



Neutral Citation Number: [2023] EWCA Civ 1451

Case No: CA-2023-000692

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY**  
**COURTS OF ENGLAND AND WALES, INTELLECTUAL PROPERTY LIST (ChD),**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**  
**Her Honour Judge Melissa Clarke sitting as a Judge of the High Court**  
**[2023] EWHC 411 (IPEC)**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 6 December 2023

**Before :**

**LADY JUSTICE KING**  
**LORD JUSTICE ARNOLD**  
and  
**LORD JUSTICE NUGEE**

**Between :**

**INDUSTRIAL CLEANING EQUIPMENT**  
**(SOUTHAMPTON) LIMITED**  
- and -  
**(1) INTELLIGENT CLEANING EQUIPMENT**  
**HOLDINGS CO LTD**  
**(2) KILLIS LIMITED**

**Claimant/**  
**Respondent**

**Defendants/**  
**Appellants**

**James St Ville KC (instructed by Dorsey & Whitney (Europe) LLP) for the Appellants**  
**Douglas Campbell KC and Georgina Messenger (instructed by D Young & Co LLP) for the**  
**Respondent**

Hearing dates : 13-14 November 2023

**Approved Judgment**

## **Lord Justice Arnold:**

### Introduction

1. This is a trade mark dispute between rival users of the acronym ICE. In the case of the Claimant, ICE stands for Industrial Cleaning Equipment. In the case of the First Defendant, ICE stands for Intelligent Cleaning Equipment. By order dated 24 March 2023 Her Judge Melissa Clarke sitting as a High Court Judge in the Intellectual Property Enterprise Court granted the Claimant relief for trade mark infringement against the First and Fourth Defendants, and dismissed the Defendants’ counterclaims for a declaration of invalidity and for trade mark infringement, for the reasons given in her judgment dated 27 February 2023 [2023] EWHC 411 (IPEC). The First and Fourth Defendants now appeal.
2. The appeal raises important issues concerning limitation by acquiescence, often referred to as “statutory acquiescence”, under section 48 of the Trade Marks Act 1994 and corresponding provisions in the European Union Trade Mark Directives and Regulations. These provisions prevent the proprietor of an earlier trade mark or other earlier right from challenging the registration or use of a later trade mark after five years’ acquiescence in its use. The principal issue raised by the appeal is when the five year period starts to run.

### Factual background

3. Although the judge was faced with a complex dispute raising a considerable number of issues, the facts relevant to the appeal can be summarised relatively briefly.
4. The Claimant was incorporated in 1992 to carry on a business founded in 1967 which provides retail, rental and maintenance services for commercial and consumer cleaning equipment in the United Kingdom. It has done so using the name Industrial Cleaning Equipment, the acronym ICE (i.e. in upper case) and three successive logos comprising the acronym “ice” (i.e. in lower case). There is no suggestion that the difference between the upper case and lower case versions of the acronym is of any significance. The logo used by the Claimant since 2007 is depicted below.



5. The First Defendant is part of the ICE Group, whose ultimate parent is Intelligent Cleaning Equipment Company. The First Defendant holds the ICE Group’s intellectual property rights. The ICE Group has since 2011 designed and manufactured floor cleaning machines in China. Those machines have been imported into the UK for distribution and sale since June 2013. Until 2019 the ICE Group’s UK distributor was Worldwide Cleaning Services (“WCS”). The Fourth Defendant has been the ICE Group’s UK distributor since 2019. WCS and the Fourth Defendant marketed and sold the machines using the acronym ICE and the logo depicted below. In the remainder of this judgment I will refer to the First and Fourth Defendants collectively as “the Defendants”.



6. The First Defendant is the proprietor of two International Trade Marks, one for the word ICE and the other for the ICE logo depicted above, registered in respect of “floor cleaning machines” in Class 7 (“the Defendants’ International Trade Marks”). The First Defendant applied to register the Defendants’ International Trade Marks via the Protocol Relating to the Madrid Agreement Concerning International Registration of Marks (“the Madrid Protocol”) designating various territories including the EU. The Defendants’ International Trade Marks were registered as Nos. 1256685 (word mark, “685”) and 1260671 (logo, “671”) at the World Intellectual Property Organisation on 18 June 2015, based on an earlier application and registration in the United States of America.
7. 685 was received by the European Union Intellectual Property Office on 23 July 2015. The opposition period began on 24 January 2016 and ended on 24 April 2016. 685 was accepted on 24 May 2016 and this was published on 25 May 2016. 671 was received by the EUIPO on 13 August 2015. The opposition period began on 14 February 2016 and ended on 14 May 2016. 671 was accepted on 14 June 2016 and this was published on 15 June 2016. I shall refer to the International (EU) registrations, Nos. WO1256685 and WO1260671, as “the Defendants’ EU Trade Marks”. The EUIPO register entries for the Defendants’ EU Trade Marks give the “registration date” as 18 June 2015, but also record the other information I have set out.
8. As a consequence of Brexit, with effect from 31 December 2020, the protection conferred by the Defendants’ EU Trade Marks in respect of the UK was replaced by two comparable International (UK) registrations, Nos. UK00801256685 and UK0801260671 (“the Defendants’ UK Trade Marks”). These are recorded on the United Kingdom Intellectual Property Office register as having a “filing date” of 18 June 2015 and a “date of entry in register” of 25 May 2016 and 15 June 2016 respectively. I shall use the expression “the Defendants’ Trade Marks” to refer compendiously to the registrations mentioned in this paragraph and the two preceding paragraphs.
9. After having denied any knowledge of use of the Defendants’ Trade Marks in the UK prior to around March 2019, the Claimant eventually admitted knowledge of such use from around July 2014. Indeed, on 21 July 2014 Darren Marston of the Claimant sent an email to Simon Chen of the ICE Group proposing a visit to the ICE Group in China to discuss “strategic opportunities”. Furthermore, from at least 2017 the Claimant maintained ICE Group’s products and supplied parts for them, and a subsidiary of the Claimant purchased and supplied ICE Group products in the UK. The Claimant denied having any knowledge of any registration of the Defendants’ Trade Marks prior to 26 July 2019, a denial which the judge accepted.
10. On 23 October 2015 the Claimant applied to register the logo depicted under paragraph 3 above as a UK Trade Mark in respect of “retail, wholesale and online retail services relating to the sale of industrial cleaning equipment, machines and

vehicles” (and other services) in Class 35 and “rental of cleaning equipment, machines and vehicles” (and other services) in Class 37. The application proceeded to registration as No. 3133002 on 22 January 2016 (“the Claimant’s Trade Mark”).

11. Both the Claimant and the First Defendant also own other trade mark registrations dating from 2020, but for the purposes of the appeal these can be ignored.
12. On 2 July 2019 the Claimant’s solicitors sent the Third Defendant a letter before claim alleging infringement of the Claimant’s Trade Mark and passing off. The Third Defendant is the parent company of the Fourth Defendant. Trade mark attorneys instructed by the First and Third Defendants replied on 26 July 2019 denying infringement and passing off, relying (among other things) on the Defendants’ EU Trade Marks. The letter stated that “protection was granted” to 685 on 25 May 2016 and to 671 on 15 June 2016. On 12 November 2019 the Claimant filed invalidation actions at EUIPO in respect of the Defendants’ EU Trade Marks. There were meetings between representatives of the parties in London on 12 November 2019 and in Las Vegas on 20 November 2019 which were constructive, but the judge found that no agreement was reached. The second meeting was followed by an exchange of emails on 14 December 2019 and 19 December 2019. On 18 December 2020 the Claimant’s solicitors sent the Defendants’ solicitors a letter reiterating the Claimant’s position and asking whether the Defendants’ solicitors were instructed to accept service. On 21 January 2021 the Claimant withdrew its invalidation actions against the Defendants’ EU Trade Marks.
13. The claim form in these proceedings was issued on 24 May 2021. On 22 June 2021 the Claimant sent a copy of the claim form to the Defendants for information. The claim form was served by being placed in the first class post on 21 September 2021.

#### The judge’s decision

14. The judge held that, if the Claimant’s Trade Mark was valid, then, subject to defences raised by the Defendants under section 11(1) of the 1994 Act (use of own registered trade mark) and section 48 of the 1994 Act and Article 61 of European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification) (statutory acquiescence), the Defendants had infringed the Claimant’s Trade Mark. The judge also held that, subject the Defendants’ defence of statutory acquiescence, the Defendants’ UK Trade Marks were invalid pursuant to sections 47(2)(b) and 5(4)(a) of the 1994 Act on the ground that use of those trade marks was liable to be restrained as passing off. There is no challenge by Defendants to those aspects of her decision.
15. The judge rejected the Defendants’ defence of statutory acquiescence, and consequentially their defence under section 11(1) and their counterclaim for a declaration that the Claimant’s Trade Mark was invalid due to conflict with the Defendants’ Trade Marks. She held that the five year period only starts to run when the earlier trade mark proprietor has knowledge both of the use of the later trade mark and of its registration. In so holding, she applied Case C-482/09 *Budějovický Budvar np v Anheuser-Busch Inc* [2011] ECR I-08701 (“*Budvar*”), as she was required to do, but she said that she would have interpreted the legislation in that way in any event. Since the Claimant first became aware of the Defendants’ Trade Marks on receipt of

the letter dated 26 July 2019, the claim form had been issued and served well before the expiry of the five year period required for acquiescence.

16. The judge dealt with the Claimant's claim for passing off at [231] as follows:

“This judgment is too long already. Given the determinations that I have made so far, I do not find it necessary to go on to determine such of the passing-off case as remains.”

Grounds of appeal and respondent's notice

17. The Defendants appeal on two grounds, both of which concern the date on which the five year period starts for the purposes of statutory acquiescence. First, the Defendants contend that it is not necessary for the proprietor of the earlier trade mark to be aware of the registration of the later trade mark in order for time to run: it is sufficient that the later trade mark is in fact registered and that the proprietor of the earlier trade mark is aware of the use of the later trade mark. The Defendants recognise that this contention requires this Court to depart from *Budvar* and invite the Court to do so.
18. Secondly, the Defendants contend that, where the later trade mark is an international trade mark protected in the EU, the registration date for the purpose of determining when time starts to run is the international registration date, and not the date from which the trade mark is protected in the EU. This is not a contention raised before the judge, and it would have made no difference at that stage given her conclusion on the first issue, but it is a pure point of law and the Claimant has not objected to it being raised on appeal. The significance of this point is that, as set out above, the international registration date of the Defendants' Trade Marks is 18 June 2015, whereas they were accepted by EUIPO on 24 May 2016 and 14 June 2016 and this was published on 25 May 2016 and 15 June 2016 respectively. During the course of argument a subsidiary issue emerged as to whether the relevant date is the date of acceptance or the date of publication if it is not the international registration date. The Defendants contend that, if they are wrong about the international registration date, the relevant date is the date of acceptance, whereas the Claimant contends that it is the date of publication.
19. As will appear, these two grounds are inter-related. One could argue that it would be more logical to address ground 2 before ground 1. I find it more convenient to deal with them in the order in which they were argued, however, since the case law concerning ground 1 sheds light on ground 2. Although it is necessary for the Defendants to succeed on both grounds in order for the appeal to be allowed, the inter-relationship between the two grounds and the possibility that the case may go further means that it is expedient to determine both.
20. In addition to supporting the judge's reasoning, the Claimant has raised two points by way of respondent's notice. The first concerns the date on which acquiescence ceased. The second concerns the Claimant's claim for passing off. The latter raises a procedural question as to whether it amounts to a cross-appeal for which permission is required.

Issue 1: Must the proprietor of the earlier trade mark be aware of the registration of the later trade mark in order for time to run?

*Legislative framework*

21. Given that the Defendants' Trade Marks were first protected as EU trade marks and are now protected as UK trade marks, I shall first set out the key provisions concerning EU trade marks before turning to those concerning national trade marks. I shall set out the respective European provisions in chronological order, even though the earliest provisions do not apply to the facts of this case, because much of the case law was decided by reference to the original provisions. It is not necessary to set out the Brexit-related amendments to the 1994 Act which gave rise to the Defendants' UK Trade Marks.
22. Article 53 of Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark provided:

**“Limitation in consequence of acquiescence**

1. Where the proprietor of a Community trade mark has acquiesced, for a period of five successive years, in the use of a later Community trade mark in the Community 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 Community trade mark was applied for in bad faith.
  2. Where the proprietor of an earlier national trade mark as referred to in Article 8(2) or of another earlier sign referred to in Article 8(4) has acquiesced, for a period of five successive years, in the use of a later Community trade mark in the Member State in which the earlier trade mark or the other earlier sign is protected while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark or of the other earlier sign 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 Community trade mark was applied for in bad faith.
  3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later Community 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 Community trade mark.”
23. Article 106 of Regulation 40/94 provided, so far as relevant:

**“Prohibition of use of Community trade marks**

1. This Regulation shall, unless otherwise provided for, not affect the right existing under the laws of the Member States to

invoke claims for infringement of earlier rights within the meaning of Article 8 or Article 52(2) in relation to the use of a later Community trade mark. Claims for infringement of earlier rights within the meaning of Article 8(2) and (4) may, however, no longer be invoked if the proprietor of the earlier right may no longer apply for a declaration that the Community trade mark is invalid in accordance with Article 53(2).

...”

24. Article 107 of Regulation 40/94 provided:

**“Prior rights applicable to particular localities**

1. The proprietor of an earlier right which only applies to a particular locality may oppose the use of the Community trade mark in the territory where his right is protected in so far as the law of the Member State concerned so permits.
2. Paragraph 1 shall cease to apply if the proprietor of the earlier right has acquiesced in the use of the Community trade mark in the territory where his right is protected for a period of five successive years, being aware of such use, unless the Community trade mark was applied for in bad faith.
3. The proprietor of the Community trade mark shall not be entitled to oppose use of the right referred to in paragraph 1 even though that right may no longer be invoked against the Community trade mark.”

25. Articles 53, 106(1) and 107 of Regulation 40/94 were replaced by Articles 54, 110(1) and 111 of Council Regulation 207/2009/EC of 26 February 2009 on the Community trade mark (codified version), which were in identical terms. Articles 54, 110(1) and 111 of Regulation 207/2009 were amended with effect from 23 March 2016 by European Parliament and Council Regulation 2015/2424 of 15 December 2015, in particular to replace references to “Community trade mark” and “Community” with “EU trade mark” and “Union”. Articles 54, 110(1) and 111 of Regulation 207/2009 have been replaced by Articles 61, 137(1) and 138 of 2017/1001, which are in identical terms to Articles 54, 110(1) and 111 as so amended.

26. The Regulations do not include any recitals which assist in the interpretation of the provisions set out above. By contrast, the corresponding Directives harmonising national trade mark laws do contain such recitals. The eleventh recital to First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks stated:

“Whereas 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”

27. Article 9 of Directive 89/104 provided:

**“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 another 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.”

28. Article 9 of Directive 89/104 was replaced by Article 9 of European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version), which was in identical terms. Recital (12) to Directive 2008/95 was almost identical to the eleventh recital to Directive 89/104.

29. Article 9 of Directive 2008/95 has been replaced by Articles 9 and 18 of European Parliament and Council Directive 2015/2436/EU of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast).

30. Recital (29) of Directive 2015/2436 states:

“It is important, for reasons of legal certainty to provide that, without prejudice to his interests as a proprietor of an earlier trade mark, the latter may no longer request a declaration of invalidity or oppose the use of a trade mark subsequent to his own trade mark, 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.”

31. Article 9 provides:

**“Preclusion of a declaration of invalidity due to acquiescence**

1. Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 5(2) or Article 5(3)(a) 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, that proprietor shall no longer be entitled on the basis of the earlier trade mark to apply for a declaration that the later trade mark is invalid 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. Member States may provide that paragraph 1 of this Article is to apply to the proprietor of any other earlier right referred to in Article 5(4)(a) or (b).
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.”

32. Article 18 provides:

**“Intervening right of the proprietor of a later registered trade mark as defence in infringement proceedings**

1. In infringement proceedings, the proprietor of a trade mark shall not be entitled to prohibit the use of a later registered mark where that later trade mark would not be declared invalid pursuant to Article 8, Article 9(1) or (2) or Article 46(3).
2. In infringement proceedings, the proprietor of a trade mark shall not be entitled to prohibit the use of a later registered EU trade mark where that later trade mark would not be declared invalid pursuant to Article 53(1), (3) or (4), 54(1) or (2) or 57(2) of Regulation (EC) No 207/2009.
3. Where the proprietor of a trade mark is not entitled to prohibit the use of a later registered trade mark pursuant to paragraph 1 or 2, the proprietor of that later registered trade mark shall not be entitled to prohibit the use of the earlier trade mark in infringement proceedings, even though that earlier right may no longer be invoked against the later trade mark.”

33. Article 9 of Directive 89/104 was implemented by section 48 of the 1994 Act. While the UK remained a Member State of the EU, section 48 also implemented the corresponding provisions of Directives 2008/95 and 2015/2436. Section 48 has at all times provided as follows:

**“Effect of acquiescence**

- (1) Where the proprietor of an earlier trade mark or other earlier right has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use,

there shall cease to be any entitlement on the basis of that earlier trade mark or other right—

- (a) to apply for a declaration that the registration of the later trade mark is invalid, or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was applied for in bad faith.

- (2) Where subsection (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark or, as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark or right may no longer be invoked against his later trade mark.”

- 34. It can be seen from section 48 that the UK exercised the option conferred on Member States by Article 9(2) of Directive 89/104 and the successor Directives to apply paragraph 9(1) to the proprietor of another earlier right.
- 35. The provisions set out above refer to an “earlier trade mark” and a “later trade mark” or an “earlier Community/European Union trade mark” and a “later Community/European Union trade mark”. “Earlier trade marks” are defined as including national and Community/EU trade marks “with a date of application for registration which is earlier than the date of application for registration of” the later trade mark and applications for such trade marks “subject to their registration”: see Article 8(2) of Regulation 40/94, Article 8(2) of Regulation 207/2009 and Article 8(2) of Regulation 2017/1001; Article 4(2) of Directive 89/104, Article 4(2) of Directive 2008/95 and Article 5(2) of Directive 2015/2436; and section 6 of the 1994 Act.
- 36. Article 53(2) of Regulation 40/94, Article 54(2) of Regulation 207/2009 and Article 61(2) of Regulation 2017/1001 all refer to “another earlier sign referred to in Article 8(4)”. Article 8(4) of each Regulation prevents registration of a later Community/EU trade mark where, pursuant to the law of the relevant Member State, “rights to that sign were acquired prior to the date of application for registration of” the Community/EU trade mark and “that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark”. Similarly, Article 9(2) of Directive 89/104, Article 9(2) of Directive 2008/95 and Article 9(2) of Directive 2015/2436 all refer to “another earlier right referred to in” Article 4(4)(b) or (c)/Article 5(4)(a) or (c). Article 4(4)(c)/Article 5(4)(c) gives Member States the option of preventing registration of a later national trade mark where “rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark” and “that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark”.
- 37. The UK exercised this option in section 5(4) of the 1994 Act, which provides:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met,

...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an ‘earlier right’ in relation to the trade mark.”

### *Budvar*

38. Anheuser-Busch (“AB”) is a brewer based in Missouri which (together with its predecessors) has sold beer under the name “Budweiser” since about 1875. Budějovický Budvar (“BB”) is a brewer based in the town of Ceske Budovice (formerly “Budweis”) in the Czech Republic. Since 1895 it (together with its predecessors) has also sold beer under names consisting of or including the word “Budweiser”. Although the names are the same, the beers are not. Their get-ups, tastes and prices have always been different. In markets where they have co-existed, consumers have by and large become aware of the difference between the beers, though it is likely that there is some small level of confusion. As world trade expanded, so too the markets of the two companies expanded and overlapped. This has led to more than a hundred years of worldwide trade mark litigation.
39. In the UK BB was the first actively to enter the market in late 1973. AB entered the UK market in 1974, although it had previously supplied reasonably substantial quantities of its beer to US service personnel stationed at US bases in the UK through “PX” stores. In 1979 AB sued BB for passing off. BB counterclaimed. The claim and counterclaim were both dismissed: see *Anheuser-Busch Inc v Budějovický Budvar np* [1984] FSR 413. Whitford J held, and the Court of Appeal (Oliver, O’Connor and Dillon LJ) agreed, albeit for somewhat different reasons, that both sides were entitled to use the name Budweiser in the UK.
40. In 1979 AB applied to register BUDWEISER as a UK trade mark. BB opposed the application. In 1989 BB applied to register BUDWEISER as a UK trade mark. AB opposed the application. The Registrar of Trade Marks, Rimer J and the Court of Appeal (Peter Gibson LJ, Judge LJ and Ferris J) all held that both sides were entitled to register the mark, in the case of BB on the ground of honest concurrent use within section 12(2) of the Trade Marks Act 1938: see *BUDWEISER Trade Marks* [2000] RPC 906. Both marks were entered on the register on the same day, 19 May 2000.
41. On 18 May 2005 AB applied for a declaration of invalidity of BB’s registration pursuant to section 5(1) implementing Article 4(1)(a) of Directive 89/104 (identical marks, identical goods or services) on the ground that its application had pre-dated BB’s application, and so its trade mark was an earlier trade mark than BB’s trade mark. BB argued that AB’s claim was barred by acquiescence within section 48, alternatively that it could rely upon honest concurrent use even though Directive

89/104 made no provision for this. Following decisions by the hearing officer and Norris J substantially in favour of AB, the Court of Appeal (Ward LJ, Jacob LJ and Warren J) referred three questions to the Court of Justice of the European Union: see *Budějovický Budvar np v Anheuser-Busch Inc* [2009] EWCA Civ 1022, [2010] RPC 7.

42. The first two questions were as follows:

“(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?

43. The reason for question 1(b) was that AB argued that it could not be said to have acquiesced in BB’s use of its trade mark because the courts had held that it had no legal power to prevent this. The reason for questions 1(c) and 2 was that AB argued that time did not start running until the later trade mark was entered on the register (rather than the date from which rights were conferred by registration), and it had brought its claim less than five years after that date. Although question 2 asked generally what conditions were necessary to set time running, on the facts of the case there was no issue as to knowledge, and in particular knowledge of the registration of the later trade mark, because AB was aware of BB’s use and registration of its trade mark at all material times.

44. Advocate General Trstenjak summarised the main arguments of the parties, the Member States who submitted observations and the Commission in Section V of her Opinion. She did not record any argument to the effect that time did not start running until the proprietor of the earlier mark was aware of both the use and the registration of the later mark, but it might be said that this was implicit in the Commission’s submission which she summarised at [39] as follows:

“The *Commission* is of the opinion that the period of acquiescence starts to run from the time at which the proprietor of the earlier mark

becomes aware of the use of the registered later mark. The period can thus begin at the earliest on the date of registration of the later mark, if that mark is used from that time and the proprietor of the earlier mark becomes aware of that use from that time.”

45. The Advocate General set out her assessment in Section VI of her Opinion. For the reasons she gave at [56]-[64], she concluded at [65] that “acquiescence” within the meaning of Article 9(1) was a concept of EU law which had to be given an autonomous and uniform interpretation. She considered the concept of acquiescence at [67]-[71], and opined in [72] that it did not extend to what she called “imposed passivity”.

46. She turned to consider questions 1(c) and 2 at [73]. At [74] she stated:

“The wording of Article 9(1) of the directive and the spirit and purpose of those provisions clearly show, in my opinion, that the commencement of the five-year period of acquiescence depends on the following three conditions being satisfied. First, it is necessary that the later mark is *registered*; secondly, the later mark must be *used*; thirdly, the proprietor of the earlier mark must be *aware of the registration and use* of the later mark. The rule is designed in such a way that all three conditions must be satisfied cumulatively.”

47. The Advocate General did not spell out her reasons for concluding that the proprietor of the earlier mark must be aware of the registration, as well as the use, of the later mark. Although she considered the question of knowledge of the use of the later mark, and in particular whether it could include “potential” (i.e. constructive) knowledge as well as actual knowledge, at [75]-[82], she observed at [83]:

“For the purposes of the present proceedings there is no need to reach a definitive conclusion on the point of whether actual or even potential knowledge is material, since that question would probably only be relevant in a situation in which the proprietor of the earlier mark did not acquire knowledge of the later mark until some time after its registration. Such a situation is not present in the main proceedings, especially as it can safely be assumed that AB knew of the registration of the mark ‘Budweiser’ for BB on 19 May 2000. .... In addition, AB knew that the use by BB of the mark ‘Budweiser’ went back as far as the 1970s. Accordingly, the date of registration of the later mark and the date of acquisition of knowledge of its registration and use coincide.”

48. Having addressed an issue which is not relevant for present purposes, the Advocate General concluded at [87] that:

“The five-year period of acquiescence provided for in Article 9(1) of the directive starts running from the time at which the proprietor of the earlier mark becomes aware of the registration and use of the later mark in the Member State in which the later mark has been registered. The period of acquiescence can start running at the earliest from the date of that registration, if the later mark has been used from that date

and the proprietor of the earlier mark became aware of that use at that time.”

49. In its judgment the First Chamber of the Court of Justice first considered questions 1(a) and (b) at [27]-[50], concluding 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”.
50. The Court considered questions 1(c) and 2 at [51]-[62]. Having noted the reference to legal certainty in the eleventh recital to Directive 89/104, the Court went on:
  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.  
...
  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.”
51. Like the Advocate General, the Court did not spell out its reasons for concluding in [58] that the proprietor of the earlier trade mark must be aware of the registration, as well as the use, of the later trade mark.
52. The Court reiterated the four requirements it had identified at [62]. Furthermore, in second paragraph of the *dispositif*, it ruled:

“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.”

*Ghibli*

53. So far as the publicly available record goes, it does not appear that the Advocate General or the Court of Justice were made aware of an earlier decision of the Second Board of Appeal of what was then called the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (now EUIPO) addressing this issue, namely Case R 1299/2007-2 *Cristanini v Ghibli SpA* (“*Ghibli*”) (unreported, 21 October 2008). In that case Ghibli was the proprietor of a Community trade mark applied for on 10 April 2000 and registered on 25 June 2001, the registration having been published on 6 August 2001. On 6 July 2006 Mr Cristanini applied for a declaration of invalidity of Ghibli’s Community trade mark, relying upon an earlier Italian registration. Ghibli relied upon Article 53(2) of Regulation 40/94 as precluding this. The Cancellation Division dismissed the application, and the Board of Appeal dismissed Mr Cristanini’s appeal.
54. As the Board recorded at [38], Mr Cristanini argued that “although he was aware of the *use* of the sign covered by the contested CTM for more than five successive years, he was not aware of the fact that [Ghibli] filed and obtained the registration of that sign as a CTM, in other words, that the sign was used *as a CTM*”. In the alternative, Mr Cristanini argued that he could not be deemed to be aware of Ghibli’s registration until it was published, and he had made his application within five years of that date. As the Board noted at [41], on Mr Cristanini’s interpretation of Article 53(2), Ghibli would be required to prove “not only that [Mr Cristanini] was aware of the *use* of the contested CTM, but that he also knew – for at least five years – that the *sign had been registered as a CTM*”.
55. The Board rejected both Mr Cristanini’s arguments for reasons which is worth quoting in full because of their relevance not only to issue 1, but also to issue 2 considered below:
- “42. In the Board’s view, that interpretation would be contrary to the objective pursued by Article 53(2) CTMR. This provision pursues an objective which is to create legal certainty by protecting the legitimate interest of a CTM Proprietor in the continued undisturbed ownership and use of its CTM vis-à-vis the proprietor of a prior right who despite having been aware of the long-term presence of the conflicting later sign on the market took no action to prohibit its use. In other words, that provision sanctions the Cancellation Applicant’s undue delay in exercising his trade mark rights whilst being aware of the long use of a later conflicting sign on the market. Considering the said underlying objective, Article 53(2) CTMR cannot be construed to require the knowledge of the registration of the later sign as a CTM, but only the use of such sign.
43. Article 53(2) CTMR merely requires that the Cancellation Applicant ‘has acquiesced, for a period of five successive years, to the use of a later Community trade mark...while being aware of such use’.

44. Firstly, it must be noted that this provision does not contain any explicit additional requirement that the Cancellation Applicant ought to have been also aware of the actual date of registration of the sign as a CTM. Had this been the will of the legislator, it would have expressly stipulated so (by adding, for example, ‘...while being aware of such registration and use...’).
45. Secondly, it must be noted that pursuant to Article 6 CTMR, ‘a Community trade mark is obtained by registration’. This means that the rights of the CTM proprietor come to legal existence on the effective date of registration of the Community trade mark, and not upon the later date in which the registration of the CTM will be published. Thus, the existence of the ‘later Community trade mark’ is only conditioned by its registration as a CTM and not by the subsequent publication of the registration. It is true that Article 9(3) CTMR, first sentence, provides that the rights conferred by a Community trade mark shall prevail against third parties from the date of publication of registration of the trade mark. However, the situation contemplated by this provision is different from that contemplated in Article 53(2) CTMR, where rather than seeking to make prevail (or enforce) its trade mark over third parties, the CTM Proprietor merely raises a defence in a cancellation action initiated by a third party, against its CTM.
46. Thus, in the Board’s view, the reference to acquiescence in the use of a later ‘Community trade mark’ in Article 53(2) CTMR merely refers to the requirement that the later sign (the use of which has been knowingly tolerated by the Cancellation Applicant), must have been registered as a CTM, for more than five years. This is, however, an objective requirement which is independent of the Cancellation Applicant’s knowledge. Indeed, Article 53 CTMR is clearly meant to be a defence in invalidity proceedings against registered CTMs. The negative consequences of acquiescence in use apply only in relation to registered CTMs. As a CTM comes into existence with its registration (Article 6 CTMR), for the purposes of Article 53(2) CTMR, the use of the sign as a CTM cannot technically commence before the date of registration. Hence, although the period of five successive years stipulated in Article 53(2) CTMR relates to the Cancellation Applicant’s awareness and tolerance of the use of contested sign, the calculation of the five-year period cannot start earlier than the date of the registration of the CTM, taking also into account that a CTM neither exists nor can therefore be invalidated before being registered.
47. Therefore, in the Board’s view, Article 53(2) CTMR cannot be interpreted to require the CTM Proprietor to prove – in addition to the five years concurrent use, knowingly tolerated by the proprietor of the earlier right – that the Cancellation Applicant also knew, for at least five years, that the later mark was protected as a CTM. What matters in this context is the objective circumstance that the sign (the use of which has been knowingly tolerated by the Cancellation Applicant),



must have existed, for at least five years, as a CTM. Pursuant to Article 6 CTMR, a CTM comes into existence by its registration, while the date of publication of its registration is irrelevant in this context. Consequently, in the context of Article 53(2) CTMR it is also irrelevant when the publication of the registration of the contested CTM took place.”

56. The Second Board of Appeal followed *Ghibli* in Case R 502/2008-2 *I Marchi Italiani Srl v Osra SA* (unreported, 9 January 2009). In that case Antonio Basile was the proprietor of a Community trade mark applied for on 14 January 2000 and registered on 27 April 2001. On 21 April 2006 Osra applied for a declaration of invalidity relying upon two earlier registrations. Subsequently Mr Basile partially assigned the Community trade mark to I Marchi Italiani. The proprietors of the Community trade mark relied upon Article 53(2) of Regulation 40/94. The Invalidity Division held that the Community trade mark was invalid, and the Board of Appeal rejected the proprietors’ appeal. It held that Article 53(2) of Regulation 40/94 did not apply because the Community trade mark had not been registered for five years when the application for a declaration of invalidity was filed. As the Board explained at [18]:

“The wording of the rule refers specifically to acquiescence, for a period of five successive years, in the use of a Community trade mark. Since a Community trade mark is obtained by registration (Article 6 [CTMR]), for the purposes of Article 53(2) CTMR, the use of a sign as a Community trade mark (and, consequently, acquiescence in such use) cannot technically commence before the date of its registration. Therefore, although the period of five successive years provided for in the article in question refers to the awareness of and acquiescence in the use of the Community trade mark by the applicant for a declaration of invalidity, the starting date of the five-year period cannot precede the date of registration of the sign since the Community trade mark, as such, only exists from the date of registration (see, in this respect, the recent decision of this Board, of 21 October 2008, in Case R 1299/2007-2 – *GHIBLI* (figurative mark) / *GHIBLI et al.*, paragraph 46).”

#### *EUIPO Guidelines*

57. EUIPO continues to regard *Ghibli* as good law, since paragraph 4.5.2 of Part D (Cancellation) Section 2 (Substantive Provisions) of its *Guidelines for the Examination of European Trade Marks* states:

“The proprietor of the contested mark cannot be required to prove, in addition to the invalidity applicant’s awareness of the **use** of the contested EUTM, that the invalidity applicant was also aware of its **registration**, for at least 5 years, as an EUTM. The reference in Article 61(1) and (2) EUTMR to acquiescence in the use of a later ‘EUTM’ merely refers to the requirement that the later sign must have been registered as an EUTM for at least 5 years. This is an objective

requirement, which is independent of the invalidity applicant's knowledge (21/10/2008, R 1299/2007-2, Ghibli (fig.), § 41-47)."

*Case law of the General Court*

58. In Case T-133/09 *I Marchi Italiani Srl v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2012:327] the General Court dismissed an appeal by the proprietors from the decision of the Board of Appeal cited in paragraph 56 above. The General Court stated:

“31. According to the case-law, 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. First, the later trade mark must be registered. Second, the application for its registration must have been made by its proprietor in good faith. Third, the later trade mark must be used in the Member State where the earlier trade mark is protected. Fourth, the proprietor of the earlier trade mark must be aware of the use of that trade mark after its registration (see, by analogy, Case C-482/09 *Budějovický Budvar* [2011] ECR I-8701, paragraphs 54 and 56 to 58).

32. Contrary to what the first applicant claims, the period of limitation in consequence of acquiescence does not start running from the date on which the application for registration of the later Community trade mark is filed. Even if that date constitutes the relevant starting point for the application of other provisions of Regulation No 40/94, such as Article 51(1)(a) and Article 8(2) of that regulation (now Article 52(1)(a) and Article 8(2) of Regulation No 207/2009), which seek to establish a temporary priority between the marks at issue, it is not the date from which the period of limitation in consequence of acquiescence provided for in Article 53(2) of Regulation No 40/94 runs. The aim of Article 53(2) of Regulation No 40/94 is to penalise the proprietors of earlier trade marks who have acquiesced, for a period of five successive years, in the use of a later Community trade mark while being aware of such use, by excluding them from seeking a declaration of invalidity or from bringing opposition proceedings in respect of that trade mark, which will then therefore be able to coexist with the earlier trade mark. It is from the time when the proprietor of the earlier trade mark becomes aware of the use of the later Community trade mark that it has the option of not acquiescing in its use and, therefore, opposing it or seeking a declaration of invalidity of the later trade mark. It may not be held that the proprietor of the earlier trade mark acquiesced in the use of the later Community trade mark once it was aware of its use, if it was not in a position to oppose its use or to seek a declaration of invalidity thereof (see, by analogy, *Budějovický Budvar*, cited above in paragraph 31, paragraphs 44 to 50).

33. It follows from a teleological interpretation of Article 53(2) of Regulation No 40/94 that the relevant date from which the period of

limitation in consequence of acquiescence starts running is when the proprietor becomes aware of the use of that mark. That date must necessarily be later than that of registration of the trade mark, that is to say when the rights in a Community trade mark are obtained (see recital 7 of Regulation No 40/94), and that mark will be used as a registered trade mark on the market with third parties therefore being aware of its use. Contrary to what the first applicant claims, therefore, it is from the time when the proprietor of the earlier trade mark is made aware of the use of the later Community trade mark, after its registration, and not the date on which the application for the Community trade mark is filed, that the period of limitation in consequence of acquiescence starts running.”

59. Despite the General Court’s citation of *Budvar*, its formulation of the fourth condition in [31] appears to mean that the proprietor of the earlier trade mark need only be aware of the use of the later trade mark after it has in fact been registered, rather than that it must be aware of both the use and the registration. The reasoning in [33] is consistent with this. On the other hand, the reasoning in the last two sentences of [32] could be understood as suggesting that the proprietor must be aware of both the use and the registration, on the basis that it is only if the proprietor is aware of the registration that it can decide whether or not to apply for a declaration that the later trade mark is invalid. This does not necessarily follow, however, because a proprietor of an earlier trade mark who is aware of the use of a later trade mark can search the register to find out if the later trade mark has been registered. If the later trade mark has been registered, the proprietor can then decide whether or not to apply for a declaration of invalidity. I shall return to this point below.
60. In Case C-381/12 P *I Marchi Italiani Srl v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2013:371] the Court of Justice dismissed an appeal by I Marchi Italiani against the General Court’s decision by reasoned order as being partly manifestly inadmissible and partly manifestly unfounded. The Court of Justice said at [53] (unofficial translation):
- “It should be noted at the outset that the General Court recalled, in paragraph 31 of the judgment under appeal, the case-law according to which four conditions must be met in order for the limitation period to run in the event of the use of a trademark identical to the earlier mark. Those conditions include, in particular, the fact that the later mark must be registered, as well as the fact that the proprietor of the earlier mark must be aware of the registration of the later mark and the use of that mark after its registration (see, by analogy, judgment of 22 September 2011, *Budějovický Budvar*, C-482/09, not yet published in the ECR, paragraphs 54, 58 and 62).”
61. This paragraph of the Court of Justice’s order is curious because the Court does not comment on the difference between the General Court’s formulation of the conditions and its own.
62. The Court of Justice went on at [53]-[57] to hold that I Marchi Italiani’s argument that the General Court had made an error of law in ruling that time could not begin to run

until a date which was later than that of the registration of the contested mark was manifestly unfounded. In that context, the Court of Justice noted at [55] that the General Court had inferred at [33] that “the relevant date for the purpose of calculating the starting point of the period limitation by acquiescence is that on which the proprietor of the earlier mark has become aware of the use of the later Community mark and that date can only be later than that of the registration of that mark, from which the right to it is acquired.”

63. This is also curious because this reasoning is more consistent with the General Court’s formulation of the conditions than with the formulation in *Budvar*.
64. There is a consistent line of subsequent case law of the General Court in which it has reiterated the four conditions stated in *I Marchi Italiani* at [31]: see Case T-417/12 *SFC Jardibric v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2013:550] at [19], [21], Case T-77/15 *Tronios Group International BV v European Union Intellectual Property Office* [EU:T:2016:226] at [30], Case T-150/17 *Asolo Ltd v European Union Intellectual Property Office* [EU:T:2018:641] at [31], Case T-287/17 *Swemac Innovation AB v European Union Intellectual Property Office* [EU:T:2019:69] at [83] and Case T-382/19 *Turk Hava Yollari AO v European Union Intellectual Property Office* [EU:T:2021:45] at [49]. In Case C-185/21 P [EU:C:2021:526] the Court of Justice refused permission to appeal from the last of these decisions on the ground that the appellant had merely set out the errors allegedly committed by the General Court “without in any way claiming or, *a fortiori*, showing that the appeal raises an issue that is significant with respect to the unity, consistency or development of EU law”.

### *Analysis*

65. It can be seen from the account given above that the case law of the Boards of Appeal of EUIPO and of the General Court appears to be in conflict with the case law of the Court of Justice even though the latter is binding upon EUIPO and the General Court. The Defendants contend that EUIPO and the General Court are right and the Court of Justice is wrong. If the UK was still a Member State of the EU, the correctness of this contention could be determined by means of a reference to the Court of Justice. The Court of Justice can, and very occasionally does, depart from its previous decisions, although by convention this requires a decision of the Grand Chamber (see, for example, Case C-673/18 *Santen SAS v Directeur général de l’Institut national de la propriété industrielle* [EU:C:2020:34] overruling Case C-130/11 *Neurim Pharmaceuticals (1991) Ltd v Comptroller-General of Patents* [EU:C:2012:489]). That course is no longer open to us, however. We must decide the issue for ourselves. That involves answering two questions. First, what is the correct interpretation of the legislation? Secondly, if we consider that the correct interpretation of the legislation is that contended for by the Defendants, should we depart from *Budvar*? But first one must identify the legislation to be interpreted.

### *What is the applicable legislation?*

66. It is not entirely clear which provision falls to be interpreted. At the date when the Defendants contend that time started to run, July 2014, the applicable provision was Article 54 of Regulation 207/2009. At the date when the Claimant contends that time started to run, 26 July 2019, the applicable provision was Article 61 of Regulation

2017/1001. Either way, it is arguable that the applicable provision is to be determined by reference not to the date when it is alleged that time started to run, but to the date when it is alleged that the limitation bar arose. On the Defendants' case, that is July 2019. That again leads to Article 61 of Regulation 2017/1001. If the Claimant is wrong on issue 1 but right on issue 2, however, time did not start running until May or June 2016 and therefore the limitation bar cannot have arisen until May or June 2021. At those dates, the applicable provision was section 48(1) of the 1994 Act, which should be interpreted in accordance with Articles 9(1) and 18(1) of Directive 2015/2436.

67. Although neither side argued that it mattered which provision applied, and the wording of the various provisions is very similar, there is a slight difference between them which is potentially material to this issue. In Article 9(1) of Directive 89/104, which was under consideration by the Court of Justice in *Budvar*, the key words are "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". The same wording appears in the subsequent Directives. In Article 53(1) and (2) of Regulation 40/94, which were under consideration by the Boards of Appeal and the General Court in the cases cited in paragraphs 49-60 above, the key words are "has acquiesced, for a period of five successive years, in the use of a later Community trade mark ... while being aware of such use". Almost exactly the same wording appears in Article 107(2) of Regulation 40/94, except that the word "later" is omitted. The difference is that the wording in Regulation 40/94 does not explicitly refer to the later Community trade mark being registered. The same is true of the wording of the corresponding provisions of the later Regulations.
68. It is clear from the jurisprudence of the General Court, however, that this slight difference in wording is not material, because the General Court has held in *I Marchi Italiani* and its subsequent case law, consistently with *Budvar*, that time cannot start running until the later EU trade mark has been registered. Moreover, the Court of Justice has frequently held that, as one would expect, parallel provisions in the Directives and Regulations should be interpreted in the same manner.

#### *The correct interpretation of the legislation*

69. It is well established that provisions of the Directives and Regulations must be interpreted having regard to the wording of the relevant provision, its context and the objectives of the legislation.
70. In my judgment the more natural reading of the operative words in the Directives and Regulations is that the proprietor of the earlier trade mark must be aware of the use of the later trade mark, but not the registration of the later trade mark. As the Board of Appeal pointed out in *Ghibli*, if the legislative intention had been to require knowledge of both use and registration, it would have been easy to say so. Furthermore, this reading is supported by the recitals to the Directives. I acknowledge, however, that it is possible to interpret the words in the way in which the Advocate General and the Court of Justice did in *Budvar* and the judge did in this case. I therefore turn to consider the context and the objectives of these provisions.
71. I considered limitation by acquiescence in some detail in *Combe International LLC v Dr August Wolff GmbH & Co KG* [2022] EWCA Civ 1562, [2023] Bus LR 532 with

the agreement of Newey and Simler LJJ. The issues in that case concerned the manner in which the proprietor of the earlier trade mark can bring the period of acquiescence to an end. There was no dispute as to when the five year period had started. Nevertheless, there are two passages in the judgment which are relevant to the present issue. Both are expressed by reference to section 48(1) of the 1994 Act, but the reasoning is equally applicable to the corresponding provisions in the Directives and the Regulations.

72. The first concerns the context, and specifically the way in which the legislation works:

“58. ... [Section 48(1)] specifies a single condition which has two separate consequences. It is important to distinguish the condition from the consequences.

59. The condition is that ‘the proprietor of an earlier trade mark ... has acquiesced for a continuous period of five years in the *use* of a registered trade mark in the United Kingdom, being aware of that *use* [emphases added]’. Thus the acquiescence must be in respect of the use of the later trade mark. Acquiescence in the registration of a later trade mark which is not being used does not give rise to a defence under section 48(1).

60. The two consequences are that the proprietor of the earlier trade mark ceases to be entitled, first, ‘to apply for a declaration that the *registration* of the later trade mark is invalid [emphasis added]’; and secondly, ‘to *oppose the use* of the later trade mark [emphasis added]’. As is common ground, a declaration that the registration of the later trade mark is invalid has no impact at all on the use of that trade mark: the proprietor of the later trade mark remains free to continue to use it. This is because registration confers no positive right to use a trade mark, rather it is an exclusionary right to prevent others from using it: see *Fédération Cynologique and R (British American Tobacco UK Ltd) v Secretary of State for Health* [2016] EWCA Civ 1182, [2018] QB 149 at [46]-[69] (Lewison LJ giving the judgment of the Court of Appeal). If the proprietor of the earlier trade mark wishes to prevent use of the later trade mark, it must take action to oppose that use, that is to say, action to enforce the rights conferred by the earlier trade mark to prevent the use by other parties of conflicting signs i.e. infringing use.

61. Both the condition and the second consequence concern the use of the later trade mark. The rationale for this is obvious: having acquiesced in the use of later trade mark for five years, the proprietor of the earlier trade mark cannot (bring an action to) oppose further use of the later trade mark. The rationale for the first consequence is perhaps less obvious, but is nevertheless not hard to discern. As counsel for the Defendants pointed out, it is to protect the ability of the proprietor of the later trade

mark to enforce the rights conferred by that trade mark to prevent the use by third parties (i.e. other than the proprietor of the earlier trade mark, which is protected from such a claim by section 48(2) implementing Article 9(3) of the Directive) of conflicting signs. The need for this arises because, in general, the grounds for bringing infringement proceedings mirror the relative grounds of objection to validity. Thus, if the proprietor of the earlier trade mark is able to oppose the use of the later trade mark in infringement proceedings, it will normally also be able to invalidate the later trade mark on the same grounds.  
....

62. Combe point out that the defence created by section 48(1) only applies to later trade marks which are registered and not to unregistered trade marks. Combe argue that an application for a declaration of invalidity is an attack upon the existence of the registration which founds the defence, and therefore that must suffice to preclude acquiescence in the use of the earlier trade mark. The judge was persuaded by this argument, but I disagree. As I have explained, registration and use are different things. The defence is founded upon acquiescence in use, not acquiescence in registration. A claim for a declaration of invalidity constitutes action to oppose the registration of the later trade mark, but it does not constitute action to oppose the use of the later trade mark. Action to oppose use of the later trade mark requires a claim for infringement. As the Court of Justice put it in *Fédération Cynologique* at [47]-[48], actions for infringement and actions for declarations of invalidity ‘are distinguished in terms of their object and effects’.”
73. The second passage concerns the purpose of the legislation as explained by the CJEU in *Budvar* and in Case C-466/20 *Heitec AG v Heitech Promotion GmbH* [EU:C:2022:400], which is of persuasive authority:
  - “65. ... There are three inter-related aspects to this. The first is that it 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. As the CJEU indicated in *Budvar* at [29], the way in which the proprietor of the earlier trade mark safeguards its essential function of indicating origin is by taking action to enforce its rights to prevent the use of conflicting signs. Removing a later trade mark from the register does not safeguard the essential function of the earlier trade mark.
  66. The second aspect is that protection is limited to those cases in which the proprietor shows itself to be sufficiently vigilant by opposing the use of signs by other operators likely to infringe its mark. ...
  67. The third aspect is the need for legal certainty. Like any limitation provision, section 48(1) is designed to prevent rights being enforced if

the right holder does not take action for a period of time, here five years. In many contexts this is simply in order to forestall stale claims being litigated when memories have faded and documents have been destroyed or mislaid. But ... in the trade mark context use of a conflicting sign may affect the average consumer's perception of the earlier trade mark. That has potential consequences not only for the proprietors of the respective trade marks, but also for the consuming public. The central (although not necessarily the only) justification for trade mark protection is to reduce what the academic literature refers to as 'consumer search costs', but coexistence of confusingly similar trade marks is liable to increase such costs. Section 48(1) gives the proprietor of the earlier trade mark an incentive to prevent this happening."

74. In my view the considerations outlined in those passages support interpreting the legislation as only requiring knowledge of the use of the later trade mark and not of its registration. As explained there, use and registration are two different things. Use affects the market, while registration does not. The condition focuses upon use of the later trade mark, while the consequences concern both registration and use. Furthermore, the purpose of the legislation is to sanction proprietors of earlier trade marks who are insufficiently vigilant to stop use of later trade marks. This is in the interests of themselves, users of later trade marks and the consuming public. It follows that, provided that the later trade mark is in fact registered, time should run from the date on which the proprietor of the earlier trade mark becomes aware of use of the later trade mark, not from some later date.
75. Furthermore, as counsel for the Defendants submitted, requiring knowledge of registration of the later trade mark would give the proprietor of the earlier trade mark a perverse incentive not to consult the register in order to delay time running. The whole point of a register of trade marks is that it is a public record of registrations (and, in both the EU and the UK, of applications for registration). Users of trade marks should be encouraged to consult the register. In the context of deciding whether the user of a sign which is alleged to infringe a trade mark has a defence under section 11(2) of the 1994 Act and the corresponding provisions of the Directives and Regulations, which require that the use be in accordance with honest practices in industrial or commercial matters, a requirement that the Court of Justice has interpreted as constituting a duty to act fairly in relation to the legitimate interests of the trade mark proprietor, it has been held that a relevant factor to consider is whether the user knew of the existence of the trade mark, and if not whether it would have been reasonable for the user to carry out a search: see in particular *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EWHC 1879 (Ch), [2012] FSR 7 at [118](i).
76. This ties in with the point I touched on in paragraph 59 above. While the proprietor of the earlier trade mark cannot apply for a declaration of invalidity in respect of the later trade mark unless and until the latter is registered, the proprietor can ascertain whether it is registered by carrying out a search. If the later trade mark has already been registered, the proprietor can find that out as soon as the proprietor becomes aware of the use of the later trade mark. If it has not yet been registered, the proprietor can find out as soon as this occurs by keeping a watch on the register (or, more likely, instructing a trade mark attorney to do so).



77. A further consideration is that, as counsel for the Defendants also submitted, proof of knowledge of registration may well be significantly more burdensome than proof of knowledge of use, particularly since communications between the proprietor of the earlier trade mark and its professional advisors are likely, at least in the UK, to be covered by legal professional privilege and no inference may be drawn by a court from the claim to privilege. In countries without disclosure (discovery) the same problem will arise even if legal professional privilege does not attach to such communications. Contrary to the submission of counsel for the Claimant, it is no answer to this problem that the user of the later mark may choose to indicate that it is registered by means of the ® symbol: there is no requirement in EU or UK law to use that symbol, and many trade mark proprietors do not do so. One solution to the problem might be to presume that proprietors of earlier trade marks are aware of the state of the register unless they prove otherwise. That solution has little to commend it, however. There is nothing in the legislation to support such a presumption, and it would not solve the problem discussed in paragraph 75 above.
78. Finally, another problem with requiring knowledge of registration is that it potentially gives rise to further questions. Knowledge of the mere fact of registration of the later trade mark cannot be sufficient. To be meaningful, the proprietor must have knowledge of all the information recorded on the register, and in particular the form in which the trade mark is registered and the specification of goods and/or services. What happens if the proprietor of the earlier trade mark discovers that the form in which the later trade mark is used differs from the form in which it is registered and it is debatable whether the differences affect the distinctive character of the trade marks or that there is a question as to whether the use falls within the specification of goods? Can the proprietor of the earlier trade mark argue that it did not have sufficient knowledge even if it is subsequently decided by a court that the use did qualify as use of the later trade mark? I cannot believe that the legislation is intended to give rise to issues of this kind.
79. I therefore conclude that the legislation should be interpreted as meaning that the five year period starts to run once the proprietor of the earlier trade mark becomes aware of the use of the later trade mark, and the later trade mark is in fact registered, whether or not the proprietor of the earlier trade mark is aware of the registration of the later trade mark. In order to give effect to this conclusion, however, this Court must depart from *Budvar*.

*Should this Court depart from Budvar?*

80. *Budvar* is “retained EU case law” within section 6(7) of the European Union (Withdrawal) Act 2018, meaning that it continues to form part of domestic law after Brexit and continues to bind lower courts: section 6(3) of the 2018 Act. The Court of Appeal and the Supreme Court have power to depart from such judgments of the CJEU, but only on the same basis that the Supreme Court has power to depart from one of its own precedents or of one of the House of Lords in accordance with the *Practice Statement (Judicial Precedent)* [1966] 1 WLR 1234; see section 6(5A) of the 2018 Act and the European Union (Withdrawal) Act 2018 (Relevant Court) (Retained EU Case Law) Regulations 2020 (SI 2020/1525).
81. In the domestic context both the House of Lords and the Supreme Court have consistently stated that this is a power to be exercised with great caution. As Lord

Bingham of Cornhill said in *Horton v Sadler* [2006] UKHL 27, [2007] 1 AC 307 at [29] in a passage cited as continuing to be applicable by Lord Wilson in *Peninsula Securities Ltd v Dunnes Stores Ltd (Bangor) Ltd* [2020] UKSC 36, [2021] AC 1014 at [49] (two decisions in which the power was exercised):

“Over the past 40 years the House has exercised its power to depart from its own precedent rarely and sparingly. It has never been thought enough to justify doing so that a later generation of Law Lords would have resolved an issue or formulated a principle differently from their predecessors.”

82. Counsel for the Defendants argued that one factor that should make this Court readier to depart from *Budvar* was that, if it were a domestic precedent, what the Court said about knowledge would not form part of the *ratio decidendi*, but would constitute *obiter dicta*. In my view this factor is of little weight. The Court of Justice does not follow the rules of precedent which apply in domestic law. What is more important from the perspective of the Court’s own jurisprudence is that the relevant point formed part of the *dispositif*. This is the Court’s formal answer to the question of law which has been referred to it, and which the national court is obliged to apply.
83. Where I think that counsel for the Defendants was on stronger ground was in his submission that *Budvar* was unpersuasive because neither the Advocate General’s Opinion nor the Court’s judgment contained any analysis of the issue, but simply stated a bald conclusion. Furthermore, they do not appear to have had the benefit either of receiving any arguments on this point or of considering the reasoning in *Ghibli*. Still less did they review the considerations discussed in *Combe* and above.
84. Furthermore, *Budvar* is an isolated judgment. Even the reasoned order in *I Marchi Italiani*, while restating the fourth condition identified in *Budvar*, is not entirely consistent with it. Thus the present case is very different to *Warner Music UK Ltd v TuneIn Inc* [2021] EWCA Civ 441, [2021] Bus LR 1119, where the Court of Justice had developed its jurisprudence on the issue of communication to the public of copyright works over the course of no less than 25 judgments, including three Grand Chamber judgments, and had far greater experience of the issue than this Court.
85. I also think that it is significant that the case law of the General Court and the practice of EUIPO both appear to be at variance with *Budvar*. While it would be presumptuous for this Court to try to predict what the Court of Justice would decide if this issue came before it, there is at least a real possibility that it would endorse the approach of EUIPO and the General Court and depart from its previous decision.
86. This is also relevant to the question of legal certainty. One of the main reasons why the Supreme Court is cautious about departing from its own precedents is that doing so risks undermining legal certainty. In the present case, however, this consideration is of little weight. Few trade mark proprietors are likely to have based their commercial strategies on this aspect of *Budvar*. Moreover, a well-advised trade mark proprietor would be aware that EUIPO and the General Court have taken a different approach and that the Court of Justice might depart from *Budvar*.
87. Counsel for the Claimant pointed out that the Defendants had not cited any academic criticism of this aspect of *Budvar*. In my view this factor is also of little weight. This is

a narrow issue in a specialised field. Unlike the issue of communication to the public in copyright law, it is not an issue which has attracted much academic commentary at all.

88. Finally, counsel for the Claimant submitted that there was no reason for thinking that this aspect of *Budvar* unduly restricted the proper development of the law. I disagree with this. As a number of recent cases in this jurisdiction, including *Combe*, show, there are a surprising number of trade mark disputes in which delays on the part of trade mark proprietors (and proprietors of rights in passing off) have led to complex disputes arising when prompt action would have prevented this. Statutory acquiescence is a key tool for dealing this problem, and it underpins the defence in section 11(1) of the 1994 Act. It is therefore important that the courts of this jurisdiction are able to apply the legislation in the manner which best serves its objectives.
89. Accordingly, I conclude that this Court should depart from *Budvar* to the extent of holding that the five year period starts to run when the proprietor of the earlier trade mark becomes aware of the use of the later trade mark and the later trade mark is in fact registered, whether or not the proprietor of the earlier trade mark is aware of the registration of the later trade mark.

Issue 2: What is the registration date in the case of an international trade mark protected in the EU?

90. In considering this issue it is again necessary to begin by identifying the applicable legislation. By the end of the hearing there was little dispute that this is Regulation 207/2009, since the question concerns the registration date of the Defendants' EU Trade Marks and that date was in either 2015 or 2016. Nor was there any dispute that the relevant provisions in Regulation 207/2009 should, so far as possible, be interpreted consistently with the Madrid Protocol.

*Relevant provisions of the Madrid Protocol*

91. The Madrid Protocol, which was adopted on 27 June 1989 and amended on 3 October 2006 and 12 November 2007, establishes a system which enables proprietors of trade marks applied for or registered in one Contracting Party to secure protection in other Contracting Parties by a streamlined procedure.
92. The following provisions are relevant:

“Article 2

**Securing Protection through International Registration**

- (1) Where an application for the registration of a mark has been filed with the Office of a Contracting Party, or where a mark has been registered in the register of the Office of a Contracting Party, the person in whose name that application (hereinafter referred to as ‘the basic application’) or that registration (hereinafter referred to as ‘the basic registration’) stands may, subject to the provisions of this Protocol, secure protection for his mark in the territory of the Contracting Parties, by obtaining the registration of that mark in the register

of the International Bureau of the World Intellectual Property Organization (hereinafter referred to as ‘the international registration,’ ‘the International Register,’ ‘the International Bureau’ and ‘the Organization,’ respectively) ...

### Article 3

#### **International Application**

...

- (4) The International Bureau shall register immediately the marks filed in accordance with Article 2. The international registration shall bear the date on which the international application was received in the Office of origin, provided that the international application has been received by the International Bureau within a period of two months from that date. If the international application has not been received within that period, the international registration shall bear the date on which the said international application was received by the International Bureau. The International Bureau shall notify the international registration without delay to the Offices concerned. Marks registered in the International Register shall be published in a periodical gazette issued by the International Bureau, on the basis of the particulars contained in the international application.

...

### Article 3ter

#### **Request for ‘Territorial Extension’**

- (1) Any request for extension of the protection resulting from the international registration to any Contracting Party shall be specially mentioned in the international application.
- (2) A request for territorial extension may also be made subsequently to the international registration. Any such request shall be presented on the form prescribed by the Regulations. It shall be immediately recorded by the International Bureau, which shall notify such recordal without delay to the Office or Offices concerned. Such recordal shall be published in the periodical gazette of the International Bureau. Such territorial extension shall be effective from the date on which it has been recorded in the International Register; it shall cease to be valid on the expiry of the international registration to which it relates.

### Article 4

#### **Effects of International Registration**

- (1)(a) From the date of the registration or recordal effected in accordance with the provisions of Articles 3 and *3ter*, the protection of the mark in each of the Contracting Parties concerned shall be the same as if the mark had been deposited direct with the Office of that Contracting Party. If no refusal has been notified to the International Bureau in accordance with Article 5(1) and (2) or if a refusal notified in accordance with the said Article has been withdrawn subsequently, the protection of the mark in the Contracting Party concerned shall, as from the said date, be the same as if the mark had been registered by the Office of that Contracting Party.

...

#### Article 5

#### **Refusal and Invalidation of Effects of International Registration in Respect of Certain Contracting Parties**

- (1) Where the applicable legislation so authorizes, any Office of a Contracting Party which has been notified by the International Bureau of an extension to that Contracting Party, under Article *3ter*(1) or (2), of the protection resulting from the international registration shall have the right to declare in a notification of refusal that protection cannot be granted in the said Contracting Party to the mark which is the subject of such extension. Any such refusal can be based only on the grounds which would apply, under the Paris Convention for the Protection of Industrial Property, in the case of a mark deposited direct with the Office which notifies the refusal. ...
- (2)(a) Any Office wishing to exercise such right shall notify its refusal to the International Bureau, together with a statement of all grounds, within the period prescribed by the law applicable to that Office and at the latest, subject to subparagraphs (b) and (c), before the expiry of one year from the date on which the notification of the extension referred to in paragraph (1) has been sent to that Office by the International Bureau.
- (b) Notwithstanding subparagraph (a), any Contracting Party may declare that, for international registrations made under this Protocol, the time limit of one year referred to in subparagraph (a) is replaced by 18 months.
- (c) Such declaration may also specify that, when a refusal of protection may result from an opposition to the granting of protection, such refusal may be notified by the Office of the said Contracting Party to the International Bureau after the expiry of the 18 month time limit. ...

...

- (5) Any Office which has not notified, with respect to a given international registration, any provisional or final refusal to the International Bureau in accordance with paragraphs (1) and (2) shall, with respect to that international registration, lose the benefit of the right provided for in paragraph (1).

...”

93. The EU has been a Contracting Party to the Madrid Protocol since 2004. EUIPO applies the 18 month time allowed under Article 5(2)(b) and it exercises the power to refuse protection as a result of opposition conferred by Article 5(2)(c).

*Relevant provisions of Regulation 207/2009*

94. International registrations are dealt with in Title XIII of Regulation 207/2009. Section 3 deals with international registrations designating the EU. This includes the following provisions (as amended by Regulation 2015/2424):

*“Article 151*

**Effects of international registrations designating the Union**

1. An international registration designating the Union shall, from the date of its registration pursuant to Article 3(4) of the Madrid Protocol or from the date of the subsequent designation of the Union pursuant to Article 3<sup>ter</sup>(2) of the Madrid Protocol, have the same effect as an application for a Community trade mark.
2. If no refusal has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the international registration of a mark designating the Union shall, from the date referred to in paragraph 1, have the same effect as the registration of a mark as an EU trade mark.
3. For the purposes of applying Article 9(3), publication of the particulars of the international registration designating the Union pursuant to Article 152(1) shall take the place of publication of an EU trade mark application, and publication pursuant to Article 152(2) shall take the place of publication of the registration of an EU trade mark.

*Article 152*

**Publication**

1. The Office shall publish the date of registration of a mark designating the Union pursuant to Article 3(4) of the Madrid Protocol or the date of the subsequent designation of the Union pursuant to Article 3<sup>ter</sup>(2) of the Madrid Protocol, ... the number of the international registration and the date of

publication of such registration in the Gazette published by the International Bureau ....

2. If no refusal of protection of an international registration designating the Union has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the Office shall publish this fact, together with the number of the international registration and, where applicable, the date of publication of such registration in the Gazette published by the International Bureau.

#### *Article 160*

#### **Use of a mark subject of an international registration**

For the purposes of applying Article 15(1), Article 42(2), Article 51(1)(a) and Article 57(2), the date of publication pursuant to Article 152(2) shall take the place of the date of registration for the purpose of establishing the date as from which the mark which is the subject of an international registration designating the Union must be put to genuine use in the Union.”

95. Although it is not necessary to set them out, it is pertinent to note that Article 154 deals with examination of international registrations designating the Community on absolute grounds and refusal of protection where such a ground applies, and Article 156 deals with oppositions to international registrations designating the Community and refusal of protection in that context.

#### *Analysis*

96. The starting point in considering this issue is that, as noted by the Board of Appeal in *Ghibli* at [45] and the General Court in *I March Italiani* at [33], an EU trade mark is obtained by registration: see the sixth recital and Article 6 of Regulation 40/94, recital (7) and Article 6 of Regulation 207/2009 and recital (9) and Article 6 of Regulation 2017/1001.
97. Next, I think it is helpful to consider the procedure which had to be followed when an applicant applied directly to EUIPO to register an EU trade mark under Regulation 207/2009. In simplified terms, and ignoring complications such as appeals, this was as follows. Applications were required to be filed in accordance with Article 25. Those applications had to comply with the conditions in Article 26. The date of filing of the application was the date on which those conditions were complied with, subject to payment of the application fee within one month: Article 27. The Office would examine the application for compliance with formalities and to determine whether any of the absolute grounds for refusal applied: Articles 36 and 37. If the conditions which the application had to satisfy had been fulfilled, the Office would publish the application to the extent that it had not been refused under Article 37: Article 39(1). After publication, third parties could submit observations concerning the applicability of the absolute grounds: Article 40. Within three months of publication of the application, proprietors of earlier trade marks or signs could give notice of opposition to the application on relative grounds: Article 41. The Office was required to examine

the opposition and decide whether to uphold or reject it: Article 42. Where an application met the requirements of the Regulation, and either no notice of opposition had been given or the opposition had been rejected, the trade mark was to be registered as an EU trade mark: Article 45. Article 45 as originally enacted did itself not require publication of the registration by EUIPO, but this requirement was evident from other provisions, and the omission was rectified by an amendment introduced by Regulation 2015/2424. The rights conferred by a EU trade mark prevailed against third parties from the date of publication of registration of the trade mark, but reasonable compensation could be claimed in respect of acts occurring after the date of publication of the application that would be prohibited after publication of the registration: Article 9b(2). The court seized of the case could not decide on the merits of the case until the registration had been published (Article 9b(3)), which suggests that proceedings for infringement could be brought before publication (but not necessarily before registration). The procedure under Regulation 2017/1001 is essentially the same.

98. In *Budvar* the Court of Justice held that registration of the later trade mark was one of the conditions which must be satisfied for the five year period to start running. In the EU trade mark context the General Court has held that this is the registration date, not the date of application: see *I Marchi Italiani* at [32] (quoted in paragraph 58 above). The Board of Appeal held in *Ghibli* at [45] and [47] (quoted in paragraph 55 above) that the registration date for this purpose was the actual registration date and not the date when the registration was published.
99. The Madrid Protocol enables an applicant to secure protection in the EU by the international route rather than having to apply directly to EUIPO. To this end, Section 3 of Title XIII adapts the procedures applicable to direct applications so as to apply them to international registrations. It is important to appreciate that use of the Madrid route does not enable an applicant to circumvent the grounds for refusal of registration, both absolute and relative, that apply under the Regulation.
100. Ignoring the situation where the EU is designated at a later stage, Article 151(1) provides that an international registration designating the EU shall, from the date of its registration pursuant to Article 3(4) of the Madrid Protocol, have the same effect as an *application* for an EU trade mark. Thus the mere fact that the trade mark has been registered by WIPO designating EU does not confer protection of the trade mark in the EU: it must still be examined, published, opened to opposition and so on.
101. Article 151(2) provides that, if no refusal has been notified by EUIPO to WIPO, an international registration designating the EU shall, from the date referred to in Article 151(1), have the same effect as registration of a mark as an EU trade mark. Read in the context of Article 151(1), this must mean that, if the international registration is not refused by EUIPO on absolute or relative grounds at the conclusion of the process initiated pursuant to Article 151(1), then it has the same effect as an ordinary EU trade mark. In a case such as the present, the date referred to in Article 151(1) is the international registration date. When Article 151(2) says “from the date referred to in paragraph 1”, it must mean “with effect from”.
102. How this works is then spelt out by Article 151(3): for the purposes of Article 9(3), publication of the international registration pursuant to Article 152(1) takes the place of publication of an EU trade mark application and publication of the international



registration pursuant to Article 152(2) takes the place of publication of the registration of an EU trade mark. EUIPO refers to these two events as “first republication” and “second republication”, and the date of second republication is included in Part M.3.1 of the *EU Trade Mark Bulletin*: see the *Guidelines* Part M Section 3 paragraphs 3.3 and 3.10. Furthermore, Article 160 makes it clear that the second republication date takes the place of the date of registration for the purposes of the non-use provisions.

103. Counsel for the Defendants relied on the fact that the EUIPO register entries of the Defendants’ EU Trade Marks give the “registration date” as 18 June 2015. It is clear that this refers to the international registration date, however. Furthermore, the register entries also record the dates of acceptance and the second republication dates of the Defendants’ EU Trade Marks. It can be seen from the UKIPO register entries for the Defendants’ UK Trade Marks that, when creating these comparable marks, UKIPO has treated the international registration date as the filing date and taken the second republication date as the date of entry on the register.
104. Pausing there before turning to Madrid Protocol, if one asks what is the registration date of an international trade mark protected in the EU for the purposes of limitation by acquiescence under Article 54(1) of Regulation 207/2009, then the answer must be that it is either the date on which the international trade mark is accepted by EUIPO or the second republication date. As the General Court pointed out in *I Marchi Italiani* at [32], the proprietor of the earlier trade mark cannot apply for a declaration that the later trade mark is invalid until the later trade mark is registered. In the case of an international trade mark protected in the EU, this cannot be any earlier than the date of acceptance.
105. The Defendants argue that, even if this would be the correct interpretation of Regulation 207/2009 read in isolation, the provisions of the Madrid Protocol, and in particular Article 4(1)(a), require it to be interpreted as meaning that the registration date of an international registration (EU) is the international registration date. I disagree. Article 151(1) and (2) of Regulation 207/2009 closely reflect the first and second sentences of Article 4(1)(a) of Madrid respectively. The logic of Article 4(1)(a) is the same as I have explained above: from the international registration date designating a Contracting Party, the international trade mark is to be treated as having the same effect as a regular national application; and if it is not refused by that Contracting Party, the international trade mark is to be treated as having the same effect as a regular national registration with effect from the international registration date. Nor does this pre-empt the laws of the Contracting Parties with regard to questions such as the registration date for the purposes of statutory acquiescence.
106. I therefore conclude that the registration dates of the Defendants’ EU Trade Marks were either 24 or 25 May 2016 and either 14 or 15 June 2016 respectively. It is not necessary to decide whether the correct date is the date of acceptance (as suggested by analogy with *Ghibli*) or the second republication date (as suggested by analogy with Article 160) for this purpose, because it makes no difference on the facts of this case. Even if the relevant date in the case of 685 was 24 May 2016, the claim form was issued on 24 May 2021. That was the last day of the five year period and therefore just in time to stop a full five years’ acquiescence accruing: compare the approach to calculating the five year period of non-use founding an application for revocation explained in *BSA by R2 Trade Mark* [2008] RPC 22. The claim form was served within the four month period allowed under the Civil Procedure Rules. Following the

reasoning of the Court of Justice in *Heitec* at [58]-[68] discussed in *Combe* at [48]-[53], that was effective to stop acquiescence as at the date of issue.

107. It follows that, although the Defendants succeed on ground 1, they do not succeed on ground 2. This means that the appeal must be dismissed. Strictly speaking, that makes it unnecessary to consider the respondent's notice. In case I am wrong on ground 2, however, I shall briefly address it.

Issue 3: When did acquiescence cease?

108. The Claimant's pleaded case was that it had taken sufficient action to stop time running before the expiry of the five year period because (ignoring a contention which is no longer pursued in the light of *Combe*) it had sent the letter before claim dated 2 July 2019 which must have come to the Defendants' attention by no later than 26 July 2019, alternatively because it had issued the claim form on 24 May 2021. Although the Claimant did not plead reliance upon its letter dated 18 December 2020, it did rely upon this letter in closing submissions at trial without objection from the Defendants. The judge did not need to decide whether the Claimant had stopped time by means of its letters because of her finding that time had not started to run until 26 July 2019.
109. The Claimant contends that the letters were sufficient to stop time running. I disagree. Merely sending a warning letter is not enough, but if the warning letter is followed within a reasonable period by administrative or court action, then the warning letter will stop time running: see *Heitec* at [46]-[57] and *Combe* at [43]-[47]. In my judgment the claim form was not issued within a reasonable period from either 2 (or 26) July 2019 or 18 December 2020.

Issue 4: The Claimant's claim for passing off

110. The Claimant contends that, even if its claim for infringement of the Claimant's Trade Mark is barred by statutory acquiescence, this does not bar its claim for passing off. The Claimant acknowledges that the judge did not determine that claim, but contends that the findings of fact she made in the context of determining the Claimant's challenge to the validity of the Defendants' UK Trade Mark are sufficient to make it good.
111. I agree with the Defendants that this contention amounts to a cross-appeal for which the Claimant requires permission. It is true that the judge did not dismiss the Claimant's claim for passing off, but neither did she grant the Claimant relief for passing off. The effect of the Claimant's contention, if successful, would be to entitle it to such relief. I would grant the Claimant permission to cross-appeal, however.
112. The Claimant contends that statutory acquiescence is not a bar to a claim in passing off. The Claimant relies upon section 2(2) of the 1994 Act, which provides:
- “No proceedings lie to prevent or recover damages for the infringement of an unregistered trade mark as such; but nothing in this Act affects the law relating to passing off.”
113. I do not accept this contention for the following reasons. First, section 2(2) is derived from section 2 of the Trade Marks Act 1938, which is in turn derived from sections 42

and 45 of the Trade Marks Act 1905, and section 45 of the 1905 Act was declaratory of the existing law. These provisions reflect the historical roots of English trade mark and passing off law prior to 1875 and the way in which the Trade Marks Registration Act 1875 was enacted: see *Kerly's Law of Trade Marks and Trade Names* (8<sup>th</sup> ed, 1960) at 251-257. Section 2(2) is not derived from, or permitted by, Directive 89/104, and cannot qualify provisions such as section 48(1) which do implement the Directives. Still less could section 2(2) qualify the rights of proprietors of EU trade marks under the Regulations prior to 31 December 2020. Accordingly, as counsel for the Claimant accepted, if the applicable legal provision is either Article 54(2) of Regulation 207/2009 or Article 61(2) of Regulation 2017/1001 (or Articles 110(1) and 111(2) of Regulation 207/2009 or Articles 137(1) and 138(2) of Regulation 2017/1001), section 2(2) has no effect.

114. Secondly, although it derives from section 2 of the 1938 Act, section 2(2) of the 1994 Act is drafted slightly differently. Section 2 of the 1938 Act provided that “nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof”. By contrast, section 2(2) of the 1994 Act merely states that it does not affect the law of passing off. The difference in wording allows for the possibility that, while the Act does not generally affect the law of passing off, it may nevertheless affect the rights of specific persons in particular circumstances.
115. Thirdly, even if the preceding point is disregarded, section 2(2) is a general provision, whereas section 48(1) is a specific provision as to the consequence of five years’ acquiescence by proprietors of (among other things) rights in respect of signs used in the course of trade protected by the law of passing off. Applying ordinary principles of statutory interpretation, the specific provision takes precedence over the general.
116. It follows that, if the Defendants’ case of statutory acquiescence was made out, it would bar the Claimant’s claim for passing off as well as its claim for infringement of the Claimant’s Trade Mark. As it is, neither claim is barred. My understanding of the Claimant’s position is that it does not seek a determination of the passing off claim if the appeal is dismissed (i.e. the cross-appeal is a contingent one). If it were necessary for the passing off claim to be determined, I would remit that question to the judge. She evidently did not consider that the issue was necessarily resolved by her findings with respect to the validity of the Defendants’ UK Trade Marks, and in those circumstances the right course would be for the judge to undertake the required evaluation.

## Result

117. I would dismiss the appeal.

## **Lord Justice Nugee:**

118. I agree. I have read with gratitude and admiration the judgment of Arnold LJ which explains the issues and the reasons for his conclusion with great clarity.
119. On issue 1 I have not found it easy to decide whether this is an appropriate case to exercise the power conferred by the 2018 Act and the regulations to depart from the Court of Justice’s decision in *Budvar*. One starts with the legislation which makes it

clear that this Court (being a relevant court by reg 3(b) of the European Union (Withdrawal) Act 2018 (Relevant Court) (Retained EU Case Law) Regulations 2020) can depart from retained EU case law, but (by reg 5) must apply the same test as the Supreme Court would apply in deciding to depart from its own case law. That test is no doubt formally the same as that announced by Lord Gardiner LC in the 1966 Practice Statement in relation to the House of Lords, namely that their Lordships “propose ... while treating former decisions of this House as normally binding, to depart from a previous decision when it appears right to do so.” But as the cases cited by Arnold LJ at paragraph 81 above illustrate, the House of Lords, and the Supreme Court as its successor, have consistently emphasised the need for caution before exercising the power.

120. In the present case the arguments for *not* departing from *Budvar* seem to me to be as follows. The Court was asked an entirely general question as to when the 5 year period commenced. It gave a clear answer to that question (which followed the similar analysis by Advocate General Trstenjak), and, as pointed out by Arnold LJ at paragraph 82 above, this therefore formed part of its *dispositif* or formal ruling (and as such was not only binding on the parties in the case referred, but, as I understand it, was a statement of the law that applied, and could be relied on, throughout the member states of the EU). Nor does *Budvar*, decided in 2011, stand entirely alone because in 2013 the Court of Justice in its reasoned order in *I Marchi* repeated at [53] that the conditions for the limitation period to run by acquiescence included “the fact that the owner of the earlier mark must be aware of the registration of the later mark and of the use thereof after registration”.
121. Arnold LJ points out that neither the Advocate General nor the Court in *Budvar* provides any analysis of the position, simply stating a bald conclusion. This is true. But I think it is possible to discern the reasoning. Both the Advocate General in her Opinion (at [74]) and the Court in its Judgment (at [53]) say in terms that it is “the wording of Art 9(1) of the Directive” which shows, or from which it is apparent, that the four conditions must be satisfied. The relevant wording is set out in the judgment of Arnold LJ at paragraph 67 above. In Article 9(1) of Directive 89/104, the relevant words are “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”. Since the proprietor of the earlier right must be “aware of such use”, the question is what “such use” means. Does it mean only that he must be aware of the use of a mark which is in fact registered in that Member State, or does it mean that he must be aware of the fact that what was being used was a mark registered in that Member State? Purely as a matter of language the latter is a perfectly tenable reading. Indeed to my mind it might be thought to be the more natural one, or in other words that the relevant question to ask the proprietor of the earlier right is “Were you aware that a registered trade mark was being used?”.
122. In those circumstances I think it doubtful whether the mere fact that a different reading was tenable and might seem preferable would have been sufficient to justify departing from the Court of Justice’s interpretation. It is not enough that a subsequent court simply comes to a different view on a question from an earlier court. But as Arnold LJ’s masterly analysis convincingly shows, not only is there an alternative reading available, but there does appear to be a divergence (surprising as this may seem to our eyes) between on the one hand the approach adopted by the

OHIM/EUIPO and the General Court in *Ghibli* and later cases, and on the other the position of the Court of Justice in *Budvar* which suggests that the question is not regarded as settled at European level; and the wider context, the objectives of the legislation and practical considerations all suggest that the better view is that the proprietor of the earlier right need only be aware of the use of the later mark, not of the fact of its registration. In those circumstances I am persuaded that this is indeed a case where we can and should exercise the new freedom to depart from retained EU case law as Arnold LJ suggests.

123. This does not however assist the Appellant unless it also succeeds on Ground 2. Here I entirely agree with Arnold LJ's analysis of the provisions. The question can be tested by asking whether on say 1 January 2016 time had already started running. At that date the international registrations had been received by the EUIPO but they had not yet been accepted by the EUIPO, the periods for objection having not expired. By Article 151(1) of the 2009 Regulation the international registrations took effect as if applications for EU trade marks had been made: see per Arnold LJ at paragraph 100 above. But an application for an EU trade mark does not start time running for the purposes of acquiescence: see per Arnold LJ at paragraph 98 above. That seems to me to be conclusive of the point and to mean that on 1 January 2016 time had not started running, and that it did not start until (in the case of 685) 24 May 2016 at the earliest.
124. On that basis the issue of the claim form on 24 May 2021 was on the last available day of the 5 year period and was enough to stop time running (being duly served within 4 months) for the reasons given by Arnold LJ at paragraph 106 above, citing by way of comparison *BSA by R2 Trade Mark*. It may be noted that this is in accordance with the normal position in English law in relation to limitation periods. If a cause of action accrues on a particular day (here 24 May) and the relevant limitation period is for example 6 years, the last day for the issue of a claim form is usually the corresponding date 6 years later. That was decided by this Court in *Pritam Kaur v S Russell & Sons Ltd* [1973] QB 336. In *Matthew v Sedman* [2021] UKSC 19, [2022] AC 299, the Supreme Court had to consider how this applied in the particular case where a cause of action accrued at the end of a day (at midnight), but it did not cast any doubt on the general position as stated in *Pritam Kaur*.
125. It follows that the defence of acquiescence is not established in the present case and I agree that the appeal should be dismissed.
126. On the issues raised by the Respondent's notice I agree with Arnold LJ and do not have anything to add.

**Lady Justice King:**

127. I too would dismiss the appeal for the reasons given in the judgment of Arnold LJ and further analysed by Nugee LJ.