SQUIRE SANDERS

OPINION OF MME JULIANE KOKOTT, ADVOCATE GENERAL

C-65/12 Leidseplein Beheer B.V. v H.J.M. de Vries (21 March 2013)

Advocate General Kokott has provided further guidance on the determination of what is considered to be "due cause" in the context of Art 5(2) Directive 89/104/EEC, which reads:

> *"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 AG has recommended that earlier use of a sign can validly count as "due cause" with reference to this provision, but this is subject to an assessment of the factors relevant to the case, balancing the interests of the trade mark owner, and those of other commercial parties wanting to identify their products and services. She suggested that the relevant factors to consider were:

- The distinctive character of the mark.
- The degree of similarity between the conflicting marks.
- The nature of and similarity between the products and services concerned.

The AG indicated that the greater the reputation of the mark, the more likely that trade mark infringement would be found.

The case concerns litigation in Benelux between Red Bull and Mr de Vries. Since 1975, de Vries had been using the mark THE BULLDOG in relation to a number of commercial activities, including coffee shops, cafes, a bicycle hire shop and hotels. On 14 July 1983, de Vries filed a Dutch trade mark application for THE BULLDOG, covering soft drinks in class 32. Red Bull filed a Dutch trade mark application for RED BULL (and device) on 11 July 1983, also covering alcohol-free drinks in Class 32.

For a number of years, Red Bull had been attempting to prevent de Vries' use of THE BULLDOG on energy drinks, culminating in the matter being litigated at the Dutch Supreme Court. In its application of Art 5(2) Directive 89/104/EEC, it asked the CJEU whether there could be due cause within the meaning of this provision, where the sign that is identical or similar to the trade mark with reputation was already being used in good faith in relation to other products or services, prior to the mark with reputation being applied for, or having acquired its reputation.

The AG acknowledged the different linguistic interpretations of "due cause" in the different European languages. The interpretation of the meaning "valid reason" in Dutch is far more restrictive than the English term "due cause" or the French "juste motif". The AG indicated that these various meanings should be interpreted in a uniform manner.

She dismissed the argument of Red Bull that in the Netherlands, there was no law protecting unregistered rights acquired through use, and that this earlier use should not be recognised as constituting due cause, as to do so would be indirectly protecting rights acquired through use.

The AG discussed the finding of the Dutch judge that the marks were not particularly similar, and that the marks were associated with very different concepts and images. The AG emphasised that the key element of a mark taking advantage of another without due cause, was that a third party was exploiting the reputation of an earlier right with a view to profit.

The AG did not believe that at the time of the registration of THE BULLDOG, the Red Bull mark enjoyed any particular reputation. Whilst THE BULLDOG was not used in relation to energy drinks until 1997, de Vries' earlier use of the mark on other goods and services should be taken into account. This earlier use could result in the mark developing a reputation, in particular with consumers in Amsterdam, and the average consumer would identify products bearing THE BULLDOG as originating from de Vries.

This legitimate earlier use did not detract from the fact that it was possible that de Vries had not started to apply the mark to energy drinks until Red Bull had achieved great success through its product. However, the AG emphasised the desirability of competition within the market, and that trade mark law should not hamper this. Businesses should be entitled to use marks by which they can be identified in trade.

In light of these factors, the AG believed that de Vries' use of its THE BULLDOG mark in relation to soft drinks would be considered to have been made with due cause, given its historic use of the mark.

Comment

This opinion is not unexpected, given the current trend to favour competition, as seen in *Interflora* (Case C-323/09 *Interflora Inc and Interflora British Unit v Marks & Spencer plc and Flowers Direct Online Limited*). Whilst it may be interpreted as being extreme, in light of the differences between the marks, it is arguably justified. However, whether the CJEU will go as far as the AG in suggesting that actions such as those of de Vries would constitute "due cause" remains to be seen.

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