

JUDGMENT OF THE COURT (Grand Chamber)

16 November 2004*

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,

* Language of the case: Finnish.

I - 11018

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 1C 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 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, 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 Tavaramerkkilaki (Law on trade marks) (7/1964) of 10 January 1964 ('the Tavaramerkkilaki'):

'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 Tavaramerkkilaki 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 Tavaramerkkilaki 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 Tavaramerkkilaki, 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 Budbraü 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 and Others*, 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-6129, 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 and Others*, 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 and Others*, 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 and Others*, 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-1725, 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 and Others*, 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], not yet published in the ECR, 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 *Heidelberger Bauchemie*, 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-691, 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.

Signatures.