

## **Court Case Review (Trademarks) Budweiser Case**

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The Tokyo High Court rendered a judgement on July 30, 2003 in the so-called Budweiser case, HEI-14 (Ne) 5791. In the case, the Tokyo High court upheld the decision of the Tokyo District Court, which granted in part Anheuser Bush Inc.'s claims for injunction, damages and restitution on the ground of trademark infringement or unfair competition.

### **The Tokyo District Court**

#### **The facts**

Anheuser Busch Inc. is an American corporation manufacturing and selling lager beer bearing the marks "Budweiser", "Bud" and "Bud" in Katakana. Anheuser Busch Inc. owns trademark registrations in Japan for "Budweiser" and "BUD" in relation to beer.

On the other hand, Budejovicky Budvar, Narodni Podnik ("Budvar") is a Czech corporation selling beer named "Budejovicky" or "Budweiser" mainly in Europe. Budvar exported beer bearing the combination of the word "Budejovicky" with an underline and the word "Budvar" beneath the letters "jovicky" ("Mark 1"), "BUDEJOVICKY BUDVAR" shown in a ring-shaped form on a cap ("Mark 2"), "Budvar" in Katakana ("Mark 3") and "BUDWEISER BUDVAR, NATIONAL CORPORATION" ("Mark 4") (hereafter referred to as "Czech Marks") to Japan. K.K. Icon imported and sold the beer in Japan as a formal agency of Budvar.

Nippon Beer K.K. and Champagne House K.K. are companies for importing and selling alcohol beverages. Nippon Beer K.K. imported and sold bottled beer bearing the combination of the word "Budweiser" with an underline and the word "Budvar" beneath the letters "jovicky" ("Mark 5") and "BUDWEISER BUD BRAU" shown in a ring-shaped form on a cap ("Mark 6") (hereafter referred to as "German Marks"), which Budvar put on the European market.

In 2000, Anheuser Busch Inc. took action against Budvar, K.K. Icon, Nippon Beer K.K. and Champagne House K.K. to obtain an injunction, damages and restitution on the ground of trademark infringement or, alternatively unfair competition (HEI-12 (Wa) 7930).

### **Trademark Infringement**

In the action, the plaintiff, Anheuser Busch Inc. claimed infringement of their trademark right for “Budweiser” or “BUD” by the defendants, Budvar and K.K. Icon on the ground that Marks 1 through 6 include their well-known or famous registered mark “BUD” or “Budweiser” and the main part of Marks 1 through 6 is “Bud” or “Budweiser”, and therefore Marks 1 through 6 are confusingly similar to the registered marks “BUD” or “Budweiser”.

The District Court held that Mark 5 was confusingly similar to the plaintiff’s registered mark “Budweiser” in appearance and sound, stating that the part “Budweiser” by itself will be able to serve as a trademark apart from the part “Budvar”, because they are composed in two lines, and ordered injunctions, damages and restitution against Nippon Beer K.K. and Champagne House K.K. on the ground of trademark infringement. However, the District Court did not order them against Budvar for the reasons as summarized below.

(a) On the basis of the evidence, the District Court did not find that Budvar used “German Marks” on their beer exported to Japan.

(b) The defendants, Nippon Beer K.K. and Champagne House K.K. in a body sold “German Marks” beer imported by parallel import. However, it was not possible for Budvar to stop parallel import, and Budvar does not have any obligation to do so. Even though Budvar profits from the sale of “German Marks” beer by Nippon Beer K.K. and Champagne House K.K., this merely constitutes a reflective interest.

On the other hand, the Tokyo District Court denied similarity between the plaintiff’s registered marks and the defendant’s other marks in appearance, pronunciation or idea on the ground of the reasons as follows:

(a) In view of the appearance of each mark, regarding Mark 1, “Budejovicky” can be considered to be separated from “Budvar”; Marks 2 and 3 should be considered as a whole without “Budejovicky” being separated from “Budvar” and Mark 6 also should be considered as a whole without “BUDWEISER” being separated from “BUDBRAU”. Therefore the main part of those marks is neither the part “Bud” nor the part “Budweiser”.

(b) The District Court did not agree with the plaintiff’s argument that “Budejovicky” in Czech is equivalent to “Budweiser” and therefore Marks 1 and 2, including the word “Budejovicky”, should be held as similar to the plaintiff’s registered mark and that the part “Bud” is well known to the Japanese people as a mark of the plaintiff and therefore Marks 1, 2 and 3 should be held as similar thereto.

(c) The District Court held that the distinctive part of Mark 4 is the part “BUDWEISER BUDVAR”, because the part “NATIONAL CORPORATION” merely indicates a kind of company and is descriptive; while the part “BUDWEISER BUDVAR” should be considered as a whole as a company name.

Mark 4 is an English translation of Budvar’s formal name, “Budejovicky Budvar, Narodni Podnik”. Budvar has used Mark 4 as a business mark especially in English-speaking countries, and thus the Mark 4 used on bottled beer is considered as an indication used in a common way of a name of the entity under Article 26 of the Trademark Law. The court stated that if translation into English of a name of a company based in a country, the mother language of which is not English, does not fall within the definition “name of individual or entity” under Article 26, it would discriminate unfairly in favor of companies based in a country, the mother language or official language of which is English.

Consequently, the Tokyo District Court found that import and sale of the bottled beer bearing Marks 1 through 4 by the defendants, Budvar and K.K. Icon and bearing Mark 6 by the defendants, Nippon Beer K.K and Champagne House K.K did not violate the plaintiff’s trademark rights. Involvement of import and sale of beer bearing Mark 6 by Budvar was denied on the ground of the same

reason as described above.

### **Unfair Competition**

In the action, the plaintiff, Anheuser Busch Inc. also argued that the defendant's import and sale of beer bearing Marks 1 through 6 constitute unfair competition, on the ground that they fall within either the definition "selling or importing goods on which an indication identical or similar to another's famous indication of goods is used" or the definition "an act which causes confusion by selling or importing goods on which indication identical or similar to another's well-known indication of goods is used" under the Unfair Competition Law.

The District Court held that the plaintiff's mark "Budweiser" was famous as an indication of the plaintiff's goods "beer" and of business of the plaintiff and companies affiliated with the plaintiff at the year of 1990, when the defendants, Nippon Beer K.K. and Champagne House K.K. began to import "German Marks" beer into Japan. With respect to the plaintiff's mark "Bud", the District Court did not regard it as a famous mark, but agreed that "Bud" was well-known as an indication of the plaintiff's goods at the latest in 1990. On the contrary, the District Court denied that the plaintiff's mark "Bud" in Katakana is well-known as an indication of the plaintiff's goods.

However, the District Court denied similarity between the plaintiff's marks and Marks 1 through 4 and 6 for the same reasons as described in the foregoing.

Consequently, the District Court found for the plaintiff partly, only with respect to the defendant, Nippon Beer K.K. and Champagne House K.K.'s import and sales of bottled beer bearing Mark 5.

### **The Court of Appeal**

Anheuser Busch Inc. appealed to the Tokyo High Court, the appellate court of the Tokyo District Court. The appellant claimed only for injunction on the ground of the trademark infringement and unfair competition against import and sale of bottled beer bearing "German Marks" by Budvar. In addition, the appellant added a claim for injunction, damages and restitution on the ground of

trademark infringement and unfair competition against the appellee, Budvar and K.K. Icon with regard to bottled beer bearing other two marks, namely “BUDWEISER BUDVAR, N.C.” (“Mark 7”) and “BUDEJOVICKY BUDVAR” shown in a ring-shaped form on a cap (“Mark8”) (hereafter referred to as “New Marks”).

Nevertheless, the Tokyo High Court rejected the appeal including the part added in the appeal, citing the judgement of the Tokyo District Court.

In the judgement, the Tokyo High Court also added that taking into account the circumstances under which the appellant’s registered mark “Budweiser” is well-known or famous, the idea of “beer made in U.S.A. named “Budweiser” arises from Mark 1, while the appellee’s Marks 1 through 4 and 7 have no specific meaning as a whole, and therefore they are dissimilar to the appellant’s registered mark “Budweiser”.

With respect to “New Marks”, the Tokyo High Court reached a decision in the same way as the Tokyo District Court’s judgement. Namely, the Tokyo High Court held that the part “N.C.” of Mark 7 would generally be interpreted to be an abbreviation of something and the distinctive part of Mark 7 is the part “BUDWEISER BUDVAR” and that Mark 8 should be considered as a whole.

### **The conclusion**

The Tokyo High Court upheld the decision of the Tokyo District Court, in which the court ordered injunction, damages and restitution against Nippon Beer K.K. and Champagne House K.K. for importing and selling bottled beer bearing Mark 5 on the ground of trademark infringement.