

## **TRADE MARKS ACT 1994**

**IN THE MATTER OF Registration No 1070309  
in the name of Budejovicky Budvar Narodni Podnik**

**AND IN THE MATTER OF Application No 9537 by  
Anheuser-Busch Inc. for the invalidation of the registration**

### **Background**

1. The trade mark shown below was placed on the register on 14 October 1988 in the name of Budejovicky Budvar Narodni Podnik of the Czech Republic (BB).

The image shows a stylized, cursive logo for the word "Bud". The letters are thick and black, with a fluid, handwritten style. The 'B' is particularly large and loops around the 'u', which is also large and loops around the 'd'. The overall appearance is that of a classic beer brand logo.

2. The registration had been applied for much earlier on 4 November 1976. The long delay in achieving registration was due, in part, to an ultimately unsuccessful opposition to the proposed registration by Anheuser-Busch, Inc of the USA (AB). I will say more about this later.

3. The registration is in respect of:-

Beer, ale and porter; and malt beverages included in Class 32; but not including any such goods for supply to, or sale in the United States of America's Embassy and PX stores in the United Kingdom.

4. On 22 April 1997, AB applied for the invalidation of the registration. The grounds of invalidation are:

“1. The Applicant for Invalidity contends that the mark in issue has been registered in contravention of the provisions of Section 3(6) of the Trade Marks Act 1994 for the following reasons:

- (a) at the time of filing the application for registration, the registered proprietor had no intention to use the word BUD as a trade mark for its goods;
- (b) the application was filed in an endeavour to benefit from the established use of and reputation in the trade mark BUD enjoyed by the applicant for invalidation, Anheuser-Busch Incorporated in the United Kingdom

and overseas and accordingly was filed in bad faith;

- (c) the application was filed by the registered proprietor as part of a concerted attempt in a number of jurisdictions to seek registration of BUD in advance of any proposed trade mark filings by the applicant for invalidation and at a time when the parties were already in dispute over the proprietorship of various marks. As a consequence, application number B1079309 was made in bad faith.

2. Further, or alternatively, the applicant for invalidity contends that the mark in issue has been registered in contravention of the provisions of Section 3(1) of the Trade Marks Act 1994 for the following reasons:

- (a) at the time of filing the applicant (for registration) had sought to protect the word BUD as an Appellation of Origin overseas, under the Lisbon Agreement for protection of Appellations of Origin, and accordingly Registration No. B1079309 did not satisfy the provisions of Section 3(1)(c) prohibiting acceptance of trade marks which consist exclusively of signs or indications serving to designate geographical origin.
- (b) by virtue of the aforesaid, the mark in issue was incapable of satisfying the requirements of Section 1(1) of the Trade Marks Act 1994 since it was not capable of distinguishing the goods or services of the registered proprietor from those of other undertakings.
- (c) The registered proprietor had made no use of the mark the subject of trade mark registration number B1079309 prior to the filing of its application in the United Kingdom which would establish that it had in fact acquired a distinctive character as a trade mark.”

5. BB filed a counterstatement denying the grounds of opposition, including the allegation that BB had registered the word BUD as a protected indication of geographical origin under the Lisbon Agreement.

6. Both sides seek an award of costs.

7. The parties subsequently filed evidence. An index of the evidence filed is attached as Annex A to this decision. I have read and considered all the evidence.

8. The matter came to be heard on 9 April 2001 when AB was represented by Mr M Edenborough of Counsel instructed by D Young & Co, Trade Mark Attorneys, and BB was represented by Mr J Mellor of Counsel, instructed by Marks and Clerk, Trade Mark Attorneys.

## The Law

9. Section 47(1) of the Trade Marks Act 1994 is as follows:-

47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

10. Sections 1(1), 3(1)(c) and 3(6) of the Act are as follows:-

1.-(1) In this Act a "trade mark" means any sign capable of being represented graphically which is capable of distinguishing the goods or services of one undertaking from those of other undertakings.

A trade mark may, in particular consist of words(including personal names), designs, letters, numerals or shape of goods or their packaging.

3.-(1) The following shall not be registered -

- (a) .....
- (b) .....
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services....

3.-(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.

11. Section 72 places the onus on AB to show the registration is invalid. It states:-

72 - In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.

## Decision

12. Mr Edenborough put his client's case under Section 3(1) of the Act like this in his skeleton argument.

"The Mark was registered as of the 4<sup>th</sup> November 1976. There was no use whatsoever of the Mark in the UK before registration (*BUD Trade Mark [1988] RPC 535, 549 at 23*). The Appellation of Origin No. 598 is dated the "10 mars 1975" (PAN2). Thus, it

is clear that at the date of the application to register the Mark, it (a) had already been registered as an Appellation of Origin; and (b) had not acquired any goodwill at all in the UK, because it had not been used in the UK at all.

Thus, accordingly, it is submitted that the Mark cannot function as a trade mark, because it cannot distinguish the goods of one undertaking from those of another, as the Mark consists solely of an indication of geographical origin. Hence, it ought never to have been registered, and so falls foul of section 3(1)(c) and so ought to be revoked pursuant to section 47(1) (*Kerly*, 13<sup>th</sup> edition, §10-37; and following the French Courts (2PAN§5)). In this regard, it is submitted that the proviso as to acquiring a distinctive character is not applicable, because (a) an appellation of origin by its very nature cannot acquire a relevant distinctive character; and, (b) in any event, there is no evidence of it having acquired any such character.”

13. The validity of the registration must be determined as at the date of the application for registration, 4 November 1976.

14. Penelope Ann Nicholls gives evidence on behalf of AB in her statutory declaration dated 11 November 1997, that the name BUD was entered on the International Register of Appellations of Origin on 10 March 1975 as an Appellation of Origin for beer. This appears to have been at BB's request. This is not now disputed by BB. It is also common ground that the UK is not a signatory to the Lisbon Agreement.

15. I do not believe that, in this case, the applicant's case under section 1(1) raises any different point to its case under section 3(1)(c). The European Court of Justice (ECJ) provided guidance on the registrability of geographical names in the case of Windsurfing Chiemsee Produktions and Another v Boots and Attenberger 1999, ETMR 585. The ECJ indicated that:

“Article 3(1)(c) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks is to be interpreted as meaning that:

- it does not prohibit the registration of geographical names as trade marks solely where the names designate places which are, in the mind of the relevant class of persons, currently associated with the category of goods in question; it also applies to geographical names which are liable to be used in future by the undertakings concerned as an indication of the geographical origin of that category of goods;
- where there is currently no association in the mind of the relevant class of persons between the geographical name and the category of goods in question, the competent authority must assess whether it is reasonable to assume that such a name is, in the mind of the relevant class of persons, capable of designating the geographical origin of that category of goods;
- in making that assessment, particular consideration should be given to the degree of familiarity amongst the relevant class of persons with the geographical name in

question, with the characteristics of the place designated by that name, and with the category of goods concerned;

- it is not necessary for the goods to be manufactured in the geographical location in order for them to be associated with it.”

16. Section 3(1)(c) of the Act is based upon Article 3(1)(c) of the Directive and must be interpreted consistently with it.

17. Applying the guidance to the facts of this case I note that:-

- a) There is no evidence that BUD has ever been associated, in the minds of the relevant class of persons in the UK, with the goods covered by the registered trade mark in the sense that it is been perceived to designate the geographical place of origin.
- b) There is no evidence that BB or anyone else, has used the name BUD as an indication of geographical origin in relation to beers sold in the UK.
- c) Apart from its registration as an Appellation of Origin, there is no evidence that BUD is actually the name of any geographical location. According to Penelope Ann Nicholls third statutory declaration dated 19 July 1999, the Czech town with a history of beer production is known as 'Bohmisch Budweis'.
- d) In view of (b) and (c) above, the relevant class of persons in the UK (or at least those unfamiliar with the entries in the International Register of Appellations of Origin) cannot have had any familiarity with the word BUD as a geographical place name either at the date of BB's application to register BUD as a trade mark, or subsequently.

18. Accordingly, there could not have been any association in the minds of the relevant public between the word BUD and beers originating in a place of that name in 1976. And it is not reasonable to assume that, in 1976, the name BUD was, in the minds of the relevant class of persons in the UK, capable of designating the geographical origin of the category of goods concerned. Accordingly, if I apply the guidance of the ECJ to the facts before me, AB's case must fail.

19. Mr Edenborough urged me to adopt a different approach. He submitted that by placing the name BUD on the International Register of Appellations of Origin, BB was saying to the world that BUD was a designation of the geographical origin of beers. Until that registration was cancelled it was not in a position to contend otherwise.

20. In this connection, Mr Edenborough drew my attention to the section in Kerly's (13<sup>th</sup> Edition) dealing with the issue of concurrent protection of names as trade marks and protected geographical indications under Council Regulation 2081/92. The relevant section is reproduced below:

**“10-37** It is not stated in the Regulation whether the same designation of origin or geographical indication could be registered under the Regulation and as a trade mark and this will depend on the particular national law in the Member State concerned.

Although in most cases in the United Kingdom sections 3(1)(c) and 3(3) of the 1994 Act are likely to prove insuperable obstacles to registration of PDOs (Protected Designations of Origin) or PGIs (Protected Geographical Indication) as trade marks, there appears no reason why, for example, the ducal crown used on Parma ham should not be registered and in appropriate circumstances benefit from the broad scope of protection given by section 10(3).

**10-38** Another unclear area is the status of existing trade mark registrations for geographical names which have now been registered by the proprietors as PDOs or PGIs. It is submitted that such trade marks should not be permitted to remain on the Register as the two protection systems are contradictory and if the status of PDO or PGI has been granted, the trade mark should be subject to revocation under section 46(1)(c).”

21. This case is not on all fours with the situation described in Kerly's because PDOs and PGIs, being products of Community law, necessarily have effect in the UK whereas, as I have already noted, the Lisbon Agreement does not. Thus even if I assume that its earlier registration as an Appellation of Origin is valid, I do not believe that, in these circumstances, such a registration prevents BB from asserting that its mark had only trade mark significance in the UK at the date of the application for registration. Trade mark registration rights are territorially limited and the determining factor in assessing registrability is the mark's significance in the territory in which registration is sought.

22. For this reason I do not believe that it is relevant that the French Court of Appeal (exhibited as PAN2 to Penelope Ann Nicholls third statutory declaration dated 19 July 1999) decided to cancel BB's international trade mark registration of BUD (insofar as it extended to France) because of the registration of BUD as an Appellation of Origin. It appears that France is a signatory to the Lisbon Agreement. Further, the law in France at the date of this decision (1986) would not have been based upon the Harmonisation Directive.

23. Insofar as there is any evidence of the public's perception of BUD in the UK in 1976, the evidence assists BB's case. Mr Mellor drew my attention to the findings of fact of Walton J in Bud Trade Mark 1988 RPC 457. By this time the parties already had a history of litigation in the UK over the name BUDWEISER (1984 FSR 439 AND 457). During this litigation it has been established that BUD was a name commonly used by AB's and BB's customer when ordering their respective goods, both labelled as “Budweiser.” Walton J observed:-

"So it seems to me that we have the situation that on one side, that is to say, BB's side, no use whatsoever down to the moment has been made of the word BUD. On the side of AB, the minimal use, which I have already described, has in fact been made but, having regard to the way in which customers of both beers are known to demand the beer by reference to the contraction, it seems fairly obvious that the sensible course would be for both of them to be registered as proprietors of the trade mark BUD, if they so wanted."

The learned judge concluded:-

“There is no doubt here that there has been honest concurrent use. There is no doubt here that there are special circumstances, the special circumstances being that the customers for both of the beers are accustomed to use the same abbreviation as an abbreviation of the real name which both of them are free to use as against each other. If ever there was a special circumstance, it appears to me that there is a special circumstance.”

24. This strongly suggests that, in 1976, the significance of BUD to beer consumers in the UK was a contraction of the parties BUDWEISER trade marks.

25. For the reasons given above, I find that the ground of attack under Section 3(1)(c) fails. That being the case there is no reason to go on and consider BB's fall back position that the mark has, in any event, acquired a distinctive trade mark character since the date of registration.

26. AB's second line of attack is under Section 3(6) of the Act. It alleges that BB registered BUD in bad faith. Mr Edenborough put AB's case like this in his skeleton argument.

“ Furthermore, and in any event, it is clear that the mark BUD is extensively used by AB. Further, from the evidence of Mr Humphreys' (which is exhibited at PAN3), AB had a extensive presence in the UK in the mark BUD prior to 1976. Further, and in any event, it is clear that AB had an extensive presence in the mark BUD in many other jurisdictions. It is currently registered in many countries, literally from Afghanistan to Zimbabwe (FZH1). While, BB only has the Mark registered in a handful of countries (FZH2). Moreover, many of BB's former registrations for the Mark BUD have been the subject of successful applications by AB to revoke them (1FZH§4; FZH§2; 2PAN§4; and, 4PAN§2).

Further, it would also appear that BB have only recently introduced a product that is actually called BUD (3PAN§3).

Hence, it is submitted that these activities of BB fall within the class of activities that have been suggested would amount to bad faith, namely the hijacking of a mark or the spoiling of a competitor's plans (*Kerly*, 13<sup>th</sup> edition, §7-128). Thus, these activities fall "short of the standards of acceptable commercial behaviours observed by reasonable and experienced men" in the particular area being examined (per Lindsay J in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, 379; and, *Kerly*, 13<sup>th</sup> edition, §7-215).

Thus, it is submitted that BB registered the Mark in bad faith, contrary to section 3(6), and so it ought to be declared invalid pursuant to Section 47(1).”

27. The evidence upon which AB relies to make out its claim to have enjoyed a reputation in the UK prior to the date of registration (4 November 1976) is set out in a statutory declaration dated 11 June 1980 by Robert Aston Humphreys (with various exhibits thereto). This

evidence was before Walton J. when, in 1988, he decided to exercise his discretion under Section 12(2) of the Trade Marks Act 1938 in BB's favour and to register the BUD mark. The basis of Walton J.'s judgement can be established from the above two quotations from the learned judge's decision. Essentially, Walton J. decided that there had been honest concurrent use of BUD by BB's customers and that, having regard to the outcome of the earlier passing off action, there were 'special circumstances' relevant to the exercise of the judge's discretion under section 12(2) in that:-

- a) both parties were entitled to use 'Budweiser' because they had concurrent goodwill under that name; and
- b) BUD was a contraction of the parties 'Budweiser' trade marks used by their customers to place oral orders for their beers.

28. Walton J. took this decision in the face of Mr Humphrey's evidence of AB's repute. It is inconceivable that he would have taken that decision unless satisfied that BB's application was honest despite AB's repute. AB did not appeal against the decision of Walton J.

29. Mr Mellor submitted that BB's application was a thinly disguised attempt to challenge findings of fact by Walton J. and the Court of Appeal in the earlier 'Budweiser' passing off case. I think there is some force in this point. Indeed I would not have entertained the bad faith allegation at all if it were not for the fact that there are some additional matters before me that were not before Walton J. These additional matters are said to be:

- a) BB's failure to put the mark BUD into use in the UK after securing registration;
- b) BB's registration of the mark in other jurisdictions and AB's successful applications for cancellation for non-use in these jurisdictions.

30. Taken together, these are said to be additional pointers to BB's application being a 'spoiling tactic' from the outset.

31. Walton J. touched briefly on the matter of BB's intention to use, which was 'faintly' disputed even in 1988, albeit on somewhat different grounds. The relevant section of Walton J.'s decision is re-produced below:

"Mr Morcom faintly did point out that BB said that they wanted to utilise the registration of BUD to strengthen their existing trade mark, in that "Budweis" is disclaimed having regard to the fact that it is in itself a mere geographical entity, but it seems to me that although that is undoubtedly a valid reason for wishing to strengthen the mark by having the new mark BUD, that does not mean that they are not proposing to use it. After all, when every single one of your customers, or at least a very large section of your customers uses it already, it seems to be going beyond the bounds of all reason to imagine that you yourself will not take up the challenge and indeed, as I have pointed out, it has been used or attempted to be used in Germany already by BB. So I do not see any inhabitant to BB claiming to be the proprietor of the trade mark BUD."



32. According to the statutory declaration of Petr Jansky dated January 1999, BB applied the mark to all cartons and boxes of the beers it exported to the UK from 1 September 1992. In earlier revocation proceedings under No. 9057, I decided that this use by BB was genuine.

33. Such use was within five years of the mark being placed on the register (on 14 October 1988). I see nothing in this timescale which persuades me that, taken with the history of the matter, BB filed its application to register BUD in the UK as a spoiling tactic. In view of Walton J.'s decision on the facts in 1988, I would need very persuasive additional evidence that was not (and could not have been) placed before him before coming to a finding that BB acted in bad faith in 1976.

34. I see no such evidence. There is some evidence of BB's registrations in some 14 other jurisdictions being cancelled for non-use. I came to the opposite conclusion in the UK non-use proceedings, and BB's registration of BUD appears to have survived in 14 other jurisdictions.. I do not believe that I can infer from cancellations for non-use elsewhere that BB had no intention in 1976 to use its BUD mark in the UK. In the absence of such a finding the allegation that BB's application was simply a spoiling tactic must be rejected.

35. For the reasons given above, the attack under Section 3(6) also fails.

### **Costs**

36. Mr Mellor asked for an award of costs off the Registrar's usual scale. He put his case like this in his skeleton argument.

“Costs should be awarded on a higher scale:

- 27.1 because there was never any merit in these proceedings;
- 27.2. because even if any of the points were arguable, the Registry should deprecate the filing in these proceedings of very substantial amounts of irrelevant evidence. All of it has to be read and considered by BB's representatives. It all serves to waste time and costs;
- 27.3. because, on the evidence filed and with no attempt to cross-examine, any sensible litigant would not have taken this application to a hearing. By contrast, a litigant motivated simply by the prospect of forcing the other party to incur substantial irrecoverable costs would press ahead, as AB did;
- 27.4. because without an order for costs on a higher scale, these proceedings, brought by AB (the largest brewery in the world) against BB (its much smaller rival), are very likely to achieve the underlying object of causing oppression to BB.”

37. Mr Edenborough countered that BB should be penalised in costs for initially denying facts that it must have known to be true, in particular that it (BB) had caused BUD to be registered as an Appellation of Origin under the Lisbon Agreement.

38. I believe that AB had an arguable case under Section 3(1), although in the end I have come to the clear view that it fails. I do not believe that AB had an arguable case under Section 3(6). Further, I believe that Mr Mellor is correct in saying that in bringing its “bad faith” case, AB came dangerously close to asking me to reconsider the correctness of Walton J.'s finding of fact in 1988. There is a further criticism of AB for filing a substantial amount of evidence which was of little or no relevance. Mr Edenborough is correct in criticising BB for initially denying facts it knew to be true. These points only partly cancel each other out, but it is incumbent upon a party alleging unreasonable behaviour to make sure that its own behaviour is above such criticism. BB has not done that. As a result I do not therefore propose to award costs significantly off the usual scale.

39. I order AB to pay BB the sum of £1300. This figure takes account of the volume of evidence that BB had to review and the relatively small amount of evidence that BB itself filed. This sum to be paid within seven days of the end of the period allowed for appeal.

**Dated this 26<sup>TH</sup> day of April 2001**

**ALLAN JAMES  
For the Registrar  
the Comptroller-General**

**Annex available in paper copy**