

OPINION OF ADVOCATE GENERAL
 TIZZANO
 of 29 June 2004¹

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 Budvar² (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

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).

A — International law

3. Article 8 of the Paris Convention for the Protection of Industrial Property (hereinafter

5 — The TRIPs Agreement forms Annex 1C 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).

‘the Paris Convention’)⁶ provides that ‘a trade name⁷ 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. ...’

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.

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).’

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.

(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:

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.

(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.'

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:

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'.

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. 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.

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

17. Under the first subparagraph of Paragraph 3 of the Tavaramerkkilaki (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

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.

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 Käräjäoikeus (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

¹⁵ — 'Budvar' in the Czech language.

¹⁶ — See also footnote 2.

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?

regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPs Agreement?

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

(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

Government and the Commission have submitted written observations and oral pleadings.

III — Legal analysis

(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?’

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 assess-

36. In the proceedings before the Court, the parties to the main proceedings, the Finnish

ment of the issue of admissibility but will deal with it together with the substantive issues raised by the questions referred.

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.

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.

43. As the Court has already had occasion to state in its judgment in *Schieving-Nijstad and Others*,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 and Others* 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

¹⁷ — Case C-89/99 [2001] ECR I-5851.

¹⁸ — *Ibidem*, paragraph 50.

¹⁹ — *Ibidem*.

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.

sists after the date on which the Agreement entered into force in the Community and its Member States.

C — The second question

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.

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.

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 per-

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.

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.

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 distin-

guishes 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

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

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).

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.

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.

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.

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.

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.

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.

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).

way the ‘minimum’ level of protection provided for under the TRIPs Agreement is reflected in Community law.

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

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.

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

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

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 *Phillips* [2002] ECR I-5475, paragraph 30.

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.

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.

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'.

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

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-324/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 26; Case C-379/97 *Upjohn* [1999] ECR I-6927, paragraph 21.

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.

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.

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 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.

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.

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.

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.

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).

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.

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.

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.

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.

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'.

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.

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.

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.

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.

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.

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

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.

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

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.

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

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.

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 and Verhelle* [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.

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?"'

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.

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.