

The First Chamber of the Court of Justice of the European Union (CJEU) has provided further guidance on the interpretation of the meaning of “due cause” within Art 5(2) of Directive 89/104/EEC (the Directive), which reads:

“Article 5

Rights conferred by a trade mark

...2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign **without due cause** takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark...”

The CJEU preliminarily ruled that, where a sign has been used prior to the filing date of a similar or identical mark with a reputation, and has been used in relation to goods which are identical to those for which the mark with a reputation has been registered, the proprietor of the mark with a reputation may have to tolerate that third-party use, where the third-party use of the mark is with due cause and is therefore in good faith. In order to make such an assessment, the national court must take into account:

- How the sign has been accepted by, and what its reputation is with the relevant public;
- The degree of proximity between the goods and services for which that sign was originally used and the goods for which the mark with a reputation was registered, and;
- The economic and commercial scale of use for that product of the sign, which is similar to that mark.

The background to this case is that Hendrikus de Vries (HdV) had been using the mark THE BULLDOG in respect of hotel, restaurant and café services in the Netherlands since 1975, and owns the following Benelux trade mark registrations:

-  in class 32, filed on 14 July 1983
- THE BULLDOG in class 32, filed on 23 December 1999
-  in class 32, filed on 15 June 2000

Red Bull is the proprietor of a Benelux trade mark registration of a figurative mark including the words “RED BULL KRATING-DAEING” in class 32, which was filed on 11 July 1983.

Initially, Red Bull had brought an action before the Amsterdam District Court requesting that HdV was ordered to cease production and marketing of energy drinks in packaging displaying the BULLDOG sign or any other sign containing BULL or those deemed confusingly similar to the mark, on the basis that HdV’s use of the sign “THE BULLDOG” adversely affected its Benelux trade mark registration, which has a reputation in the Netherlands. HdV, by way of counterclaim, applied for the revocation, in Benelux, of the figurative mark including the words RED BULL KRATING-DAENG. Both of these claims were dismissed by the Amsterdam District Court.

Red Bull appealed against this decision to the Amsterdam Regional Court of Appeal (ARCA), which largely upheld the appeal. The ARCA found that Red Bull’s mark had a reputation in Benelux, and due to the similarity between the marks, the relevant public would connect the trade mark and the sign. It found that HdV had sought to take advantage of the reputation of Red Bull’s mark, due to the similarity between the marks. The ARCA did not consider the fact that HdV’s use of THE BULLDOG was a continuation of the use made of the sign, which dated back to before 1983.

The ARCA had interpreted the meaning of due cause within Art 5(2) of the Directive strictly, applying the *Colgate Palmolive v Bols (Claeryn/Klarein)* principle of needing to use a sign. HdV appealed against this decision, on the basis of the ARCA’s narrow interpretation of due cause to the Supreme Court of the Netherlands.

At this point, the Supreme Court of the Netherlands suspended proceedings and asked the CJEU whether due cause included use of a mark before the filing date of a mark with a reputation.

The CJEU assessed the scope of the meaning of due cause, for which there is no statutory definition. The CJEU took the view that its meaning should be interpreted in light of the entirety of Art 5 of the Directive.

Red Bull argued that a narrow interpretation of due cause must be made, on the basis that allowing a broad interpretation would allow for the recognition of unregistered rights, which was not a concept protected in the Benelux legal system. In addition, it argued that this would mean that the scope of protection afforded under Art 5(1) would be broader than that of Art 5(2), despite the fact that marks with reputation should be afforded greater protection.

The CJEU disagreed, finding that Art 5(2) extended the protection offered to marks with a reputation, as a mark with a reputation could prevent the use of a similar or identical mark covering identical, similar *and* dissimilar goods and/or services, and that it would be necessary to find that consumers made a link between products and/or services bearing the marks, instead of a likelihood of consumer confusion. Whilst a trade mark proprietor would also have to demonstrate that use of a sign, similar or identical to its registration with a reputation, took unfair advantage of, or caused detriment to the distinctive character and/or repute of this trade mark, ultimately, neither provision could offer absolute protection to trade mark owners.

The CJEU indicated that Art 5(1) had limits, citing the *Interflora and Interflora British Unit* case, which indicates that this provision is for the purpose of enabling trade mark proprietors to ensure that a relevant registered trade mark can fulfil its function and act as an identity of origin or quality in respect of the goods and/or services to which the mark is applied.

Whilst Art 5(2) must be interpreted in light of the protection afforded by Art 5(1), in that it must apply to use of a sign in respect of identical or similar goods and/or services, in addition to dissimilar goods and/or services, this does not mean that the meaning of "due cause" should be interpreted in light of this provision. Ultimately, the provisions are not the same, and may apply in different circumstances.

The protection afforded by Art 5(2) is more extensive than that under Art 5(1). In particular, the proprietor of a trade mark with a reputation is not required to prove detriment to the distinctive character or repute of the mark, where a third party using a sign that is similar or identical to that mark takes unfair advantage of that reputation.

However the directive in question has to balance the interests of trade mark proprietors in safeguarding a mark's essential function, and ensuring that other parties are able to use signs that denote their products and services.

In the context of Art 5(2), proving that use of a sign has due cause is a burden to be met by the third party using the sign, and may include both objective and subjective reasons. The concept of "due cause" is intended to strike a balance between trade mark proprietors and other economic operators. A finding of due cause would not lead the third party user of the relevant sign to accrue its own recognition and rights in a mark, that it can use vis-à-vis other parties, but merely means that the trade mark proprietor in question must tolerate that use.

Ultimately, HdV's mark had been filed, and used, before Red Bull had accrued reputation in its mark in the Netherlands, and HdV's mark had been used in respect of hotel, restaurant and café services, which would include the sale of energy drinks. In light of such use, it was likely that the average consumer would see HdV's use of THE BULLDOG and related marks in respect of energy drinks as an extension of its earlier use, and would not make the link with Red Bull's mark. Where the third party's earlier use of a sign had gained reputation, it would be even more necessary for the third party to continue marketing any relevant products in that way, in order to ensure consistency with the rest of its branded products.

For application in a territory which does not recognise unregistered rights, this is an interesting ruling, which appears to be in line with the Benelux territory's use of good and bad faith as an alternative means of protecting the rights of users of unregistered marks. Whilst many member states of the European Union include provisions in their trade mark laws which provide a defence to third parties making use of a mark that pre-dates the filing date of a trade mark application, even where it is not sufficient to constitute an enforceable right against others, this seems like a pragmatic alternative. However, it will be interesting to see the limits of interpretation of due cause in such territories, following this decision.

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