

DECISION
of the Fourth Board of Appeal
of 15 May 2019

In Case R 201/2019-4

ASOLO LTD.

Theklas Lysioti 29
Cassandra Centre, 3rd Floor
3030 Limassol
Cyprus

EUTM Proprietor / Appellant

represented by BIRD & BIRD LLP, Zuid-Hollandplein 22, Den Haag 2596 AW,
The Netherlands

v

Red Bull GmbH

Am Brunnen 1
5330 Fuschl am See
Austria

Cancellation Applicant / Defendant

represented by HOGAN LOVELLS, Avenida Maisonnave 22, 03003 Alicante, Spain

APPEAL relating to Cancellation Proceedings No 6 090 C (European Union trade
mark registration No 637 686)

THE FOURTH BOARD OF APPEAL

composed of D. Schennen (Chairperson), C. Bartos (Rapporteur) and E. Fink
(Member)

Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 By an application filed on 24 September 1997, International Licensing Services Limited sought to register the sign

FLÜGEL

for goods in Classes 32 and 33. The following goods are relevant for the current proceedings:

Class 33 - Alcoholic drinks (except from beers); alcoholic essences; alcoholic extracts; fruit extracts [alcoholic].

- 2 On 1 February 1999, the EUTM was registered.
- 3 On 7 September 2006, the EUTM was transferred to ASOLO LTD ('the appellant').
- 4 On 5 December 2011, Red Bull GmbH ('the defendant') filed a request for a declaration of invalidity of the EUTM. The grounds were those laid down in Article 60(1) EUTMR in conjunction with Article 8(1)(b) and (5) EUTMR. The request for a declaration of invalidity was based on
 - a) Austrian trade mark No 175793

...VERLEIHT FLÜGEL

filed on 12 September 1997, and duly renewed. This trade mark currently enjoys protection for 'energy drinks' in Class 32.

- b) Austrian trade mark No 161 298

RED BULL VERLEIHT FLÜÜÜGEL

filed on 13 October 1995, and duly renewed. This trade mark enjoys currently protection for 'energy drinks' in Class 32.

Together with the request for cancellation, the defendant submitted inter alia the following evidence concerning reputation of the earlier trade marks:

Encl.	Short description
2	A survey concerning the actual likelihood of confusion between the EUTM and the earlier trade marks, conducted in October 2010, with a partial translation into English.
3	An affidavit signed by the defendant's general counsel.
4	A survey concerning the reputation of the earlier trade mark '...Verleiht Flügel', conducted in October 1997, with a partial translation into English.
5	A survey concerning the reputation of the earlier trade mark '...Verleiht Flügel', conducted in October 2010, with a partial translation into English.

- 5 The defendant basically argues, in so far as relevant for the current proceedings, that its trade marks enjoy a high reputation in the EU and in particular in Austria for goods in Class 32. Consumers will attribute the goodwill acquired by the defendant through years of brand promotion including heavy advertising and through consistent quality and innovation over so many years to the goods offered under the contested trade mark, especially since the signs are highly similar. Article 8(5) EUTMR applies where an undertaking makes its products known by way of conveying the image of another trade mark to its own trade mark or rather clientele, thereby taking advantage from launching its products without any recompense, of an image that the younger trade mark cannot *a priori* claim. In the case at hand, there is a significant risk that consumers will attribute the goodwill and reputation they associate with ‘...VERLEIHT FLÜGEL’ also to the goods offered under the younger trademark, which covers identical or highly similar beverages for which the earlier trade marks enjoys reputation. As a result, the marketing of these goods will be made easier without the appellant having to undertake its own marketing efforts. This ‘boost’, which would be given to the contested trade mark as a result of its being linked in the minds of consumers to the defendant’s famous ‘...VERLEIHT FLÜGEL’ trade mark amounts to an unfair advantage.
- 6 On 2 December 2014, by decision in proceedings 6 090 C (‘the contested decision’) the Cancellation Division declared the EUTM invalid in its entirety based on Article 60(1) EUTMR and in conjunction with Article 8(5) EUTMR.
- 7 The Cancellation Division rejected the appellant’s claim that the defendant acquiesced to the use of the EUTM. It based its assessment on the earlier Austrian trade mark mentioned above in paragraph 4a). It considered that the defendant established that its trade mark enjoyed reputation in Austria with respect to ‘energy drinks’ in Class 32 on the filing date of the EUTM. Furthermore, it considered that the signs were similar, there was a link between the trade marks and that the EUTM would take unfair advantage of the distinctive character or repute of the earlier trade mark and that there was no due cause.

Arguments of the parties

- 8 The appellant (EUTM proprietor) filed a notice of appeal, followed by a statement of grounds, requesting that the contested decision be annulled and the EUTM maintained for all goods.
- 9 In so far as relevant for the current proceedings, the appellant argued that the earlier Austrian trade marks are not reputed. The prior signs have never been used to identify any product (or service); rather they have consistently been used in the advertising of the RED BULL energy drink in a descriptive way. Red Bull has used the slogan in a very long-lasting, iconic marketing campaign that includes short cartoon movies. In these movies, a person instantly grows wings after drinking a can of RED BULL and then flies off. Thus, the expression ‘*verleiht Flügel*’ is used in a humoristic way to describe the alleged main characteristic of RED BULL, namely that it gives one so much energy that it makes one feel like one can fly. Therefore it is clearly descriptive and is understood as describing a

characteristic of energy drinks, be it in a humoristic, but still descriptive, way. This is not use as a trademark.

- 10 With respect to the evidence concerning reputation, the appellant claims that the 2010 survey is flawed. The defendant defined the relevant public as the average German-speaking, Austrian consumer, since the relevant goods are non-alcoholic drinks. Although the relevant goods are also alcoholic drinks – and therefore the relevant public is different to what Red Bull claims – the market survey does not refer to the relevant public as defined by the defendant. Additionally, FLÜGEL is neither an energy drink, nor an energy mix drink. Thus, the first question of the survey is very leading. Even in response to such a leading question, 75% of the general public cannot name a source. In fact, in response to this leading question, only 21% mention RED BULL. Moreover, the survey does not relate to the word mark ‘FLÜGEL’, but only to the defendant’s product as a whole. This is not the sign at issue here. Only the word mark is at issue and should have been examined in the survey.
- 11 The appellant further claims that the signs are dissimilar. This was already confirmed by a judgment of 18 September 2012, *Oberlandesgericht Wien* (OLG, Higher Regional Court Vienna), 2 R 97/11y (Exhibit 12).
- 12 The goods are also dissimilar. Furthermore, it must be taken into consideration that according to Austrian law, it is illegal to mix energy drinks with alcoholic beverages, let alone to sell these products in combination.
- 13 The slogan ‘...VERLEIHT FLÜGEL’ is descriptive, and, if it should have acquired distinctive character through use, its scope of protection must be limited.
- 14 According to the judgment of the *Oberlandesgericht Wien*, the appellant’s parallel national trade mark neither took unfair advantage of nor is it detrimental to the distinctive character and reputation of the defendant’s trade marks.
- 15 Last, since in accordance with the judgment of the *Oberlandesgericht Wien*, the appellant’s parallel national trade mark is valid, its use is also in good faith and therefore, in case the Board considers the other elements of Article 8(5) EUTMR fulfilled, the appellant has established the existence of a due cause.
- 16 The defendant (cancellation applicant) requested that the appeal be dismissed and the invalidity of the EUTM be confirmed.

Decision of the Fifth Board of Appeal in case R 282/2015-5

- 17 By decision of 17 November 2016, case R 282/2015-5, the 5th Board of Appeal dismissed the appeal. However, contrary to the Cancellation Division, the 5th Board of Appeal allowed the request for declaration of invalidity based on Article 60(1) EUTMR in conjunction with Article 8(1)(b) EUTMR and did not enter into the assessment of Article 8(5) EUTMR.

18 In paragraphs 55ss, the 5th Board of Appeal held that

‘55 [v]isually, the signs coincide in the verbal element ‘FLÜGEL’. Nevertheless, they differ in the additional element ‘VERLEIHT’ and the three dots placed before it in the earlier sign, without counterpart in the contested mark.

56 Thus, the signs in conflict are visually similar to an average degree, in so far as the signs share the same letters ‘F-L-Ü-G-E-L’.

57 Aurally, the pronunciation of the signs coincides in the sound of the letters ‘F-L-Ü-G-E-L’ present identically in both signs. However, the pronunciation differs in the sound of the letters ‘V-E-R-L-E-I-H-T’ of the earlier mark, which have no counterparts in the contested sign. The Cancellation Division correctly stated that the three dots placed before the word ‘VERLEIHT’ will not be referred to aurally by the relevant public and as such they are not subject to a phonetic assessment and have no impact on the aural comparison of the marks in conflict.

58 The signs thus coincide in the two syllables /FLÜ-GEL/, but differ on the first two syllables of the earlier mark. Even if a difference of syllables and rhythm exists, the common word ‘FLÜGEL’ is pronounced the same in both trade marks, therefore, a certain phonetic similarity can be found to exist between the two signs taken as a whole (11/12/2008, T-90/06, Tomorrow Focus, EU:T:2008:567, § 34 and 14/04/2011, T-466/08, Acno focus, EU:T:2011:182, § 63-64).

59 Conceptually, in German the earlier mark means ‘... gives (you) wings’. The relevant public will perceive this expression as a metaphor referring to something meant to inspire or motivate someone to ‘fly’ or to achieve great things. The slogan transmits also the idea of freedom. The contested sign is composed of the German word ‘FLÜGEL’ meaning ‘wing(s)’, namely a modified forelimb of a bird that bears large feathers and is used for flying. This word may convey the same concept of wings, a part of a bird. Therefore, because the signs share the concept of the word ‘wing’, they are conceptually similar to an average degree.

60 Taking into account the visual, aural and conceptual coincidences between the signs in conflicts, they are considered similar.’

19 Furthermore, in paragraph 68, the 5th Board held that

‘68 [f]or reasons of economy of procedure, the Board considers that it is not necessary to examine the evidence. Consequently, the assessment of the distinctiveness of the earlier mark will rest on its distinctiveness *per se*.’

Judgment of the General Court in case T-150/17

20 The appellant (EUTM proprietor) filed an action before the General Court. In these proceedings, the appellant did not bring forward any arguments with respect to the similarity of the signs, but focused only on the similarity of the goods.

21 By judgment of 4 October 2018, T-150/17, Flügel, EU:T:2018:641, the General Court partly confirmed the decision of the 5th Board with respect to the goods in Class 32 for which it was registered and annulled it with respect to the goods in Class 33 mentioned above in paragraph 1.

22 In paragraphs 80 and 81 of its judgment, the General Court held that

‘80 [...] it should be noted that a very large number of alcoholic and non-alcoholic drinks are generally mixed, consumed, or indeed marketed together, either in the same establishments or as premixed alcoholic drinks. To consider that those goods should, for that reason alone, be described as similar, when they are not intended to be consumed in either the same circumstances, or in the same state of mind, or, as the case may be, by the same consumers, would put a large number of goods which can be described as ‘drinks’ into one and the same category for the purposes of the application of Article 8(1) of Regulation No 207/2009 (3 October 2012, *Yilmaz v*

OHIM — Tequila Cuervo (TEQUILA MATADOR HECHO EN MEXICO), T-584/10, EU:T:2012:518, paragraph 55 and the case-law cited).

81 Thus, it cannot be considered that an alcoholic drink and an energy drink are similar merely because they can be mixed, consumed or marketed together, given that the nature, intended purpose and use of those goods differ, based on the presence of, or absence of alcohol in their composition (18/06/ 2008, *MEZZOPANE*, T-175/06, EU:T:2008:212, §79). Furthermore, it must be held that the undertakings which market alcoholic drinks premixed with a non-alcoholic ingredient do not sell that ingredient separately and under the same or similar mark as the premixed alcoholic drink at issue (3 October 2012, *TEQUILA MATADOR HECHO EN MEXICO*, T-584/10, EU:T:2012:518, paragraph 70).⁷

- 23 In accordance with the decision of the Presidium of 29 March 2019, the case was remitted to the 4th Board of Appeal as case R 201/2019-4.
- 24 After being invited to do so, the defendant submitted evidence concerning the renewal of both earlier trade marks.
- 25 The appellant, despite being invited to do so, did not comment on the renewal certificates. However, it requested that the parties were allowed to file further submissions on substance.

Reasons

I. Relevant Legislation

- 26 In accordance with Article 82(2) of Commission Delegated Regulation (EU) 2018/625 of 5 March 2018 supplementing Regulation (EU) 2017/1001 of the European Parliament and of the Council on the European Union trade mark, and repealing Delegated Regulation (EU) 2017/1430 and Article 39(2) of Commission Implementing Regulation (EU) 2018/626 of 5 March 2018 laying down detailed rules for implementing certain provisions of Regulation (EU) No 2017/1001 of the European Parliament and of the Council on the European Union trade mark, and repealing Implementing Regulation (EU) No 2017/1431, Title VII, X and XI, Part M of the CTMIR and the Rules of Procedure of the Boards of Appeal (BoA-RoP) remain applicable in this case.

II. Scope of the current appeal proceedings

- 27 In accordance with Article 72(6) EUTMR, the Office shall take the necessary measures to comply with the judgment of the General Court.
- 28 The Board is not only bound by the order of the General Court, but also by the *ratio decidendi*.
- 29 Since the General Court dismissed the request for declaration of invalidity based on Article 8(1)(b) EUTMR with respect to the goods mentioned in paragraph 1, the Board is now called to rule on the defendant's (cancellation applicant's) request based on Article 8(5) EUTMR with respect to the goods mentioned in paragraph 1, namely

Class 33 – Alcoholic drinks (except from beers); alcoholic essences; alcoholic extracts; fruit extracts [alcoholic].

III. Request to reopen the written proceedings

- 30 Neither the EUTMR nor the EUTMDR and the EUTMIR foresee that the written proceedings shall be reopened in case a case is remitted to the Board following the annulment by the General Court.
- 31 The Board can neither see any reasons why it should reopen the written proceedings. The judgment of the General Court does not need any clarifications and the parties had ample opportunity already to comment on the facts. Furthermore, any case law relevant for the current proceedings must be taken into consideration by the Board *ex officio*.
- 32 Consequently, the appellant's request is dismissed.

IV. Article 8(5) EUTMR

- 33 Article 8(5) EUTMR provides that upon opposition by the proprietor of an earlier trade mark within the meaning of Article 8(2) EUTMR, the trade mark applied for must not be registered where it is identical with, or similar to, the earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where, the trade mark has a reputation in the a Member State, and the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.
- 34 It is apparent from the wording of Article 8(5) EUTMR that its application is subject to the following conditions: first, that the earlier trade mark which is claimed to have a reputation is registered; secondly, that the signs at issue are identical or similar; thirdly, that the earlier trade mark invoked has a reputation, and fourthly, that there is a risk that the use without due cause of the trade mark under attack would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark. Those conditions are cumulative and failure to satisfy one of them is sufficient to render that provision inapplicable (05/06/2018, T-111/16, THE RICH PRADA / PRADA (fig.) et al., EU:T:2018:328, § 26 and the case-law cited).
- 35 The types of injury referred to, namely the fourth condition of Article 8(5) EUTMR, where they occur, are the consequence of a certain degree of similarity between the signs at issue, by virtue of which the relevant section of the public makes a connection between those trade marks, that is to say, establishes a link between them. The existence of such a link in the minds of the relevant public between the trade mark under attack and the earlier trade mark is therefore an implied essential precondition for the application of Article 8(5) EUTMR (05/06/2018, T-111/16, THE RICH PRADA, EU:T:2018:328, § 29).

a) Reputation

- 36 In order to satisfy the requirement of reputation, the earlier trade mark must be known by a significant part of the public which is relevant with regard to the

goods and services covered by that trade mark; in the case at hand, the general public and by the filing date of the contested EUTM (24 September 1997).

- 37 In examining that condition, all the relevant facts of the case must be taken into consideration, in particular the market share held by the earlier trade mark, how intensive, geographically widespread and long-standing use of the trade mark has been, and the amount invested by the undertaking in promoting the trade mark, but there is no requirement for that trade mark to be known by a specific percentage of the relevant public or for its reputation to cover all the territory concerned, so long as that reputation exists in a substantial part of that territory (16/10/2018, T-548/17, ANOKHI, EU:T:2018:686, § 44, 103).
- 38 A trade mark can also acquire a particular degree of distinctive character on account of its prolonged use and of its renown as part of another registered trade mark, provided that the target public perceives the trade mark as indicating that the goods come from a specific undertaking (12/02/2015, T-76/13, QUARTODIMIGLIO QM, EU:T:2015:94, § 110s).
- 39 The defendant submitted, inter alia, a market survey conducted in October 1997 (Enclosure 4). The survey explains in detail the methodology of the survey as well as the distribution of the interviewed persons within the different relevant groups; the results are provided with respect to the total sample of the survey (1000 persons) as well as to the different groups, including regular consumers of energy drinks. According to the survey, 79% of the interviewed persons had heard of or had seen the sign ‘...Verleiht Flügel’; this value is even 98% amongst regular consumers of energy drinks. When asked the same question, but taking into consideration ‘soft drinks’, 89% of the interviewed persons had heard of or had seen the sign ‘...Verleiht Flügel’. 73% of the sample attributed it to the defendant. Furthermore, the survey reveals that two thirds of those familiar with ‘...Verleiht Flügel’, know it for at least 1 year.
- 40 These figures are impressive and are sufficient to prove a very high level of reputation among the Austrian public. These figures are also confirmed by a second survey conducted in October 2010 (Enclosure 5). Consequently, it can be held that the earlier trade mark did not only enjoy at the end of 1997 a very high level of reputation, but that this reputation was maintained over many years.
- 41 While it is true that the defendant also uses ‘...Verleiht Flügel’ together with its main brand ‘Red Bull’, fact is that consumers recognize it also when used alone. Contrary to the appellant’s arguments the survey is not flawed since three dots (‘...’) were used in front of ‘Verleiht Flügel’; these dots are present in the trade mark and, consequently, must be used when assessing the recognition of the trade mark and do not imply that something has to be in front of ‘*Verleiht*’.
- 42 Furthermore, the survey established a multi-step approach. It first asked recognition, without any further indications; second it asked whether a specific brand or undertaking would use the sign; next it asked whether it was used with respect to ‘soft drinks’ and last it asked whether it was used for soft drinks by a specific undertaking. The Board considers that the survey did not establish leading questions, but that it used the correct approach.

- 43 Next, contrary to the appellant's claim, the survey is not flawed with respect to the population. 'Soft drinks', and 'energy drinks' fall within this category of drinks, are addressed to the general public. Reputation must be assessed with respect to the relevant goods and services for which the trade mark is registered; reputation has not to be assessed with respect to the goods or services of the trade mark under attack.
- 44 Last, the earlier trade mark enjoys distinctive character. It cannot be said that the expression 'verleiht Flügel' (in the language of the proceedings: 'gives you wings') is devoid of distinctive character. The average European consumer is aware that humans have no wings and that there is no drink or any other treatment that would allow wings to grow. Consequently, the slogan is at the best allusive.
- 45 To sum it up, the earlier trade mark enjoyed already back in 1997 a high level of reputation for 'energy drinks' in Austria.

b) Comparison of the signs

- 46 The Fifth Board already held that the signs are visually and conceptually similar to an average degree and aurally similar to a certain degree.
- 47 The Board cannot see any reasons to divert from this reasoning and, for the reasons set out in the decision of the Fifth Board, confirms it.

c) Comparison of the goods

- 48 The General Court held already that the contested 'alcoholic drinks (except from beers); alcoholic essences; alcoholic extracts; fruit extracts [alcoholic]' in Class 33 and the earlier 'energy drinks' in Class 32 were, despite the fact that 'a very large number of alcoholic and non-alcoholic drinks are generally mixed, consumed, or indeed marketed together' (04/10/2018, T-150/17, Flügel, EU:T:2018:641, § 80) dissimilar.

d) Link

- 49 The existence of a link must be appreciated globally, taking into account all factors relevant to the circumstances of the case. Those factors include, first, the degree of similarity between the signs at issue; second, the nature of the goods or services covered by the trade marks, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public; third, the strength of the earlier trade mark's reputation; fourth, the degree of the earlier trade mark's distinctive character, whether inherent or acquired through use and the existence of a likelihood of confusion on the part of the public (05/06/2018, T-111/16, THE RICH PRADA, EU:T:2018:328, § 30).
- 50 Moreover, the stronger the distinctive character of the earlier trade mark, the more likely it is that, when confronted with a later identical or similar trade mark, the relevant public will associate it with that earlier trade mark. In that regard, the ability of a trade mark to identify the goods or services for which it is registered and used as coming from the proprietor of that trade mark and, therefore, its

distinctive character are all the stronger if that trade mark is unique (27/11/2008, C-252/07, Intel, EU:C:2008:655, § 54-56). However, it is not necessary for the earlier trade mark to be unique. A trade mark with a reputation necessarily has distinctive character, at the very least acquired through use. Therefore, even if an earlier trade mark with a reputation is not unique, the use of a later identical or similar trade mark may be such so as to weaken the distinctive character of that earlier trade mark (06/07/2012, T-60/10, Royal Shakespeare, EU:T:2012:348, § 27).

- 51 As held above, the signs are visually and conceptually similar to an average degree and aurally similar to a certain degree.
- 52 Notwithstanding the fact that the goods are dissimilar for the purpose of Article 8(1)(b) EUTMR, the General Court has confirmed that ‘a very large number of alcoholic and non-alcoholic drinks are generally mixed, consumed, or indeed marketed together’ (04/10/2018, T-150/17, Flügel, EU:T:2018:641, § 80). Even if ‘energy drinks’ and the appellant’s goods, especially alcoholic drinks, are not be consumed together, as the appellant claims and which appears to be supported by the defendant, since its cans contain such a warning, the fact remains that these drinks are often mixed by the public and sold together in restaurants, bars and night clubs. Consequently, despite being dissimilar, proximity of the goods exists. They belong to the same broad category of drinks.
- 53 These goods can also be found in any supermarket, even if not in the same shelves, but in shelves close to each other. On menus, these drinks are also found next to each other, very often on the same pages.
- 54 As held above, the earlier trade mark enjoys a high level of reputation in Austria. It is also distinctive per se.
- 55 All relevant factors allow the conclusion that the consumer will make a link between the trade marks.

e) Taking unfair advantage of the reputation or the distinctive character

- 56 As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the trade mark but to the advantage taken by the third party as a result of the use of an identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the trade mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation or riding on the coat-tails of the trade mark with a reputation. It follows that advantage taken by a third party of the distinctive character or the repute of the trade mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the trade mark or, more generally, to its proprietor (18/06/2009, C-487/07, L’Oréal, EU:C:2009:378, § 41, 43).
- 57 The existence of unfair advantage taken of the reputation of the earlier trade mark may be established, in particular, on the basis of logical deductions made from an

analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case (29/03/2012, T-369/10, *Beatle*, EU:T:2012:177, § 62; 10/05/2007, T-47/06, *Nasdaq*, EU:T:2007:131, § 54). Thus, Article 8(5) EUTMR must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a trade mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute or, more generally, to the proprietor of that trade mark.

- 58 The advantage arising from the use by a third party of a sign similar to the sign for which a trade mark with a reputation is protected is an advantage taken unfairly by that third party of the distinctive character or the repute of the trade mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that trade mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the trade mark in order to create and maintain the trade mark's image (12/07/2011, C-324/09, *L'Oréal-eBay*, EU:C:2011:474, § 50).
- 59 In order to determine whether use of a sign takes unfair advantage of the distinctive character or the repute of a trade mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the trade mark's reputation and degree of distinctive character, the degree of similarity between the signs at issue, and the nature and degree of proximity of the goods or services concerned (18/06/2009, C-487/07, *L'Oréal*, EU:C:2009:378, § 44).
- 60 The existence of unfair advantage from the distinctive character or repute of the earlier trade mark must be assessed by reference to average consumers of the goods and services for which the younger trade mark is protected (27/11/2008, C-252/07, *Intel*, EU:C:2008:655, § 36). In the case at hand, this comprises the public at large.
- 61 The higher the degree of reputation of the earlier trade mark, the more likely it is that the use of a similar trade mark will take advantage of the repute of the earlier trade mark (14/09/1999, C-375/97, *Chevy*, EU:C:1999:408, § 30; 27/11/2008, C-252/07, *Intel*, EU:C:2008:655, § 69; 18/06/2009, C-487/07, *L'Oréal*, EU:C:2009:378, § 44).
- 62 As held above, the earlier trade mark does not only enjoy distinctive character per se but enjoys also a very high level of reputation for 'energy drinks' among the Austrian public.
- 63 In view of the proximity between 'energy drinks' and the appellant's goods, which are all alcoholic beverages or extracts, a substantial part of the relevant public may consume the appellant's goods trusting that they are linked to the defendant's reputed trade mark '...VERLEIHT FLÜGEL', thus misappropriating its attractive powers and advertising value. This may stimulate the sales of the appellant's products to an extent which may be disproportionately high in comparison with the size of its own promotional investment and thus lead to the

unacceptable situation where the proprietor is allowed to take a ‘free-ride’ on the investment of the defendant in promoting and building-up good will for its trade mark.

- 64 Taking into consideration the exposure of the relevant consumers to the defendant’s reputed earlier trade mark, in relation to the goods for which a reputation has been found and taking into account the similarity of the signs and the inherent degree of distinctive character of the earlier trade mark, there exists a high probability that the use without due cause of the EUTM in respect of the goods subject to these proceedings may lead to free-riding, that is to say, it would take unfair advantage of the distinctive character or the repute of the earlier trade mark.
- 65 This is also confirmed by the survey (Enclosure 2). While it is true that this survey was carried out in 2010 and not at the filing date of the EUTM under attack, the defendant proved that the very high level of reputation existed constantly from at least 1997 until 2010. It is therefore plausible that the consumer’s behaviour would have been influenced in the same way already back in 1997. In any case, this survey is not the decisive factor in establishing the appellant’s unfair advantage. This survey illustrates and supports only the arguments brought forward by the defendant.

f) Due cause

- 66 The EUTM proprietor argued during the first-instance proceedings that it created a separate, unique position in the market of ‘alcoholic party drinks’ by applying a unique branding for its product, including the characteristic fluorescent pink colour, the colours yellow and black, the funny duck, the red liquid of the product and the combination thereof. Furthermore, it invested in marketing to create and maintain its unique position in the market of ‘alcoholic party drinks’.
- 67 It furthermore argued that it used its trade mark, which also enjoys protection as an international registration in Austria, in various European countries since 1996. This trade mark predated the defendant’s earlier trade mark and prominently contains the term ‘Flügel’. According to a judgment of 25 May 2012, the *Oberlandesgericht Wien* (Higher Regional Court Vienna), in case 3 R 97/11y (Exhibit 12), decided that there is no likelihood of confusion between the earlier trade mark and its IR.  IR 653993
- 68 First of all, the Board would like to stress that subject of the current proceedings is the EUTM ‘Flügel’ and not the above mentioned international registration. Consequently, use of said international registration cannot establish any good faith and therefore due cause of the appellant in using the EUTM under attack.
- 69 The same holds true with respect to the appellant’s arguments concerning the invested time and money in the promotion of its trade mark. Again, according to the appellant’s arguments this investment concerns a different trade mark than the one under attack.
- 70 Consequently, the appellant has not established any due cause.

g) Conclusion

71 In view of the above considerations, the Board concludes that the conditions of Article 8(5) EUTMR have been fulfilled.

72 Therefore the appellant's appeal against the decision of the Cancellation Division dated 2 December 2014 must be dismissed.

73 As a consequence, the EUTM under attack is declared invalid with respect to the goods mentioned in paragraph 1, namely

Class 33 – Alcoholic drinks (except from beers); alcoholic essences; alcoholic extracts; fruit extracts [alcoholic].

as of 5 December 2011, the date on which the request for a declaration of invalidity was filed.

74 For the sake of clarity, the Board would like to stress that the declaration of invalidity of the EUTM under attack with respect to the remaining goods for which it was registered, namely

Class 32 – Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for the preparation of drinks.

has already acquired legal force, since the judgment of the General Court of 4 October 2018, T-150/17, Flügel, EU:T:2018:641, had not been appealed to the European Court of Justice.

Costs

75 Pursuant to Article 109(1) EUTMR, the appellant, as the losing party, shall bear the costs of the appeal proceedings.

Fixing of costs

76 Pursuant to Article 109(6) EUTMR and the last sentence of Rule 94(3) CTMIR, the appellant must bear the defendant's costs of representation during the appeal proceedings, which are fixed at the level of EUR 550 in accordance with Rule 94(7)(d) CTMIR. Additionally, the appellant must bear the costs of representation during the cancellation proceedings (EUR 450) and the fee for the request for declaration of invalidity (EUR 700). The total sum to be reimbursed is therefore EUR 1 700.

Order

On those grounds,

THE BOARD

hereby:

- 1. Dismisses the appeal;**
- 2. Orders the appellant to bear the costs of the defendant in the appeal proceedings;**
- 3. Fixes the amount of costs to be paid by the appellant to the defendant at EUR 1 700.**

Signed

D. Schennen

Signed

C. Bartos

Signed

E. Fink

Registrar:

Signed

H.Dijkema

