

§ 32:57 Infringement actions—Conflict with younger trade name

As mentioned above, article 5 in the of the Trade Name Act allows the rightful user of a trade name to challenge the later use of the same trade name or a very similar sign by another undertaking. Article 5 of the Trade Name Act does not provide an exclusive right to the trade name user that can be invoked against anyone.¹ The provision states that it is only forbidden to use a trade name for an undertaking that conflicts with a trade name that is already used by another undertaking when, taking into account the nature of both undertakings and the place in which they are located, a likelihood of confusion among the public exists. Likelihood of confusion can concern direct confusion (the public confuses a certain undertaking with another) and indirect confusion (the public thinks that the two undertakings are commercially affiliated).²

The Supreme Court has confirmed several times that all relevant circumstances must be taken into account to determine whether a likelihood of confusion exists. This means that a global assessment must be made of the conflicting trade names in their entirety—taking into account their visual, aural, and conceptual features—in relation to the nature of the undertakings and all the other circumstances of the case.³ The main elements or most distinctive parts of a trade name are of significant weight in the comparison of the trade names.⁴ Although the design of a trade name as such is not a part of the trade name, the design—including logos and other graphical elements—should be taken into account in the assessment of visual features of the trade name.⁵ Furthermore, the likelihood of confusion must be perceived from the perspective of the public, which has an average degree of attention, and possible specialized knowledge of the market segment at issue.⁶ One of the relevant circumstances in the assessment concerns the places in which the undertakings are located. However, this factor may play less of a role since trade names with a

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¹Explanatory Memorandum to the of the Trade Name Act of 1921, p. 2.

²Court of Appeal of The Hague, 14 September 2021, ECLI:NL:GHDHA:2021:1953 (RAT PACK), paragraph 17.

³Supreme Court, 19 February 2021, ECLI:NL:HR:2021:269 (Dairy Partners), paragraph 2.5.2; Supreme Court, 4 December 2015, ECLI:NL:HR:2015:3477 (LMR Advocaten), paragraph 4.1.4.

⁴Court of Appeal Amsterdam 29 January 2019, IEF 18210 (Addcomm/Appcomm), paragraph 3.2.4.

⁵Supreme Court, 4 December 2015, ECLI:NL:HR:2015:3477 (LMR Advocaten), paragraph 4.1.4.

⁶Supreme Court, 19 February 2021, ECLI:NL:HR:2021:269 (Dairy Partners), paragraph 2.5.2.

more than local significance have become more common, also because of the Internet.⁷

The distinctive character of a trade name, whether *ab initio* or acquired through use, also is relevant in the assessment of likelihood of confusion.⁸ For a long time, it was not clear whether descriptive names enjoy protection. In a case regarding a conflict between two domain names that could not be qualified as trade names, the Supreme Court ruled that the user of an entirely descriptive domain name can only then claim that the later use of the same or a similar domain name qualifies as a tort within the meaning of article 6:162 of the Civil Code, if this use results in a likelihood of confusion and additional circumstances *exist*.⁹ The rationale is that descriptive indications should be available for use by anyone (the “*vrijhoudingsbehoefte*”).

It was unclear whether this standard—the existence of additional circumstances—also applies to conflicts between entirely descriptive trade names. This uncertainty ended with the judgement of the Supreme Court in *Dairy Partners* in 2021. The Supreme Court ruled that a likelihood of confusion is the only standard to determine whether there is an infringement within the meaning of article 5 of the Trade Name Act. Therefore, additional circumstances are not required to assume infringement of a descriptive trade name. Nevertheless, the Supreme Court explicitly considered that the criterion of likelihood of confusion provides sufficient room to not provide any or insignificant protection to descriptive trade names. After all, since likelihood of confusion is based on an assessment of all the relevant circumstances of the specific case, the condition implies that the relevant public is known with the trade name and relates this name to the undertaking that invokes protection for it. An entirely descriptive trade name has by default no distinctive character unless it has acquired such distinctiveness through intensive use. The Supreme Court also considered that, since the use of descriptive signs has increased due to the internet, the public is used to undertakings operating under descriptive names and shall therefore not be very easily confused when several undertakings operate in the economic

⁷Chalmers Hoyneck van Papendrecht, *De Handelsnaamwet onder de loep*, The Hague: deLex Media & Management 2020, par. 8.9; Supreme Court 19 February 2021, ECLI:NL:HR:2021:269 (*Dairy Partners*), par. 2.6.

⁸Supreme Court, 19 February 2021, ECLI:NL:HR:2021:269 (*Dairy Partners*), paragraph 2.9.

⁹Supreme Court 11 December 2015, ECLI:NL:2015:3554 (*Artiestenverloningen*); in a later judgement, the Supreme Court mentions as an example of an additional circumstance a situation in which a (domain) name is used that is so similar to the name of a competitor in order to lure away its customers in a deceitful manner and by making use of the reputation of the competitor and the possibility of confusion among the public (Supreme Court, 19 February 2021, ECLI:NL:HR:2021:269 (*Dairy Partners*), paragraph 2.10.2).

trade under the same or a similar descriptive name. Moreover, if such confusion would threaten to exist, the confusion could be easily eliminated by applying a small variation in the conflicting name. Therefore, the “vrijhoudingsbehoefte” is sufficiently secured in the assessment of the likelihood of confusion. The Supreme Court furthermore considered that likelihood of confusion is more likely to appear when the distinctive character of a trade name increases.¹⁰

¹⁰Supreme Court, 19 February 2021, ECLI:NL:HR:2021:269 (Dairy Partners), paragraph 2.8.1-2.9.