

**Case C-112/21**

**Request for a preliminary ruling**

**Date lodged:**

25 February 2021

**Referring court:**

Hoge Raad der Nederlanden (Netherlands)

**Date of the decision to refer:**

19 February 2021

**Appellant:**

X BV

**Respondents:**

Classic Coach Company vof

Y

Z

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HOGE RAAD DER NEDERLANDEN

(SUPREME COURT OF THE NETHERLANDS)

CIVIELE KAMER (CIVIL LAW CHAMBER)

[...]

**Date** 19 February 2021

JUDGMENT

In the case

X [appellant] B.V.,

with its registered office in [place of establishment],

APPELLANT in cassation [...], [‘appellant’],

[...]

v

1. V.O.F. CLASSIC COACH COMPANY, with its registered office in Almere,

2. Y [respondent 2],

residing in [place of residence],

3. Z [respondent 3],

residing in [place of residence],

RESPONDENTS in cassation [...], hereinafter jointly: ‘CCC c.s.’,

[...]

## **1. The proceedings**

[...] [procedural details]

## **2 Starting points and facts**

2.1

The starting points in cassation are as follows.

(i) From 1968 to 1977, the brothers [party 2] ([‘party 2’]) and [party 3] ([‘party 3’]) were partners in a vennootschap [**Or. 2**] onder firma (commercial partnership), established in Amersfoort, operating a coach company under the name ‘Reis- en Touringcarbedrijf Amersfoort’s Bloei’ (‘Amersfoort’s Bloei 1968’).

(ii) From 1969 or 1970 until 1977, Amersfoort’s Bloei 1968 provided passenger transport in the form of coaches on which ‘B’ was displayed. [Party 1] was the father of [party 2] and [party 3], and from 1935 until his death in 1971 provided occasional passenger transport by bus.

(iii) In 1975, [party 2] founded the private limited company [appellant]. [Appellant] has its registered office in [place of establishment] and operates a coach company. From 1975 or 1978 [appellant] used the trade names ‘A’ and/or [‘appellant’].

(iv) In 1977, [party 2] left Amersfoort’s Bloei 1968, and [party 3], with his wife as co-shareholder, continued to operate the company in the form of a private

limited company called 'Reis- en Touringcarbedrijf Amersfoort's Bloei B.V.', with its registered office in Amersfoort ('Amersfoort's Bloei B.V. 1977').

(v) In 1991, for tax reasons, [party 3] and his wife set up the commercial partnership 'V.O.F. Amersfoort's Bloei', with its registered office in Amersfoort ('Amersfoort's Bloei 1991'). Amersfoort's Bloei B.V. 1977 and Amersfoort's Bloei 1991 existed in parallel.

(vi) From 1977 to 1997, Amersfoort's Bloei B.V. 1977 and Amersfoort's Bloei 1991 displayed indications on the coaches which included the name '[party 3]'.

(vii) In 1995, after the death of [party 3], the operation of Amersfoort's Bloei 1991 was continued by two sons of [party 3] under the name 'V.O.F. Classic Coach Company' ('CCC'). CCC was first established in Amersfoort, from 1996 in Diemen and from 2006 also in Almere.

(viii) In any event, since 2001 CCC has used the indication 'C' for passenger transport. For a number of years, the indication 'D [party 3]' has appeared on the back of CCC's coaches.

(ix) [Appellant] is the holder of the Benelux word mark [appellant], filed on 15 January 2008, registered under number [006] for, inter alia, services in Class 39, which includes services provided by a coach company.

## 2.2

In these proceedings [appellant] claims, inter alia, an order that CCC c.s. cease and desist from all infringements of its Benelux word mark [appellant] and of the trade names [A] and [appellant].

[Appellant] based its claims on the fact that CCC c.s., by using the indication '[party 3]', infringe its trademark rights as referred to in Article 2.20(1)(b) and (d), (old) (now: Article 2.20(2)(b) and (d)) of the Benelux Convention on Intellectual Property ('BCIP') and its trade name rights as referred to in Article 5 of the Handelsnaamwet (Law on Trade Names; 'Hnw').

## 2.3

CCC c.s. defended themselves against the alleged trademark infringement by, inter alia, relying on Article 2.23(2) (old) BCIP. Article 2.23(2) (old) BCIP stipulates that a trademark holder may not challenge the use in business of a similar sign which draws its protection from a prior right of local scope, if such right is recognised by the legal provisions of any Benelux country, within the limits of the territory in which it is recognised.

CCC c.s. defended themselves against the alleged trade name infringement by, among other things, invoking estoppel.

2.4

The Rechtbank (District Court) upheld the claims of [appellant].

2.5

The [Gerechts]hof (Court of Appeal) set aside the judgment of the Rechtbank and rejected the claims of [appellant].<sup>1</sup>

The [Gerechts]hof held as follows in so far as is relevant in cassation.

*As regards the alleged trademark infringement*

[Appellant] considers the alleged use of the indication [party 3] on CCC's coaches to be (part of) trademark use and trade name use. CCC c.s. argue that this use should be classified exclusively as trade name use. Since the parties are now in agreement on this, the [Gerechts]hof will in any case consider the alleged use of the indication [party 3] as (part of) trade name use. In view of what will be considered below, the question of whether this also constitutes trademark use does not need to be addressed. If CCC c.s. were already using the name [party 3] in the same or in a similar manner – at least as (a distinctive part of) a trade name – at the time of the filing of the trademark on 15 January 2008, [appellant] cannot prohibit such use where it is based on 'a prior right' under Article 2.23(2) BCIP. [...]

The [Gerechts]hof proceeds on the assumption that, from 2006 onwards, CCC provided passenger transport with, initially, one and later two modern coaches, on the back of which the name [party 3] was displayed, with www.[D].nl appearing below/after it. This manner of using the name [party 3] should be classified as trade name use. That means that CCC c.s.'s reliance on Article 2.23(2) BCIP succeeds and that the claim for an order to cease the trademark infringement should be dismissed. [...]

*As regards the alleged trade-name infringement*

Since CCC c.s. state that [appellant] started using its trade name in 1978 and CCC's use of the trade name did not start before 1991, the [Gerechts]hof is of the opinion that [appellant] has earlier trade name rights than CCC. Due to the use of the alleged trade name of CCC ([D] [party 3]), there is a likelihood of confusion among the public with regard to the trade names of [appellant] ([A] and [appellant]). After all, in all those trade names the name [appellant] is the distinctive element, with parties carrying out the same activities, partly in the same area from nearby companies. [...]

<sup>1</sup>     Gerechtshof Den Haag (Court of Appeal, The Hague), 12 February 2019, ECLI:NL:GHDHA:2019:1530.

The [Gerechts]hof is of the opinion that CCC c.s. were entitled to trust that [appellant] would not challenge the use by CCC of the trade name [D] [party 3] on its coaches. In that regard, the [Gerechts]hof takes into consideration that from 1977 to 1997, [appellant] tolerated the use by the Amersfoort's Bloei entities and CCC of coaches with trade names of which the name [appellant] was the distinctive, or at least a determining element of the total image, that CCC could reasonably assume that since 2007, [appellant] had tolerated that CCC (again) provided passenger transport [Or. 4] by means of coaches under the trade name [party 3] www.[D].nl/[D] [party 3], that the Amersfoort's Bloei entities and [appellant] had worked together for about twenty years, and that the origin of the name [appellant] as (part of a) trade name lies with the company of the mutual grandfather of those involved. Under those circumstances, it is unacceptable according to standards of reasonableness and fairness that [appellant] could still oppose this use at the end of 2015 on the basis of its earlier trade name rights. That CCC c.s. were entitled to trust that [appellant] would not challenge the use of the indication [party 3] on its coaches applies all the more since [appellant] has tolerated the use of the indication [C] on old-timer coaches used for passenger transport by CCC for a long time. CCC c.s. maintain that this was the case from 1991 onwards. [Appellant] has acknowledged, or at least not disputed, that CCC had two old-timer coaches in 1997 and four in 2006, that the indication [C] appeared on these old-timer coaches at least from 2001 onwards and that it was aware of this. [Appellant] has therefore tolerated such use for at least fourteen years. [...]

Even if it has to be assumed that [appellant] did not know from 2007 onwards that CCC was using [appellant's] trade names on its coaches and that it could not be blamed for such ignorance, the other circumstances of this case (the tolerance of [appellant's] trade names on the coaches from 1977 to 1997 and on old-timer coaches from 2001, the long-standing cooperation between the parties and the mutual grandfather as the origin of the trade names) are sufficient to assume that CCC was justified in trusting that [appellant] would not challenge the use by CCC of the trade name [D] [party 3] on its coaches. [...]

The foregoing means that the reliance on estoppel as a defence to the trade name claims is successful and that those claims must also be rejected. [...]

### **3 Assessment of the plea in the main appeal**

#### 3.1

Parts III-VIII of the plea challenge the ruling of the [Gerechts]hof and the grounds underlying it [...] that CCC c.s.'s reliance on estoppel as a defence against [appellant's] trade name claims succeeds.

The complaints raised in those parts cannot lead to cassation. [...] [procedural provision]

### 3.2

Part I addresses the ruling of the [Gerechts]hof that the reliance by CCC c.s. on Article 2.23(2) (old) of the BCIP succeeds.

This part of the plea argues, inter alia, that the [Gerechts]hof has erred in law by [...] ruling that CCC c.s. can rely on Article 2.23(2) (old) BCIP if they have used the trade name [party 3] prior to, or already at the time of, the filing of the trade mark on 15 January 2008. This part of the plea argues that CCC c.s. can only rely on the restriction of Article 2.23(2) (old) BCIP if CCC c.s. had an earlier trade name than [appellant]. Since the [Gerechts]hof [...] has ruled that [appellant] has earlier trade name rights than CCC c.s., and the [Gerechts]hof [...] has ruled that there is a **[Or. 5]** likelihood of confusion between the trade names of [appellant] and CCC c.s., this part of the plea argues that there is no question of a ‘prior right’ on the part of CCC c.s. within the meaning of Article 2.23(2) (old) BCIP.

#### 3.3.1

The central question posed by part I is what constitutes a ‘prior right’ within the meaning of Article 2.23(2) (old) BCIP. This provision reads as follows:

‘The exclusive right to a trademark shall not imply the right to challenge use in business of a similar sign which draws its protection from a prior right of local scope, if such right is recognized by the legal provisions of any Benelux country, within the limits of the territory in which it is recognized.’

#### 3.3.2

Article 2.23(2) (old) BCIP transposed Article 6(2) of the repealed Trade Marks Directives 89/104/EEC<sup>2</sup> and 2008/95/EC.<sup>3</sup> In the latter directive that provision read as follows:

‘The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.’

#### 3.3.3

Article 6(2) of the Trade Marks Directive 2008/95/EC has now been transposed almost unchanged in Article 14(3) of the Trade Marks Directive (EU)

<sup>2</sup> First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, OJ 1989 L 40/1.

<sup>3</sup> Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version), OJ 2008 L 299/25.

2015/2436.<sup>4</sup> This provision has been implemented in the current Article 2.23(2) BCIP, which is also almost identical to the provision of Article 2.23(2) (old) BCIP that is central to these proceedings.

### 3.3.4

The present proceedings had their origin in late 2015 (when [appellant] called on CCC c.s. to cease the trademark infringement). Therefore, Trade Marks Directive 2008/95/EC is applicable to the proceedings.<sup>5</sup>

### 3.3.5

In the opinion of the Hoge Raad, there is considerable doubt about the answer to the question of what constitutes an ‘earlier right’ within the meaning of Article 6(2) of the repealed Trade Marks Directive 2008/95/EC. The CJEU has not yet ruled on this issue.

### 3.3.6

It is conceivable that, for the purposes of assuming an ‘earlier right’ within the meaning of that provision, it is sufficient that, prior to the filing of the trade mark, a third party had made use in the course of trade of a right recognised under the legislation of the Member State concerned, as the Court of Justice has ruled.

### 3.3.7

It is also conceivable that the assumption of an ‘earlier right’ would require that this earlier right be capable, under the applicable national legislation [...], of prohibiting the trade mark holder’s use of the mark. **[Or. 6]**

In that regard, it should be noted that the Italian delegation’s original proposal for Article 6(2) of the Trade Marks Directive 89/104/EEC reads as follows:<sup>6</sup>

“The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if such use is confined to the territory where that right is recognized by the laws of the Member State in question, *even though that right may no longer be invoked against the later registered trade mark.*” [italics added by the Hoge Raad]

<sup>4</sup> Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Recast), OJ 2015 L 336/1.

<sup>5</sup> Cf. CJEU, 3 March 2016, C-179/15, ECLI:EU:C:2016:134 (*Daimler*), paragraph 19.

<sup>6</sup> Note 9377/86 of 15 October 1986, p. 12, footnote 26:  
<https://www.civil.law.cam.ac.uk/projectseuropean-travaux/trade-marks-directive>.

The part of the text in italics was not finally incorporated into Article 6(2) of the Trade Marks Directive 89/104/EEC.

It is also worth mentioning that Article 4(4)(c) of the Trade Marks Directive 2008/95/EC and Article 5(4)(b) of the Trade Marks Directive 2015/2436 provide that any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that, the use of the trade mark may be prohibited by virtue of an earlier right.<sup>7</sup>

### 3.3.8

It is also conceivable that, in order to assume an ‘earlier right’ of a third party, it is important whether the trade mark holder has an even earlier right (recognised by the legislation of the Member State concerned) with regard to the sign filed as a trade mark and, if so, whether the use of the alleged ‘earlier right’ of that third party can be prohibited on the basis of that even earlier right (see below, in relation to the present case, paragraph 3.3.9).

### 3.3.9

The [Gerechts]hof ruled in the present case that the trade mark holder [appellant] has even earlier trade name rights in respect of the ‘[appellant]’ sign filed as a trade mark than CCC c.s. [...]. According to the [Gerechts]hof, however, [appellant] is estopped from prohibiting, on the basis of those earlier trade name rights, the use by CCC c.s. of the trade name [party 3] – the alleged ‘earlier right’ of CCC c.s. [...].

Under Netherlands law, estoppel can be assumed if the entitled party has behaved in a way that, according to standards of reasonableness and fairness, is incompatible with the subsequent assertion of its right or competence. The passage of time alone is insufficient for this. Special circumstances must exist on the basis of which the other party has acquired a justified expectation that the rightholder will not enforce its entitlement or as a result of which the other party’s position would be unreasonably aggravated or disadvantaged if the right or competence were to be enforced.<sup>8</sup>

In view of what was considered above in 3.1, the starting point in this case must be that CCC c.s.’s reliance on estoppel as a defence against [appellant’s] trade name claims is successful. That means that [appellant] cannot prohibit the use by CCC c.s. of the trade name [party 3] (the alleged ‘earlier right’ of CCC c.s.) on the basis of its still earlier trade name rights.

<sup>7</sup> Cf. also Article 8(4)(b) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version), OJ 2009, L/78/1, and Article 8(4)(b) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification), OJ 2017 L 154/1.

<sup>8</sup> [OMISSIS]

## 3.3.10

Since the answer to the question of how the term ‘earlier right’ in Article 6(2) of the repealed Trade Marks Directive 2008/95/EC must be interpreted is of importance in this case for the assessment of part I [of the plea], and this question cannot be answered without reasonable doubt, the Hoge Raad will refer the question to the CJEU for a preliminary ruling. **[Or. 7]**

## 3.4

[...] [concerns the national proceedings]

#### **4. Description of the facts and starting points on which the interpretation to be given by the CJEU is to be based**

The Hoge Raad refers to the facts and starting points set out above in 2.1-2.5 and 3.3.9, which must be taken as a basis when answering the questions referred for a preliminary ruling.

Furthermore, the starting point should be that the trade names ‘A’ and ‘[appellant]’ of [appellant] and the trade name ‘[party 3]’ of CCC c.s. are recognised rights in the Netherlands as referred to in Article 6(2) of the repealed Trade Marks 2008/95/EC.

#### **5 Questions of interpretation**

1. For the purposes of determining whether there is an ‘earlier right’ of a third party as referred to in Article 6(2) of the repealed Directive 2008/95/EC

a) is it sufficient that, prior to the filing of the trade mark, that third party had made use in the course of trade of a right which is recognised by the laws of the Member State in question; or

b) is there a requirement that that third party, on the basis of that earlier right, under the applicable national legislation, is entitled to prohibit the use of the trade mark by the trade mark holder?

2. In answering Question 1, is it also relevant whether the trade mark holder has an even earlier right (recognised by the laws of the Member State in question) in relation to the sign registered as a trade mark and, if so, is it relevant whether the trade mark holder may, on the basis of that even earlier recognised right, prohibit the use by the third party of the alleged ‘earlier right’?

#### **6 Decision**

[...] [Hoge Raad refers the aforementioned question, stay of proceedings]

[...] [signature]

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