3(2) of that Law, where the exclusive power is acquired by virtue of use, the owner of that right has the power to prevent any other economic operator from using a trade name likely to be confused with his own trade name.

17. Under the first subparagraph of Paragraph 3 of the Tavamerkilaki (the Finnish law on trade marks; hereinafter ‘the Law on trade marks’), (13) any person may use his own trade name as a distinctive sign for his

own goods, provided such use is not likely to create a likelihood of confusion with another mark that is already protected.

18. In accordance with the first subparagraph of Paragraph 4 of the Law on trade marks, the proprietor of an exclusive right to affix a distinctive sign to a product may prevent anyone else from using, in the exercise of a commercial activity, words that are likely to be confused with the protected sign. According to the first subparagraph of Paragraph 6 of the Law, there is a likelihood of confusion only where two signs are used to refer to identical or similar goods.

19. Where more than one individual invokes a right to affix to his own goods signs that are likely to be confused, Paragraph 7 of the Law on trade marks resolves the conflict between the two rights by recognising that the earlier mark takes precedence, provided the right claimed has not been lost as a result, for instance, of failure to use the mark.

20. Similarly, the first subparagraph of Paragraph 6 of the Law on trade names provides that, in the event of conflict between trade names which are likely to be confused, priority must be accorded to the party which is able to rely on an earlier legal basis.

21. As far as the likelihood of confusion between a trade mark and a trade name is concerned, point 6 of the first subparagraph of Paragraph 14 of the Law on trade marks provides that a more recent trade mark which is likely to be confused with an earlier trade name is to be denied protection.

22. Similarly, under point 4 of Paragraph 10 of the Law on trade names, a trade name may not contain elements which are likely to be confused, *inter alia*, with the trade mark of another economic operator.

23. Finally, it appears from the order for reference that Finnish case-law has extended the protection of trade names, pursuant to Article 8 of the Paris Convention, to cover trade names registered in another State which is party to the Paris Convention, provided the distinctive element of that trade name is familiar, to some extent at least, within the relevant trade circles in Finland. (14)

II – Facts and procedure

24. On 1 February 1967, the Budvar brewery registered its own trade name in the Czechoslovak register of commerce, its full entry comprising the words ‘Budějovický Budvar’, as well as ‘Budweiser Budvar’ which means ‘the Bud brewery’ (15) of Budweis’, followed by an indication of the undertaking’s legal form both in the Czech language (‘národní podnik’) as well as in the French (‘Entreprise nationale’) and English (‘National Corporation’) translations. (16)

25. The Budvar brewery was also the proprietor in Finland of the trade marks relating to ‘Budvar’ and ‘Budweiser Budvar’ beers, registered on 21 May 1962 and 13 November 1972 respectively. However, by a decision of 5 April 1982, upheld by a judgment of 28 December 1984, the Finnish courts declared the rights in those marks to be lost through lack of use.

26. Subsequently, between 5 June 1985 and 5 August 1992, the rival brewery Anheuser-Busch obtained the

registration in Finland of the trade marks 'Budweiser', 'Bud', 'Bud Light' and 'Budweiser King of the Beers', all relating to beer.

27. On 11 October 1996, Anheuser-Busch brought an action before the Käräjaoikeus (Court of First Instance), Helsinki, seeking to have Budvar banned from using the trade marks 'Budějovický Budvar', 'Budweiser Budvar', 'Budweiser', 'Budweis', 'Budvar', 'Bud' and 'Budweiser Budbräu', signs which Budvar was in the habit of affixing to the packages of beer it produced which were to be marketed in Finland; Anheuser-Busch further sought to have the Czech brewery ordered to pay damages. According to Anheuser-Busch, in fact, the signs used by Budvar were likely to be confused with its own trade marks registered in Finland.

28. Anheuser-Busch also sought to have Budvar prohibited from using in Finland, subject to fines under the Law on trade names, the following trade names: 'Budějovický Budvar, národní podnik', 'Budweiser Budvar', 'Budweiser Budvar, national enterprise', 'Budweiser Budvar, Entreprise nationale' and 'Budweiser Budvar, National Corporation', and all similar expressions likely to be confused with its own registered trade marks.

29. In its defence, Budvar contended that the signs it used in Finland were not likely to be confused with the trade marks of Anheuser-Busch. Furthermore, the registration of its trade name in its country of origin conferred on it in Finland a prior right in the sign 'Budweiser Budvar', which had to be protected in accordance with Article 8 of the Paris Convention.

30. By a judgment of 1 October 1998, the Käräjaoikeus, Helsinki, found that the sign 'Budějovický Budvar', used predominantly on the company's labels as a trade mark, differed from Anheuser-Busch's registered trade marks, and that, consequently, the types of beer marked with the signs and marks in question were not likely to be confused with one another.

31. It also found that the sign 'BREWED AND BOTTLED BY BREWERY BUDWEISER BUDVAR NATIONAL ENTERPRISE' which appeared on those same labels below the dominant sign referred to above, in considerably smaller letters, was not being used as a trade mark but simply to refer to the trade name of the Czech brewery.

32. The Käräjaoikeus therefore recognised that Budvar had the right to use the English version of its trade name, also registered in that form, pursuant to Article 8 of the Paris Convention, noting that, according to witness statements, the trade name in question was to some extent well known in the trade circles in which Anheuser-Busch operated at the time when the latter had sought registration of its own trade marks.

33. On appeal, by judgment of 27 June 2000, the Hovioikeus (Court of Appeal), Helsinki, held that the abovementioned witness statements were not sufficient to prove that the English version of Budvar's trade name had acquired the requisite degree of familiarity in Finland, and it did not therefore uphold the finding at first instance in relation to the protection to be accorded

to Budvar pursuant to Article 8 of the Paris Convention.

34. Both Anheuser-Busch and Budvar appealed that judgment before the Korkein oikeus (Supreme Court), submitting arguments basically similar to those on which they had relied at first instance.

35. Seised of the matter, the Korkein oikeus decided to suspend proceedings and refer to the Court the following questions for a preliminary ruling:

'1. If the conflict between a trade mark and a sign alleged to infringe it is situated at a point in time before the entry into force of the TRIPs Agreement, do the provisions of the TRIPs Agreement apply to the question of which right has the earlier legal basis, when the alleged infringement of the trade mark is said to continue after the date on which the TRIPs Agreement became applicable in the Community and the Member States?

2. If the answer to Question 1 is affirmative:

(a) Can the trade name of an undertaking also act as a sign for goods or services within the meaning of the first sentence of Article 16(1) of the TRIPs Agreement?

(b) If the answer to Question 2(a) is affirmative, on what conditions may a trade name be regarded as a sign for goods or services within the meaning of the first sentence of Article 16(1) of the TRIPs Agreement?

3. If the answer to Question 2(a) is affirmative:

(a) How is the reference in the third sentence of Article 16(1) of the TRIPs Agreement to existing prior rights to be interpreted? May the right to a trade name also be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement?

(b) If the answer to Question 3(a) is affirmative, how is the said reference in the third sentence of Article 16(1) of the TRIPs Agreement to existing prior rights to be interpreted in the case of a trade name which is not registered or established by use in the State in which the trade mark is registered and in which protection is sought for the trade mark against the trade name in question, having regard to the obligation under Article 8 of the Paris Convention to afford protection to a trade name regardless of whether it is registered and to the fact that the Permanent Appellate Body of the WTO has regarded the reference in Article 2(1) of the TRIPs Agreement to Article 8 of the Paris Convention as meaning that WTO members are obliged under the TRIPs Agreement to protect trade names in accordance with the latter article? When assessing, in such a case, whether a trade name has a legal basis prior to a trade mark for the purposes of the third sentence of Article 16(1) of the TRIPs Agreement, may it thus be considered as decisive:

(i) whether the trade name was well known at least to some extent among the relevant trade circles in the State in which the trade mark is registered and in which protection is sought for it, before the point in time at which registration of the trade mark was applied for in the State in question; or

(ii) whether the trade name was used in commerce directed to the State in which the trade mark is registered

and in which protection is sought for it, before the point in time at which registration of the trade mark was applied for in the State in question; or

(iii) what other factor may decide whether the trade name is to be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement?’

36. In the proceedings before the Court, the parties to the main proceedings, the Finnish Government and the Commission have submitted written observations and oral pleadings.

III – Legal analysis

A – Introduction

37. It should first be pointed out that Anheuser-Busch submits that the reference for a preliminary ruling is inadmissible in its entirety, claiming that neither the TRIPs Agreement nor Community law are applicable to this case, since the dispute in question arose before the TRIPs Agreement entered into force and before Finland acceded to the Community. It further submits that the dispute does not in any event fall within the scope *ratione materiae* of the rules harmonised within the framework of the WTO or the Community framework.

38. The objection raised by Anheuser-Busch cannot be resolved without at the same time considering the issues of substance relating, respectively, to the first question – as regards the scope *ratione temporis* of the relevant legislation – and to the third question – as regards its scope *ratione materiae*. I do not therefore consider it appropriate to undertake a separate assessment of the issue of admissibility but will deal with it together with the substantive issues raised by the questions referred.

B – The first question

39. By its first question, the national court is basically asking whether the TRIPs Agreement is applicable to a dispute involving a conflict between a trade mark and a sign (in this instance a trade name) likely to inflict damage on that trade mark, in cases where that conflict came into being before the entry into force of the abovementioned agreement, but has continued beyond that date.

40. In that context, I should first point out that, in contrast to what Anheuser-Busch maintains, the TRIPs Agreement is certainly applicable *ratione temporis* to the facts at issue.

41. In fact, as Budvar and the Commission correctly point out, in this case the national court is called upon to decide on alleged infringements of trade mark rights which, while they originated in late 1995, still persist. At issue therefore is conduct which has continued and persisted during the period subsequent to the entry into force of the TRIPs Agreement.

42. Moreover, in this case the court action was brought on 11 October 1996, that is to say, at a time when the TRIPs Agreement was already fully applicable in Finland, as indeed elsewhere in the Community.

43. As the Court has already had occasion to state in its judgment in *Schieving-Nijstad*, (17) the TRIPs Agreement also applies to disputes which arose as a

result of events which occurred before it entered into force ‘to the extent that the infringement of intellectual property rights continues beyond the date on which TRIPs became applicable with regard to the Community and the Member States’. (18)

44. If this is true where – as in the *Schieving-Nijstad* case – the TRIPs Agreement became applicable in the Member State concerned ‘at a time when the court of first instance has heard the case but not yet delivered its decision’, (19) then the Agreement must certainly be applicable in a case brought before the national court after the date on which the TRIPs Agreement took effect, as occurred in this case.

45. That conclusion is, moreover, entirely consistent with the decisions of the WTO Appellate Body in relation to Article 70 of the TRIPs Agreement, under which the Agreement does not create obligations in relation to acts which occurred before it entered into force.

46. In fact, the Appellate Body has had occasion to explain that Article 70(1) of the TRIPs Agreement ‘operates only to exclude obligations in respect of “acts which occurred” before the date of application of the TRIPs Agreement, but does not exclude rights and obligations in respect of continuing situations. On the contrary, “subject-matter existing ... which is protected” is clearly a continuing situation’, (20) to which the TRIPs Agreement is therefore fully applicable in accordance with Article 70(2) thereof.

47. I therefore propose that it should be stated in answer to the first question submitted by the national court that where there is a conflict between a trade mark and a sign which is alleged to infringe that trade mark, the provisions of the TRIPs Agreement apply to the question of which of the two prevails by virtue of its legal basis, including in cases where the conflict has arisen before the TRIPs Agreement entered into force, provided that the alleged infringement persists after the date on which the Agreement entered into force in the Community and its Member States.

C – The second question

48. By its second question, the national court is basically asking whether, and in what circumstances, a trade name may be considered, for the purposes of the first sentence of Article 16 (1) of the TRIPs Agreement, to be a sign that conflicts with a registered trade mark, and it is therefore possible for the owner of the latter to prevent its use.

49. It is common ground among all of the parties which have submitted observations that – even though, theoretically, protection of the trade mark and protection of the trade name operate at different and not conflicting levels – a sign which enjoys protection as a trade name may nonetheless, in certain circumstances, conflict with a registered trade mark, within the meaning of the abovementioned provision.

50. The problem lies in identifying those circumstances.

51. In that connection, Anheuser-Busch submits that, on the basis of the first sentence of Article 16(1) of the TRIPs Agreement, the owner of a trade mark is always entitled to prevent a third party from using a trade name

made up of a sign identical or similar to his own trade mark, provided the third party is using that sign 'in the course of trade'.

52. However, according to Budvar and the Finnish Government, it is necessary to ascertain whether the trade name in practice being used for purposes other than its prime function, and, in particular, to distinguish its proprietor's goods from those of another economic operator, thereby in practice creating confusion with a trade mark registered by that operator for identical products. The Finnish Government stresses that it is fundamentally for the national court to make that kind of assessment.

53. Finally, the Commission takes the view that a conflict of that nature should be resolved by applying the rules governing conflicts between trade marks.

54. For my part, I clearly can but agree with the interveners when they point out that, from a general perspective, the main function of a trade name is to identify an undertaking, whereas a trade mark distinguishes specific goods from other goods of the same type. In principle, therefore, it is not possible to establish a likelihood of confusion between a sign used as a trade mark and a sign used as a trade name.

55. But that does not preclude the possibility of a single sign, albeit primarily used to identify an undertaking, being used to perform the function typical of a trade mark, namely to establish a link between the product and the undertaking which manufactures (or markets) it, and 'guaranteeing to consumers the origin of the goods'. (21)

56. It is in fact perfectly possible for distinctive signs, which basically perform different functions, to be used in practice for the same purpose and for there thus to be a tendency for them to be confused in the public perception.

57. As we have seen, in those circumstances, the first sentence of Article 16(1) accords the owner of the registered trade mark the 'exclusive right to prevent all third parties ... from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade mark is registered' (first sentence of Article 16(1) of the TRIPs Agreement).

58. The use of a sign as a trade mark is therefore the necessary pre-condition for the existence of a conflict between that sign and a registered mark, and, consequently, for the exercise by the owner of the registered mark of the right to prevent such use.

59. It is not, however, a sufficient condition for establishing the existence of a conflict between that sign and a registered trade mark, at least in cases where the two are merely similar but not absolutely identical.

60. It is in fact also clear from the wording of the provision in question that once it is established that the two signs have the same function, it will be necessary to ascertain whether, in practice, the use of the sign by the third party involves 'a likelihood of confusion' with the registered trade mark.

61. Only if that question too can be answered in the affirmative, will it be possible to confirm the presence

of a 'sign' identifying goods or services which conflicts with a registered trade mark, and to prevent its use in accordance with the first sentence of Article 16(1) of the TRIPs Agreement.

62. It therefore follows that, pursuant to Article 16(1) of the TRIPs Agreement, a trade name can be considered to incorporate the essential features of a 'sign' that conflicts with a registered trade mark if it is used to perform the key function of a trade mark, namely to establish a link between the goods and the undertaking which manufactures (or distributes) them, and may therefore create confusion in the minds of consumers, preventing them from easily understanding whether certain products come from the owner of the trade name or the owner of the registered trade mark.

63. That covers the interpretation of Article 16 of the TRIPs Agreement. But in order to provide the national court with a helpful answer, it is also necessary to ascertain whether that analysis is consistent with the relevant Community legislation.

64. In relation to the protection of trade marks, as in so many other fields, the national legal orders must comply not only with the obligations which derive, at international level, from the accession of the Member States and the Community itself to the TRIPs Agreement but also – and first and foremost – with the obligations incumbent upon them under Community law. Particularly since, as we have seen, there is specific harmonising legislation in this field, in the form of Directive 89/104, which I mentioned at the outset (see point 8 above).

65. Accordingly, without embarking here on an analysis of the legal problems that derive from the Community's participation in the World Trade Organisation, it is sufficient for our purposes to point out that, according to the clarification provided by the WTO Appellate Body, Article 16 of the TRIPs Agreement accords the owner of a registered trade mark an 'internationally agreed minimum level of "exclusive rights"' that all WTO Member States must guarantee in their domestic legislation. (22)

66. Thus, in order properly to determine the principle of law applicable to a conflict between a trade name, used as a trade mark, and a registered trade mark, it is also necessary to determine whether and in what way the 'minimum' level of protection provided for under the TRIPs Agreement is reflected in Community law.

67. To do that, bearing in mind that the use of a sign as a trade mark is the prerequisite for the existence of a conflict between that sign and a registered trade mark (see point 58 above), it is first necessary to call to mind how the Court has defined the function of a trade mark in the context of the Community legal order.

68. In that connection, I would point out that it is settled case-law that 'the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin'. (23) The Court has also confirmed that the trade mark 'must offer a guarantee that

all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality'. (24)

69. Turning then to the present case, the national court will have to determine the function with which the Budvar trade name is being used.

70. Supposing the national court concludes that the trade name is being used with the function of a trade mark, that is to say, to distinguish the products to which it is affixed, by associating them with the Czech brewery, then the court will have to consider whether or not there is a likelihood of confusion between that sign and the trade mark registered by the rival American brewery, by applying domestic law in the light of the criteria established in this field by Directive 89/104.

71. In that context, I would first point out that Article 5(1)(a) accords the owner of a trade mark the right, free of further conditions, to prevent the use of an identical sign for identical goods. Consequently, where that is found to have occurred, the legislature itself presumes there is a likelihood of confusion.

72. However, where there is a similarity between the sign and the trade mark, even though they are not identical, Article 5(1)(b) makes the exercise of that right subject to the existence of a 'likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark'.

73. It is obviously for the national court to assess which of the two situations I have just described exists in the individual case. But in doing so, it will have to take into account the criteria that Community case-law has already developed in this area.

74. In particular, the Court has established that '[t]he criterion of identity of the sign and trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects.' (25) However, 'the perception of identity between the sign and the trade mark must be assessed globally with respect to an average consumer who is deemed to be reasonably well informed, reasonably observant and circumspect. The sign produces an overall impression on such a consumer. That consumer only rarely has the chance to make a comparison between signs and trade marks and must place his trust in the imperfect picture of them that he has kept in his mind. Moreover, his level of attention is likely to vary according to the category of goods or services in question.' (26)

75. If then, on the basis of the above considerations, the national court were to find that the signs were identical, the owner of the trade mark would have the right, free of further conditions, to prevent use of the same sign. If they are found not to be identical, the court will have to ascertain whether there is a real likelihood of confusion.

76. That process requires the national court to undertake a 'global assessment' of the likelihood of confusion, taking into account all of the relevant factors, including the extent to which the trade mark is well known. That last factor is not in itself decisive, (27) however, because, even where a trade mark is well

known, 'a likelihood of confusion cannot be presumed', (28) not even when the reputation of the (earlier) trade mark gives rise to a likelihood of association in the strict sense.

77. In fact, even in those circumstances, the national court is required to make 'the necessary positive finding of the existence of a likelihood of confusion which constitutes the matter to be proved'. (29)

78. That said, we can move on to examine whether the system provided for by Article 5 of Directive 89/104, and by the Finnish implementing legislation, is compatible with the 'minimum' legal framework established by Article 16(1) of the TRIPs Agreement.

79. In doing so, it is necessary to bear in mind that, according to the case-law of the Court, even though the TRIPs Agreement does not have direct effect within the Community legal order, 'the judicial authorities of the Member States are required by virtue of Community law, when called upon to apply national rules ... for the protection of rights falling within [the] field [of trade marks], to do so as far as possible in the light of the wording and purpose' (30) of the TRIPs Agreement.

80. In my view, that principle, upheld in relation to national procedural rules – an area in which the Community legislature has not undertaken any harmonisation – must certainly apply in a case which, like the main proceedings, entails examination of substantive rules which have been the subject of harmonisation at Community level, through the adoption of Directive 89/104, Articles 4 and 5 of which deal with possible conflicts between trade marks and other signs.

81. In the light of those considerations also, it seems to me that there can be no doubt that the Community rules in question are entirely compatible with the provisions of the TRIPs Agreement.

82. To begin with, there is no problem in the event that both goods and signs are identical, since in cases of that nature the application of Article 5 of the Directive ensures that the owner of the trade mark is automatically entitled to exercise his right to prevent use, as provided for under the TRIPs Agreement.

83. As for circumstances in which the trade mark and the sign which may conflict with it are merely similar, the Directive, as I have said, requires that the existence of a real likelihood of confusion must be established. On the other hand, that requirement also exists under the TRIPs Agreement, and in terms not dissimilar to those of Community law (see point 60 above).

84. In the light of the foregoing considerations, I therefore propose that, in answer to the second question referred, it be stated that a trade name may be considered to incorporate the essential features of a 'sign' that conflicts with a registered trade mark, use of which may be prevented by the owner of that trade mark, pursuant to Article 16(1) of the TRIPs Agreement and Article 5(1) of Directive 89/104, if that trade name is being used to perform the function of a trade mark, that is to say, to establish a link between the goods and the undertaking which manufactures (or distributes) them, and if it may cause confusion in the mind of consum-

ers, preventing them from easily understanding whether specific products come from the owner of the trade name or the owner of the registered trade mark. There is presumed to be a likelihood of confusion in circumstances in which signs and goods are identical; if they are not identical, the national court must make a global assessment of the specific situation to ascertain whether that likelihood of confusion exists.

D – The first part of the third question

85. By the first part of the third question, the national court is basically asking whether the rights inherent in a trade name also constitute ‘(existing) prior rights’ which the registered trade mark owner’s right to prevent use may not adversely affect, pursuant to the third sentence of Article 16(1) of the TRIPs Agreement.

86. Budvar, the Finnish Government and the Commission propose that the answer to this question should be affirmative.

87. I have to say, however, that I prefer – in principle at least – the interpretation put forward by Anheuser-Busch, because I consider that the ‘(existing) prior rights’ safeguarded under Article 16 of the TRIPs Agreement are solely the rights in a sign used as a trade mark, regardless of the fact that such a sign may also perform other functions, including that of a trade name.

88. As we have in fact seen, pursuant to the first sentence of Article 16(1) of the TRIPs Agreement, the owner of a registered trade mark may, in the circumstances described above, prevent anyone from using a sign that is identical or similar to the trade mark for goods that are identical or similar to the goods in respect of which the trade mark is registered, but solely where the sign in question is being used ‘as a trade mark’, that is to say, for the purpose of distinguishing the goods from others of the same kind.

89. It therefore seems to me to be perfectly logical that the same construction should be placed on the reference in Article 16(1) to ‘rights’ which the protection of the trade mark must not damage.

90. The reason for the provision in question is actually to prevent a trade mark owner’s right to prevent use from adversely affecting a person who has acquired a right to use a sign which might conflict with the trade mark, by virtue of use prior to the registration of the trade mark itself.

91. Moreover, properly considered, any interpretation to the contrary would be meaningless.

92. If in fact there is no conflict between the two signs, the owner of the trade mark cannot exercise his right to prevent use against the owner of the trade name, and, consequently, there is no need, in applying Article 16 of the TRIPs Agreement, to ‘safeguard’ the specific protection of the trade name, guaranteed within the TRIPs system by other autonomous provisions (see point 108 below).

93. Now that that is clear, I shall look further at the ‘prior’ and ‘existing’ nature of that right, because clear disagreement on the interpretation of those adjectives has emerged in the course of the proceedings.

94. As regards the term ‘prior’, the Commission has in fact maintained that the provision in question is a

rule establishing the temporal scope of the law, safeguarding the rights acquired prior to the entry into force of the TRIPs Agreement: it is only in relation to those rights that the phrase ‘(existing) prior rights’ can be used.

95. That conflicts with the interpretation of the third sentence of Article 16(1) of the TRIPs Agreement proposed by Anheuser-Busch, the Finnish Government and Budvar. According to their interpretation, which I too find more persuasive, the ‘prior’ nature of the right that the provision in question is designed to safeguard must be established in relation to the registration of the trade mark with which there is conflict. What is being expressed here is in fact the principle of the primacy of the prior exclusive right, which is one of the basic principles of trade mark law and, more generally, of all industrial property law.

96. Turning to the adjective ‘existing’, this, it seems to me, implies that if the owner of the earlier right is effectively to ward off the claims of the conflicting trade mark, he must have enjoyed use of the right without interruption: otherwise the effect would be, not to protect an ‘existing’ right, but rather to enable a right that had been lost to be restored.

97. Furthermore, the Commission’s interpretation, which reduces the third sentence to a transitional provision, seems to me to be open to criticism also for reasons relating to the system of the TRIPs Agreement, given that the transitional provisions of that Agreement are set out in Article 70 thereof.

98. But there is more: according to the Commission’s interpretation, the third sentence of Article 16(1) of the TRIPs Agreement would in fact amount to a pointless duplication of what is already laid down in Article 70 thereof.

99. In point of fact, the provision of protection for ‘(existing) prior rights’ under Article 16 of the TRIPs Agreement would ultimately be no more than a pointless repetition of the obligation that is already incumbent on the WTO Member States pursuant to Article 70 of the Agreement, namely to protect ‘all subject-matter existing at the date of application of this Agreement for the Member in question, and which is protected in that Member on the said date’.

100. Furthermore, and again taking up the Commission’s interpretation, it would remain to be explained how the TRIPs Agreement intends resolving conflicts between two rights in a trade mark or in signs used as trade marks.

101. If the reference to ‘(existing) prior rights’ in Article 16 were not understood with the meaning espoused here, it would have to be acknowledged that the international rules on the commercial aspects of trade mark law were patently incomplete and incapable of achieving their own objective: namely, of eliminating the obstacles to the movement of goods which result from the disparities between the various systems for the protection of industrial property.

102. In the light of the foregoing considerations, I therefore propose answering the first part of the third question to the effect that a trade name can constitute

an 'existing' prior right for the purposes of the third sentence of Article 16(1) of the TRIPs Agreement only if it has been used as a trade mark.

E – The second part of the third question

103. By the second part of the third question, the national court is seeking to ascertain the circumstances in which a trade name, which is not registered or traditionally used in the State in which a potentially conflicting trade mark is actually registered, may enjoy the protection provided for by the third sentence of Article 16(1) of the TRIPs Agreement in respect of '(existing) prior rights', bearing in mind that, as a result of the reference in Article 2 of the TRIPs Agreement to Article 8 of the Paris Convention, the WTO Member States are required to protect foreign trade names whether or not they are registered.

104. The national court is asking in particular whether, if that protection is to be accorded, it is crucial for the trade name to be used in commerce or to be well known, at least to some extent, in the State in which the protection is sought.

105. According to Anheuser-Busch, the reference to the Paris Convention in Article 2 of the TRIPs Agreement is restricted to subject-matter explicitly governed by Parts II, III and IV of the TRIPs Agreement, which does not encompass the protection of trade names. Anyone wishing to claim that the reference encompasses also trade name protection would have to take note of the fact that Article 8 of the Paris Convention does not regulate the question of the existence of a trade name and its establishment through use, let alone the question of priority as between a trade name and a right that is in conflict with it, which is a matter for national law.

106. Consequently, according to Anheuser-Busch, the Court does not have jurisdiction to rule on the matters raised by the Finnish court in this part of the third question.

107. In any event, and in the alternative, Anheuser-Busch maintains that, on the basis of the principle of territoriality – which is generally recognised in relation to intellectual property rights, including rights in trade names – the conditions governing the protection of a foreign trade name in Finland would have to be determined on the basis of Finnish law. Accordingly, for that reason also, the Court does not have jurisdiction to interpret the relevant provisions of national law.

108. I do not share that view because it seems to me that the reference in Article 2 of the TRIPs Agreement to the Paris Convention implies rather that the subject-matter of trade name protection falls within the scope of the TRIPs Agreement.

109. Indeed I would point out that the WTO's own Appellate Body has explicitly recognised that the TRIPs Agreement requires the WTO Member States to protect trade names as well, because the reference in Article 2 of that Agreement has the effect of incorporating Article 8 of the Paris Convention into the TRIPs regime. (31)

110. That said, it must be acknowledged that the objection by Anheuser-Busch has the merit of raising the

issue of the extent of the Court's jurisdiction to interpret an international agreement, such as the TRIPs Agreement.

111. Without dwelling on the general aspects of the question, I would merely point out, very briefly, that the Court has declared that, in principle, it does not have jurisdiction to rule on the interpretation of rules of international treaty law which are outside the scope of Community law. (32) But it has also made clear that in the case of agreements entered into jointly by the Community and its Member States, such as the TRIPs Agreement, the Court is competent to interpret those treaty rules which have an impact, albeit only indirectly, on subject-matter governed by Community legislation. (33)

112. Since the Community has not legislated in the field of trade name protection, (34) it could be concluded that the interpretation of the provisions incorporated by the TRIPs Agreement by Article 2 thereof and relating to the protection of trade names – especially, therefore, Article 8 of the Paris Convention – does not fall within the Court's jurisdiction.

113. However, as the facts of this case show, the extension of the protection accorded to the owner of the trade name may also have an indirect effect on the protection accorded to the owner of the trade mark and, therefore, have an impact on a matter falling within Community jurisdiction.

114. In point of fact, as stated above in response to the second question and to the first part of the third question, the use of a trade name may – in certain circumstances and, in particular, when it is used as a trade mark – conflict with the exclusive right accorded by Community law to the owner of a registered trade mark.

115. And in the present case, of course, just as the existence of such a conflict cannot be excluded a priori, the Court's jurisdiction cannot in principle be ruled out either.

116. Therefore, to remove any doubt as to the existence and extent of that jurisdiction, I think it appropriate to reword the question as follows:

'does the protection guaranteed to the trade mark within the Community legal order impose limits on the protection that the Member States are required to guarantee to the trade name under the relevant provisions of the Paris Convention, as referred to in Article 2 of the TRIPs Agreement, where the trade name is used as a trade mark; and in what circumstances can a sign of that nature enjoy the protection provided for in the third sentence of Article 16(1) of the TRIPs Agreement in relation to '(existing) prior rights?'

117. It seems clear to me that the protection of the trade name, guaranteed by Article 8 of the Paris Convention, cannot have a restrictive effect on the protection accorded by the TRIPs Agreement and Community law to the owners of registered trade marks, when the trade name is being used as a trade mark.

118. In such a case, protection is sought not so much as regards the right to use a trade name, as a means of

identifying the undertaking, but rather as regards the right to use that trade name as a distinctive sign for goods, that is to say, the right to use it as a trade mark.

119. If that is so, then the criterion for determining which of the two conflicting rights prevails must be derived from the rules in force on trade marks, and, in particular, from the priority rule laid down in Article 16 of the TRIPs Agreement (see point 95 above), which is the basic criterion for resolving conflicts between intellectual property rights which perform the same function.

120. The particular procedures for applying that criterion cannot, in my view, be inferred from Article 16 of the TRIPs Agreement alone, since it merely refers to that general criterion but provides no further details; they must, of necessity be established also on the basis of an analysis of the Community harmonising provisions, and in particular on the basis of Article 4 of Directive 89/104.

121. By regulating the grounds for ‘refusal’ (of registration) and for ‘invalidity concerning conflicts with earlier rights’, Article 4 of the Directive defines, for our purposes, those cases in which protection of the registered trade mark must give way to the prior right of a third party.

122. In particular, in accordance with Article 4 of the Directive, priority as between the two conflicting rights is determined on the basis of the date when, in the State in which protection is being sought, the sign constituting the trade name can be said to be ‘well known’ (see Article 4(2)(d)), or on the basis of the date when, by virtue of use of the sign in question, ‘rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark’ (Article 4(4)(b)).

123. From the content of the case-file, it does not appear to me that Budvar’s trade name is well known in Finland. However, it will, in any event, be for the national court to reach a definite conclusion on that point.

124. As far as the acquisition of rights in a trade name that is not registered is concerned, including the right to use a trade name as a trade mark, that must be left to the discretion of the individual national legal order, because, as is absolutely clear from its fourth recital, the Directive is not designed to harmonise the conditions governing the protection of trade marks acquired through use. It is therefore also for the national legal orders of the Member States to determine the conditions to which that right is subject and the date when it is acquired.

125. In the light of the foregoing considerations, I therefore propose that the second part of the third question, as re-worded, be answered to the effect that when a trade name is used as a trade mark, the conflict between that trade name and a registered trade mark must be resolved on the basis of the criterion of priority; that priority must be established on the basis of the date when, in the State in which protection is sought, the sign constituting the trade name may be said to be ‘well known’, or the date when rights in a sign used as a

trade mark have been acquired through use and in accordance with the procedures laid down by national law.

IV – Conclusions

126. In the light of the foregoing, I propose that the Court answer the questions submitted by the Korkein oikeus as follows:

(1) Where there is a conflict between a trade mark and a sign which is alleged to infringe that trade mark, the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPs Agreement) apply to the question of which of the two prevails by virtue of its legal basis, including in cases where the conflict has arisen before the TRIPs Agreement entered into force, provided that the alleged infringement persists after the date on which the Agreement entered into force in the Community and its Member States.

(2) A trade name may be considered to incorporate the essential features of a ‘sign’ that conflicts with a registered trade mark, use of which may be prevented by the owner of that trade mark, pursuant to Article 16(1) of the TRIPs Agreement and Article 5(1) of Directive 89/104, if that trade name is being used to perform the function of a trade mark, that is to say, to establish a link between the goods and the undertaking which manufactures (or distributes) them, and if it may cause confusion in the mind of consumers, preventing them from easily understanding whether specific products come from the owner of the trade name or the owner of the registered trade mark. There is presumed to be a likelihood of confusion in circumstances in which signs and goods are identical; if they are not identical, the national court must make a global assessment of the specific situation to ascertain whether that likelihood of confusion exists.

(3) A trade name can constitute an ‘existing’ prior right for the purposes of the third sentence of Article 16(1) of the TRIPs Agreement only if it has been used as a trade mark.

(4) When a trade name is used as a trade mark, the conflict between that trade name and a registered trade mark must be resolved on the basis of the criterion of priority; that priority must be established on the basis of the date when, in the State in which protection is sought, the sign constituting the trade name may be said to be ‘well known’, or the date when rights in a sign used as a trade mark have been acquired through use and in accordance with the procedures laid down by national law.

1 – Original language: Italian.

2 – Its full business name is ‘Budějovický Budvar, národní podnik, Budweiser Budvar, National Corporation, Budweiser Budvar, Entreprise Nationale’ and means ‘Bud Brewery of Budweis, national undertaking’. The current brewery came into being as a result of the merger between the undertaking ‘Budweiser Brauberechtigten Bürgerliches Brauhaus’, founded in Budweis in 1795, and the undertaking ‘Český akciový pivovar v č. Budějovicích’, also known as ‘Budvar

Tschechische Aktien-Brauerei', founded in Budweis in 1895. In 1948, following nationalisation, the two undertakings were merged to form a single nationalised company, the 'Jihočeské pivovary', from which the current undertaking was formed in 1966.

3 – Hereinafter: 'Budweis'. There has been a flourishing brewing industry in the city of Budweis since the 16th century.

4 – With its headquarters in Saint Louis, Missouri (United States of America). Since 1876, the Bavarian Brewery, which subsequently became Anheuser-Busch, is said to have marketed locally a beer called 'Budweiser' (later also shortened to 'Bud'). It would appear that, in 1911, Anheuser-Busch finally obtained from the breweries then operating in Budweis permission to use the name on non-European markets. Finally, in 1939, it obtained from the Czech breweries the exclusive right to use the name 'Budweiser' on the American market. However, after the Second World War, Anheuser-Busch began exporting its own beer to Europe also (see, in that connection, the order of the Austrian OGH of 1 February 2002, 4 Ob 13/00s., as well as the decision of the Swiss federal court of 15 February 1999, BGE 125 III, p. 193).

5 – The TRIPs Agreement forms Annex 1 C of the Agreement establishing the World Trade Organisation, and was approved on behalf of the European Community by Council Decision 94/800/EC of 22 December 1994 (OJ 1994 L 336, p. 1).

6 – Paris Convention for the Protection of Industrial Property, signed on 20 March 1883. The Convention has been amended on several occasions, most recently in Stockholm by the Act of 14 July 1967. All of the Member States of the European Community are party to the Convention, as amended. The Paris Convention was signed in the French language only. However, in accordance with Article 29(1)(b): 'official texts shall be established by the Director General, after consultation with the interested Governments, in the English, German, Italian, Portuguese, Russian and Spanish languages, and such other languages as the Assembly may designate.' The Italian text is published in GURI No 160 of 19 June 1976. Suppl. Ord., p. 48.

7 – Relevant only to the Italian version of this Opinion.

8 – According to Article 2(1) of the TRIPs Agreement: 'In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and 19, of the Paris Convention (1967).'

9 – In the three authentic language versions of the TRIPs Agreement, this phrase reads as follows: in French, 'aucun droit antérieur existant'; in English, 'any existing prior rights'; in Spanish, 'ninguno de los derechos existentes con anterioridad.' In other versions published in the Official Journal, the Italian version for example, the adjective 'existing' does not appear.

10 – 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).

11 – Last recital.

12 – Law No 128/79 on trade names of 2 February 1979.

13 – Law No 7/64 on trade marks of 10 January 1964.

14 – Order for reference of the Supreme Court (Korkein oikeus) KKO 1994:23.

15 – 'Budvar' in the Czech language.

16 – See also footnote 2.

17 – Case C-89/99 [2001] ECR I-5851.

18 – .Ibidem, paragraph 50.

19 – .Ibidem.

20 – Report of the Appellate Body of 18 September 2000, Canada – Term of Patent Protection, Doc No WT/DS170/AB/R, paragraph 69. May be accessed at: www.wto.org.

21 – Case C-206/01 Arsenal Football Club [2002] ECR I-10273, paragraph 51.

22 – Report of the Appellate Body of 2 January 2002, United States – Section 211 Omnibus Appropriations Act of 1998, Doc No WT/DS176/AB/R, paragraph 186. May be accessed at: www.wto.org.

23 – .Arsenal Football Club, cited in footnote 21 above, paragraph 48.

24 – .Ibidem. See also Case 102/77 Hoffmann-La Roche [1978] ECR 1139, paragraph 7, and Case C-299/99 Philips [2002] ECR I-5475, paragraph 30.

25 – Case C-291/00 LTJ Diffusion [2003] ECR I-2799, paragraph 50.

26 – .Ibidem, paragraph 52. See also Case 3/78 Centrafarm [1978] ECR 1823, paragraphs 11 and 12; Case C-342/97 Lloyd Schuhfabrik Meyer [1999] ECR I-3819, paragraph 26; Case C-379/97 Upjohn [1999] ECR I-6927, paragraph 21.

27 – Case C-425/98 Marca Mode [2000] ECR I-4861, paragraphs 40 and 41.

28 – .Ibidem, paragraph 33.

29 – .Ibidem, paragraph 39.

30 – Joined Cases C-300/98 and C-392/98 Parfums Christian Dior [2000] ECR I-11307, paragraph 47.

31 – In its Report of 2 January 2002 in the case of United States – Section 211 Omnibus Appropriations Act 1998 (Doc No WT/DS176/AB/R), the WTO Appellate Body in fact found as follows: 'We reverse the Panel's finding in paragraph 8.41 of the Panel Report that trade names are not covered under the TRIPs Agreement and find that WTO Members do have an obligation under the TRIPs Agreement to provide protection to trade names' (see paragraph 341 of the Report, which may be accessed at: www.wto.org).

32 – Case 130/73 Vandeweghe [1973] ECR 1329, paragraph 2, according to which '[t]he Court has no jurisdiction ... to give a ruling on the interpretation of provisions of international law which bind the Member States outside the framework of Community law'. See, to the same effect, Case C-379/92 Peralta [1994] ECR I-3453, paragraphs 16 and 17.

33 – .Parfums Christian Dior, cited in footnote 30 above. In paragraph 33, after pointing out that the TRIPs Agreement 'was concluded by the Community and its Member States under joint competence', the Court recognises that it therefore 'has jurisdiction to define the obligations which the Community has thereby assumed and, for that purpose, to interpret TRIPs'. The Court goes on to say that that jurisdiction

exists in particular in relation to ‘the protection of rights arising under Community legislation falling within the scope of TRIPs’ (paragraph 34) or when it is a question of interpreting a provision that ‘can apply both to situations falling within the scope of national law and to situations falling within that of Community law’ (paragraph 35).

34 – Case C-23/01 Robelco [2002] ECR I-10913, paragraph 34.
