

# EIP



## Budejovicky Budvar Narodni Podnik v Anheuser -Busch Inc [2012] EWCA Civ 880 (03 July 2012)

The Court of Appeal recently allowed an [appeal](#) by Budejovicky Budvar Narodni Podnik (BB), against a decision that found its “Budweiser” mark invalid following an attack by Anheuser-Busch (AB) which holds an identical mark.

The current battle (the latest of many between the parties), originated with an attempt by AB to have BB’s “Budweiser” registration declared invalid under the old Trade Marks Directive 89/104.

On an earlier Court of Appeal referral, the Court of Justice of the European Union (“CJEU”) declared that the Directive must be interpreted as meaning that the proprietor of an earlier mark (AB) 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 two marks and that use did not have nor was 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.

It was undisputed that the “Budweiser” mark had been used honestly and concurrently by AB and BB for a considerable period of time.

In response to the CJEU’s judgment on the application of “honest concurrent use”, AB raised three main arguments:

- BB had not explicitly raised “honest concurrent use” at first instance and should

- not be able to rely on it now;
- if BB were entitled to rely on it, AB could demonstrate an “adverse effect” on the essential function in the evidence previously relied upon; and
- if it were held that there was no “adverse effect”, it would be unfair not to allow AB an opportunity of proving an “adverse effect” at this stage.

Sir Robin Jacob, giving the leading judgment, decided that BB was entitled to introduce the “honest concurrent use” point on appeal.

On the second argument, AB maintained that earlier cases between the parties had established a non de minimis level of confusion, to the point where a case of permissible “honest concurrent use” could not be made out. However, Sir Robin Jacob stated that the CJEU did not rule that only de minimis levels of confusion are acceptable; nor did that court rule that the inevitable confusion in a same mark/same goods case is enough to take a case out of the arena of acceptable concurrent use. There was no impairment of the guarantee of origin of either side’s mark; this guarantee “is different [in the case of AB and BB] given a situation of long established honest concurrent use” in that the guarantee of origin of the earlier mark does not mean the mark indicates the goods of the earlier mark’s proprietor only but that it also indicates the goods of that later user of the same mark.

Was it unfair to resolve the appeal without allowing AB the chance to introduce further evidence to support its claim of adverse effect? Sir Robin Jacob believed justice could not now allow AB to amend its pleadings and adduce further evidence that would “allow AB to assail BB yet again” in a new trial.

Mr Justice Warren asserted that evidence of confusion was not enough to support a claim of “adverse effect”, but AB had now left it too late to tell the Court of any other supporting evidence.

In light of the CJEU earlier decision, this decision is scarcely surprising. The judgment is useful, however, insofar as it clarifies the application of the “honest concurrent use” defence in invalidity or opposition proceedings, particularly where the level of confusion amongst consumers is more than de minimis.

The decision does leave one key question open - in combatting “honest concurrent use”, how does one show an adverse effect on the essential function of the trade mark, particularly given that the guarantee of origin function is treated differently in cases of “long established honest concurrent use”, and that evidence of confusion is “insufficient” to find such an adverse effect?

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