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JUDGMENT OF THE COURT (First Chamber)

22 September 2011 (*)

(Trade marks – Directive 89/104/EEC – Article 9(1) – Concept of acquiescence – Limitation in consequence of acquiescence – Starting point for limitation period – Prerequisites for the limitation period to run – Article 4(1)(a) – Registration of two identical marks designating identical goods – Functions of the trade mark – Honest concurrent use)

In Case C-482/09,

REFERENCE for a preliminary ruling under Article 234 EC from the Court of Appeal (England & Wales) (Civil Division) (United Kingdom), made by decision of 12 November 2009, received at the Court on 30 November 2009, in the proceedings

Budějovický Budvar, národní podnik,

v

Anheuser-Busch Inc.,

THE COURT (First Chamber),

composed of A. Tizzano, President of the Chamber, M. Ilešič, E. Levits, M. Safjan (Rapporteur) and M. Berger, Judges,

Advocate General: V. Trstenjak,

Registrar: L. Hewlett, Principal Administrator,

having regard to the written procedure and further to the hearing on 24 November 2010,

after considering the observations submitted on behalf of:

- Budějovický Budvar, národní podnik, by J. Mellor and S. Malynicz, Barristers, instructed by M. Blair, Solicitor,
- Anheuser-Busch Inc., by B. Goebel, Rechtsanwalt,
- the United Kingdom Government, by S. Ossowski, acting as Agent,
- the Czech Government, by M. Smolek, acting as Agent,
- the Italian Government, by G. Palmieri, acting as Agent, and by S. Fiorentino, avvocato dello Stato,
- the Portuguese Government, by L. Inez Fernandes, acting as Agent,

- the Slovak Government, by B. Ricziová, acting as Agent,
- the European Commission, by J. Samnadda, acting as Agent,

after hearing the Opinion of the Advocate General at the sitting on 3 February 2011,
gives the following

Judgment

- 1 This reference for a preliminary ruling concerns the interpretation of Articles 4(1)(a) and 9(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1).
- 2 The reference was made in the course of proceedings between Budějovický Budvar, národní podnik ('Budvar'), a brewer established in the town of České Budějovice (Czech Republic), and Anheuser-Busch Inc. ('Anheuser-Busch'), a brewer established in Saint Louis (United States), concerning the Budweiser trade mark of which they have both been proprietors in the United Kingdom since 19 May 2000.

Legal context

European Union legislation

- 3 Article 4 of Directive 89/104, headed 'Further grounds for refusal or invalidity concerning conflicts with earlier rights', provided:

'1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

- (a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;

...

2. "Earlier trade marks" within the meaning of paragraph 1 means:

- (a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks;

- (i) Community trade marks;

- (ii) trade marks registered in the Member State or, in the case of Belgium, Luxembourg or the Netherlands, at the Benelux Trade Mark Office;

- (iii) trade marks registered under international arrangements which have effect in the Member State;

- (b) Community trade marks which validly claim seniority, in accordance with the Regulation on the Community trade mark, from a trade mark referred to in (a)(ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse;

- (c) applications for the trade marks referred to in (a) and (b), subject to their registration;

(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.

...'

4 Article 5(1) of Directive 89/104, headed ‘Rights conferred by a trade mark’, stated:

‘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;

...'

5 Under Article 9 of Directive 89/104, headed ‘Limitation in consequence of acquiescence’:

‘1. Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 4(2) has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.

2. Any Member State may provide that paragraph 1 shall apply *mutatis mutandis* to the proprietor of an earlier trade mark referred to in Article 4(4)(a) or an other earlier right referred to in Article 4(4)(b) or (c).

3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later registered trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trade mark.’

6 Directive 89/104 was repealed and replaced by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25), which came into force on 28 November 2008. Nonetheless, given the material time in the main proceedings, the applicable legislation remains Directive 89/104.

National legislation

7 The provisions of Directive 89/104 were transposed into United Kingdom domestic law by the Trade Marks Act 1994, which came into force on 31 October 1994.

8 In order to implement Directive 89/104, the Trade Marks Act 1994 replaced the Trade Marks Act 1938.

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

9 According to the order for reference, since Budvar and Anheuser-Busch entered the United Kingdom market, in 1973 and 1974 respectively, they have each marketed their beers using the word sign ‘Budweiser’ or expressions including that sign.

- 10 The order for reference also states that, although their names are the same, the Budvar and Anheuser-Busch beers are not the same. Their tastes, prices and get-ups have always been different and, in markets where Budvar and Anheuser-Busch co-exist, consumers are well aware of the difference, though there will always be some small level of confusion between them.
- 11 In November 1976 Budvar applied for registration of the trade mark 'Bud'. Anheuser-Busch filed an opposition to that registration.
- 12 In 1979 Anheuser-Busch sued Budvar for passing off and sought an injunction to prevent Budvar from using the word 'Budweiser'. Budvar counterclaimed for an injunction to restrain Anheuser-Busch from passing off by using the word 'Budweiser'.
- 13 Whilst awaiting the outcome of these passing off actions, the opposition procedure relating to registration of the word 'Bud' was stayed.
- 14 On 11 December 1979 Anheuser-Busch applied to register the word 'Budweiser' as a trade mark for the goods 'beer, ale and porter'. Budvar opposed that application.
- 15 The original claim and counterclaim for passing off were dismissed both at first instance and on appeal, the courts concerned deciding that neither party was making a false representation and that the word sign 'Budweiser' had a dual reputation.
- 16 The word 'Bud' was thereafter duly registered as a trade mark on behalf of Budvar, after the opposition filed by Anheuser-Busch was rejected.
- 17 On 28 June 1989 Budvar submitted a cross-application for the registration as a trade mark of the word 'Budweiser', an application which Anheuser-Busch opposed.
- 18 In February 2000 the Court of Appeal (England & Wales) (Civil Division) dismissed both oppositions to registration of the word 'Budweiser' and held that Budvar and Anheuser-Busch could each have that word registered as a trade mark. Under the Trade Marks Act 1994, that court based its decision on the Trade Marks Act 1938, which expressly allowed concurrent registration of the same or confusingly similar marks, in circumstances where there was honest concurrent use or other special circumstances.
- 19 Following that judgment, each party was entered in the United Kingdom Trade Marks Register, on 19 May 2000, as a proprietor of the Budweiser word mark for the goods 'beer, ale and porter'.
- 20 It follows that Budvar has acquired in the United Kingdom two trade mark registrations, one for Bud (an application submitted in November 1976) and the other for Budweiser (an application made in June 1989). Anheuser-Busch is the proprietor of a registered trade mark for Budweiser (application made in December 1979).
- 21 On 18 May 2005, that is four years and 364 days after Budvar and Anheuser-Busch registered the Budweiser trade mark, Anheuser-Busch lodged at the United Kingdom Trade Marks Registry an application for a declaration that Budvar's registration of that mark was invalid.
- 22 In its application for a declaration of invalidity, Anheuser-Busch claimed, first, that, even though the Budweiser marks of the two companies concerned were registered on the same day, the mark owned by Anheuser-Busch is an earlier trade mark, within the meaning of Article 4(2) of Directive 89/104, given that its application for registration was made earlier than Budvar's application. Second, since the marks and goods are identical within the meaning of Article 4(1)(a) of that directive, Anheuser-Busch, as the proprietor of an earlier trade mark, is entitled to obtain a declaration that Budvar's mark is invalid. Third, there was no limitation in consequence of acquiescence because the period of five years prescribed in Article 9(1) of that directive had not expired.

- 23 The United Kingdom Trade Marks Registry granted the application made by Anheuser-Busch for a declaration that the registration was invalid.
- 24 On 19 February 2008 the High Court of Justice (England & Wales) (Chancery Division) dismissed the action brought before it by Budvar in relation to the goods 'beer, ale and porter'.
- 25 Budvar brought an appeal against that judgment before the Court of Appeal (England & Wales) (Civil Division) which court states that it is uncertain of the interpretation of Article 9 of Directive 89/104, in particular as regards the meaning of 'acquiescence' and 'period' as referred to in that article. The referring court also raises the question of how Article 4(1)(a) of that directive is to be interpreted. In that regard, the referring court states that Budvar maintained before it that, notwithstanding the apparently absolute protection enjoyed by the earlier trade mark where an identical later trade mark designates identical goods, an exception to that protection might be admitted in the event of long-established, honest concurrent use of those two trade marks. In such circumstances, the use of identical trade marks by the two parties does not have an adverse effect on the guarantee provided by the trade mark of the origin of the goods, since those trade marks are not confined to designating the goods of a single company, but designate the goods of one or the other.
- 26 In those circumstances the Court of Appeal (England & Wales) (Civil Division) decided to stay the proceedings and to refer to the Court the following questions for a preliminary ruling:
- '(1) What is meant by "acquiesced" in Article 9(1) of Directive 89/104 and in particular:
- (a) is "acquiesced" a Community law concept or is it open to the national court to apply national rules as to acquiescence (including delay or long-established honest concurrent use)?
 - (b) if "acquiesced" is a Community law concept can the proprietor of a trade mark be held to have acquiesced in a long and well-established honest use of an identical mark by another when he has long known of that use but has been unable to prevent it?
 - (c) in any case, is it necessary that the proprietor of a trade mark should have his trade mark registered before he can begin to "acquiesce" in the use by another of (i) an identical or (ii) a confusingly similar mark?
- (2) When does the period of "five successive years" commence and in particular, can it commence (and if so can it expire) before the proprietor of the earlier trade mark obtains actual registration of his mark; and if so what conditions are necessary to set time running?
- (3) Does Article 4(1)(a) of Directive 89/104 apply so as to enable the proprietor of an earlier mark to prevail even where there has been a long period of honest concurrent use of two identical trade marks for identical goods so that the guarantee of origin of the earlier mark does not mean the mark signifies the goods of the proprietor of the earlier and none other but instead signifies his goods or the goods of the other user?'

Consideration of the questions referred

Parts (a) and (b) of the first question

- 27 By parts (a) and (b) of its first question, the referring court seeks to ascertain, in essence, whether 'acquiescence', within the meaning of Article 9(1) of Directive 89/104, is a concept of European Union law and, if it is, whether the proprietor of a trade mark can be held to have acquiesced, within the meaning of that provision, in

the long and well-established honest use by a third party of a trade mark identical with that of the proprietor where that proprietor has long known of that use, but has been unable to prevent it.

- 28 It must be noted at the outset that Article 9(1) of Directive 89/104 contains no definition of the concept of 'acquiescence'; nor is that concept defined in the other articles of that directive. Further, the directive contains no express reference to the law of the Member States in respect of that concept.
- 29 In accordance with settled case-law, the need for a uniform application of European Union law and the principle of equality require that the terms of a provision of European Union law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an independent and uniform interpretation throughout the European Union; that interpretation must take into account the context of the provision and the objective of the relevant legislation (see, *inter alia*, Case 327/82 *Ekro* [1984] ECR 107, paragraph 11; Case C-287/98 *Linster* [2000] ECR I-6917, paragraph 43, and Case C-467/08 *Padawan* [2010] ECR I-0000, paragraph 32).
- 30 Although the third recital in the preamble to Directive 89/104 states that 'it does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States', the directive none the less provides for harmonisation in relation to substantive rules of central importance in this sphere, that is to say, according to the same recital, the rules concerning the provisions of national law which most directly affect the functioning of the internal market, and that recital does not preclude the harmonisation relating to those rules from being complete (Case C-355/96 *Silhouette International Schmied* [1998] ECR I-4799, paragraph 23, and Case C-40/01 *Ansul* [2003] ECR I-2439, paragraph 27).
- 31 Further, it is stated, in the seventh recital in the preamble to Directive 89/104, that the 'attainment of the objectives at which this approximation [of the legislation of Member States] is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States'. The ninth recital of the same directive states that 'it is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the Member States'. Lastly, the eleventh recital of that directive further states that 'it is important, for reasons of legal certainty and without inequitably prejudicing the interests of a proprietor of an earlier trade mark, to provide that the latter may no longer request a declaration of invalidity nor may he oppose the use of a trade mark subsequent to his own of which he has knowingly tolerated the use for a substantial length of time, unless the application for the subsequent trade mark was made in bad faith'.
- 32 In the light of the recitals in the preamble to Directive 89/104, the Court has held that Articles 5 to 7 of that directive effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the European Union (*Silhouette International Schmied*, paragraph 25; Joined Cases C-414/99 to C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691, paragraph 39, and Case C-127/09 *Coty Prestige Lancaster Group* [2010] ECR I-0000, paragraph 27).
- 33 Similarly, it must be inferred from those recitals that Article 9 of Directive 89/104 effects a complete harmonisation of the conditions under which the proprietor of a later registered trade mark may, through the limitation in consequence of acquiescence, maintain his rights to that mark where the proprietor of an identical earlier trade mark seeks a declaration that the later trade mark is invalid or opposes its use.
- 34 In that regard, it should be borne in mind that, according to the Court's case-law, the provisions of Directive 89/104, and in particular Article 9 thereof, indicate that the purpose of the directive is generally to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function, on the one hand, and the

interests of other economic operators in having signs capable of denoting their goods and services, on the other (Case C-145/05 *Levi Strauss* [2006] ECR I-3703, paragraphs 28 and 29).

- 35 Moreover, it must be observed that the same concept of 'acquiescence' is used in Article 54(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1) with the same meaning as in Article 9(1) of Directive 89/104.
- 36 The Community trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it, and it applies independently of any national system (see Case C-238/06 P *Develey v OHIM* [2007] ECR I-9375, paragraph 65, and Joined Cases C-202/08 P and C-208/08 P *American Clothing Associates v OHIM and OHIM v American Clothing Associates* [2009] ECR I-6933, paragraph 58).
- 37 Consequently, 'acquiescence', within the meaning of Article 9(1) of Directive 89/104, constitutes a concept of European Union law, the meaning and scope of which must be identical in all Member States. Accordingly, it is for the Court to provide an autonomous and uniform interpretation of that concept within the European Union legal order.
- 38 As regards part (b) of the first question, the referring court observes that, while the concept of 'acquiescence', within the meaning of Article 9(1) of Directive 89/104, includes situations where the proprietor of a trade mark cannot prevent the use by another party of an identical trade mark, in the context of the main proceedings *Anheuser-Busch and Budvar* had, perforce, each acquiesced in the use by the other of the word sign 'Budweiser' in the United Kingdom for more than 30 years.
- 39 In accordance with the Court's settled case-law, the meaning and scope of terms for which European Union law provides no definition must be determined by considering their usual meaning in everyday language, while also taking into account the context in which they occur and the purposes of the rules of which they form part (see, inter alia, Case C-336/03 *easyCar* [2005] ECR I-1947, paragraph 21; Case C-549/07 *Wallentin-Hermann* [2008] ECR I-11061, paragraph 17, and Case C-151/09 *UGT-FSP* [2010] ECR I-0000, paragraph 39).
- 40 Further, the preamble of a European Union measure may explain its content (see Case C-344/04 *IATA and ELFAA* [2006] ECR I-403, paragraph 76, and *Wallentin-Hermann*, paragraph 17).
- 41 First, it is clear that, in the majority of language versions of Directive 89/104, the same word is used both in the eleventh recital and in Article 9(1) of the directive to designate 'acquiescence'. The fact that the English language version uses the words 'tolerated' in the eleventh recital and 'acquiesced in' in Article 9(1) is immaterial since, as pointed out by the United Kingdom Government in its written observations, the use of the word 'tolerated' does not imply that a less restrictive interpretation of Article 9(1) should be adopted.
- 42 Next, it must be observed that the verb 'acquiesce' has several usual meanings in everyday language, one of those signifying 'allow to continue' or 'not prevent'.
- 43 'Acquiescence' is therefore not the same as 'consent', as referred to in Article 7(1) of Directive 89/104, which must be so expressed that an intention to renounce a right is unequivocally demonstrated (see *Zino Davidoff and Levi Strauss*, paragraph 45).
- 44 As observed by the Advocate General in point 70 of her Opinion, referring in particular to the Danish and Swedish language versions of Article 9 of Directive 89/104, the characteristic of a person who acquiesces is that he is passive and declines to take measures open to him to remedy a situation of which he is aware and which is not necessarily as he wishes. To put that another way, the concept of 'acquiescence'

implies that the person who acquiesces remains inactive when faced with a situation which he would be in a position to oppose.

- 45 For the purposes of Article 9(1) of Directive 89/104, that concept of 'acquiescence' must therefore be interpreted as meaning that the proprietor of an earlier trade mark cannot be held to have acquiesced in the long and well-established honest use, of which he has long been aware, by a third party of a later trade mark which is identical with that of the proprietor if that proprietor was not in any position to oppose that use.
- 46 That interpretation is supported by the context of Article 9(1) of Directive 89/104 and by the objectives of the directive.
- 47 First, the eleventh recital of that directive states that the proprietor of the earlier trade mark must have 'knowingly tolerated' the use of a trade mark subsequent to his own for a substantial length of time, in other words 'intentionally', 'in full knowledge of the facts'. The eleventh recital also states that the interests of the proprietor of an earlier trade mark must not be 'inequitably' prejudiced. As observed by the Advocate General in point 72 of her Opinion, it would be inequitable if the proprietor of the earlier trade mark were to be excluded by limitation from seeking a declaration of invalidity or opposing the use of an identical later trade mark, in circumstances even where he was not in a position to do so.
- 48 Second, as stated above in paragraph 34 of this judgment, the objective of Directive 89/104 is to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function and the interests of other economic operators in having signs capable of denoting their goods and services. That objective implies that, in order to safeguard that essential function, the proprietor of an earlier trade mark must be capable, in the context of the application of Article 9(1) of that directive, of opposing the use of a later trade mark identical with his own.
- 49 It must be added that, as stated by the European Commission, the effect of any administrative action or court action initiated by the proprietor of the earlier trade mark within the period prescribed in Article 9(1) of Directive 89/104 is to interrupt the period of limitation in consequence of acquiescence.
- 50 In the light of the foregoing, the answer to parts (a) and (b) of the first question is that acquiescence, within the meaning of Article 9(1) of Directive 89/104, is a concept of European Union law and that the proprietor of an earlier trade mark cannot be held to have acquiesced in the long and well-established honest use, of which he has long been aware, by a third party of a later trade mark identical with that of the proprietor if that proprietor was not in any position to oppose that use.

Part (c) of the first question and the second question

- 51 By part (c) of the first question and the second question, which should be examined together, the referring court seeks to ascertain, in essence, whether the period of limitation in consequence of acquiescence prescribed in Article 9(1) of Directive 89/104 can start running before the proprietor of the earlier trade mark has had his trade mark registered and, if so, what are the prerequisites for the running of that limitation period.
- 52 As a preliminary point, it should be borne in mind that, as follows from the eleventh recital of Directive 89/104, the rule governing limitation in consequence of acquiescence provided for in Article 9 of that directive was established for reasons of legal certainty.
- 53 It is apparent from the wording of Article 9(1) of Directive 89/104 that four conditions must be satisfied before the period of limitation in consequence of acquiescence starts running if there is use of a later trade mark which is identical with the earlier trade mark or confusingly similar.

54 First, since Article 9(1) refers to a 'later registered trade mark', registration of that mark in the Member State concerned constitutes a necessary condition. The period of limitation in consequence of acquiescence cannot therefore start to run from the date of mere use of a later trade mark, even if the proprietor of that mark subsequently has it registered.

55 As regards the registration of the later trade mark in the Member State concerned, it must be observed that the fifth recital of Directive 89/104 states that '... Member States ... remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration; ... they can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or in both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an ex officio examination procedure or both; ... Member States remain free to determine the effects of revocation or invalidity of trade marks'.

56 Second, the application for registration of the later trade mark must have been made by its proprietor in good faith.

57 Third, the proprietor of the later trade mark must use his trade mark in the Member State where it is registered.

58 Fourth, the proprietor of the earlier trade mark must be aware of the registration of the later trade mark and of the use of that trade mark after its registration.

59 It is for the referring court to determine whether those four prerequisites for the running of the period of limitation in consequence of acquiescence are satisfied in the main proceedings.

60 That said, it should be added that registration of the earlier trade mark in the Member State concerned does not constitute a prerequisite for the period of limitation in consequence of acquiescence to commence.

61 Article 9(1) of Directive 89/104 states that the 'earlier trade mark' is 'as referred to in Article 4(2)' of that directive. Within the meaning of Article 4(2) a trade mark can be considered to be earlier without having been registered, as in the case of 'applications for trade marks ... subject to their registration' and trade marks which are 'well known', referred to in Article 4(2)(c) and (d) respectively of that directive.

62 Consequently, the answer to part (c) of the first question and the second question is that registration of the earlier trade mark in the Member State concerned does not constitute a prerequisite for the running of the period of limitation in consequence of acquiescence prescribed in Article 9(1) of Directive 89/104. The prerequisites for the running of that period of limitation, which it is for the national court to determine, are, first, registration of the later trade mark in the Member State concerned, second, the application for registration of that mark being made in good faith, third, use of the later trade mark by its proprietor in the Member State where it has been registered and, fourth, knowledge by the proprietor of the earlier trade mark that the later trade mark has been registered and used after its registration.

The third question

63 By its third question, the referring court asks, in essence, whether Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark can obtain the cancellation of an identical later trade mark designating identical goods if there has been a long period of honest concurrent use of those two marks.

64 As a preliminary point, it must be observed that Anheuser-Busch contests the admissibility of that question in that it rests on the erroneous assumption that the

Budweiser trade mark designates both its goods and those of Budvar. Moreover, Anheuser-Busch uses the Budweiser trade mark, as such, on the United Kingdom market whereas Budvar markets its goods under the words 'Budweiser Budvar'.

- 65 However, in accordance with the Court's settled case-law, questions on the interpretation of European Union law referred by a national court in the factual and legislative context which that court is responsible for defining, and the accuracy of which is not a matter for the Court to determine, enjoy a presumption of relevance (see Case C-210/06 *Cartesio* [2008] ECR I-9641, paragraph 67; Case C-515/08 *dos Santos Palhota and Others* [2010] ECR I-0000, paragraph 20, and Case C-119/09 *Société fiduciaire nationale d'expertise comptable* [2011] ECR I-0000, paragraph 21).
- 66 It follows that the third question is admissible.
- 67 In order to answer that question, it should be recalled that Article 4 of Directive 89/104 defines further grounds for refusal or invalidity in cases of conflict concerning earlier rights. Article 4(1)(a) thus provides that a registered trade mark is liable to be declared invalid where it is identical with an earlier trade mark and the goods or services for which the trade mark was registered are identical with those for which the earlier trade mark is protected.
- 68 In that regard, the tenth recital in the preamble to Directive 89/104 states that the protection conferred by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and between the goods or services.
- 69 According to the Court's case-law, the conditions of application of Article 4(1)(a) of Directive 89/104 correspond essentially to those of Article 5(1)(a) of that directive, which determines the circumstances in which the proprietor of a trade mark is entitled to prevent third parties from using signs which are identical with his trade mark for goods or services identical with those for which that trade mark is registered (Case C-291/00 *LTJ Diffusion* [2003] ECR I-2799, paragraph 41).
- 70 Consequently, the Court's interpretation of Article 5(1)(a) of Directive 89/104 is also applicable to Article 4(1)(a) thereof, since that interpretation is transposable, *mutatis mutandis*, to the latter provision (see *LTJ Diffusion*, paragraph 43)
- 71 It follows from the Court's case-law that the exclusive right under Article 5(1)(a) of Directive 89/104 was conferred in order 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 another party's use of the sign affects or is liable to affect the functions of the trade mark. Those functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising (see, *inter alia*, Case C-487/07 *L'Oréal and Others* [2009] ECR I-5185, paragraph 58, and Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, paragraph 77).
- 72 It should be added that Article 5(1)(a) of Directive 89/104 does not require evidence that there exists a likelihood of confusion on the part of the public in order to afford absolute protection in the case of identity of the sign and the trade mark and of the goods or services (*LTJ Diffusion*, paragraph 49).
- 73 In the present case, the referring court asks the Court how Article 4(1)(a) of Directive 89/104 should be interpreted in the light of the trade mark's essential function.
- 74 In that context, it follows from the foregoing that Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that a later registered trade mark is liable to be

declared invalid where it is identical with an earlier trade mark, where the goods for which the trade mark was registered are identical with those for which the earlier trade mark is protected and where the use of the later trade mark has or is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods.

75 In the present case, it is to be noted that the use by Budvar of the Budweiser trade mark in the United Kingdom neither has nor is liable to have an adverse effect on the essential function of the Budweiser trade mark owned by Anheuser-Busch.

76 In that regard, it should be stressed that the circumstances which gave rise to the dispute in the main proceedings are exceptional.

77 First, the referring court states that Anheuser-Busch and Budvar have each been marketing their beers in the United Kingdom under the word sign 'Budweiser' or under a trade mark including that sign for almost 30 years prior to the registration of the marks concerned.

78 Second, Anheuser-Busch and Budvar were authorised to register jointly and concurrently their Budweiser trade marks following a judgment delivered by the Court of Appeal (England & Wales) (Civil Division) in February 2000.

79 Third, the order for reference also states that, while Anheuser-Busch submitted an application for registration of the word 'Budweiser' as a trade mark in the United Kingdom earlier than Budvar, both of those companies have from the beginning used their Budweiser trade marks in good faith.

80 Fourth, as was stated in paragraph 10 of this judgment, the referring court found that, although the names are identical, United Kingdom consumers are well aware of the difference between the beers of Budvar and those of Anheuser-Busch, since their tastes, prices and get-ups have always been different.

81 Fifth, it follows from the coexistence of those two trade marks on the United Kingdom market that, even though the trade marks were identical, the beers of Anheuser-Busch and Budvar were clearly identifiable as being produced by different companies.

82 Consequently, as correctly stated by the Commission in its written observations, Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that, in circumstances such as those of the main proceedings, a long period of honest concurrent use of two identical trade marks designating identical products neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.

83 It should be added that, in the event that, in the future, there is any dishonesty associated with the use of the Budweiser trade marks, such a situation could, where necessary, be examined in the light of the rules relating to unfair competition.

84 In the light of the foregoing, the answer to the third question is that Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark cannot obtain the cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use of those two trade marks where, in circumstances such as those in the main proceedings, that use neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.

Costs

85 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that

court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

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

1. **Acquiescence, within the meaning of Article 9(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, is a concept of European Union law and the proprietor of an earlier trade mark cannot be held to have acquiesced in the long and well-established honest use, of which he has long been aware, by a third party of a later trade mark which is identical with that of the proprietor if that proprietor was not in any position to oppose that use.**
2. **Registration of the earlier trade mark in the Member State concerned does not constitute a prerequisite for the running of the period of limitation in consequence of acquiescence prescribed in Article 9(1) of Directive 89/104. The prerequisites for the running of that period of limitation, which it is for the national court to determine, are, first, registration of the later trade mark in the Member State concerned, second, the application for registration of that mark being made in good faith, third, use of the later trade mark by its proprietor in the Member State where it has been registered and, fourth, knowledge by the proprietor of the earlier trade mark that the later trade mark has been registered and used after its registration.**
3. **Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark cannot obtain the cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use of those two trade marks where, in circumstances such as those in the main proceedings, that use neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.**

[Signatures]