

**Rotterdam District Court holds that Spirits does not own Benelux vodka marks
Netherlands - Klos Morel Vos & Reeskamp**

**Registration
Cancellation
Ownership changes**

April 14 2015

The decision of the Rotterdam District Court in the case at hand is the first final judgment in Dutch proceedings that have been running since 2003 and that form part of a worldwide conflict concerning the ownership of several trademarks for vodka.

The Benelux trademarks STOLICHNAYA, MOSKOVSKAYA and NA ZDOROVYE were registered in the name of the defendant in the proceedings, [Spirits International BV](#). Spirits claimed to have legally acquired these registrations following the fall of the Soviet Union. At the time, the trademarks were registered in the name of a Soviet state enterprise, VO or VVO. Spirits claimed that, following the privatisation of VO, the rights in the Benelux registrations were acquired under universal title by VAO, VO's successor in law, and that the registrations were subsequently transferred twice, the second time to Spirits.

The plaintiff in these proceedings, the Russian state enterprise FKP Sojuzplodoimport, acted on behalf of the Russian Federation and claimed that the registrations had been unlawfully taken from the Russian state. FKP claimed that VO had never changed into VAO and that VO had never transferred the rights in the registrations to VAO. Consequently, the registrations were never passed on to VAO, which meant that Spirits could never have legally acquired them.

FKP's argumentation succeeded in an interim decision from the Rotterdam District Court, and neither Spirits' appeal of this decision before the 's-Gravenhage Appeal Court nor its subsequent appeal before the High Court led to a decision in Spirits' favour.

This brought the case back to the Rotterdam District Court for final judgment. The Rotterdam District Court considered that it was bound by previous decisions and, accordingly, concluded that Spirits had never legally acquired the registrations. Therefore, the court ordered Spirits to change the name under which the marks were registered with the Benelux Trademark Office to FKP's.

Spirits also held a number of trademark registrations that post-dated the abovementioned registrations. Insofar as these registrations contained the (dominant) element '*Stolichnaya*' or '*Moskovskaya*', the court decided that a likelihood of confusion existed between these registrations and the abovementioned Benelux trademarks. For that reason, these later registrations were declared invalid. However, later registrations in the name of Spirits that contain the element 'stoli' were allowed by the court.

A registration consisting of the original logo of the VVO was also declared invalid. According to the court, Spirits had registered this logo in bad faith, because, among other things, it should have known that VVO had never legally changed to VAO.

With regard to those registrations that were declared invalid, the court held that Spirits was no longer allowed to use the corresponding signs. This prohibition was subject to a penalty of €100,000 per breach, plus €50,000 per day on which the breach continued, up to a maximum of €1,000,000 per year.

The court also prohibited Spirits from using the word 'Russian' (in any language) as an indication of origin because Spirits' vodka does not originate from Russia. In this regard, a penalty of €2,500 per day was imposed, up to a maximum of €300,000 per year.

FKP's claim for damages was allowed, and the court ordered that the damages be assessed later in separate follow-up proceedings.

Spirits was ordered to pay the costs of the proceedings, estimated on the basis of the court-approved scale of costs. Because the proceedings were initiated in 2003, Article 1019(h) of the Dutch Code of Civil Procedure - which is based on Article 14 of the [IP Rights Enforcement Directive](#) (2004/48/EC) and provides that the successful party may claim reasonable and proportionate legal costs - was not applicable, despite the fact that this case was heard before several instances and restored to the cause list in 2012.

The decision of the Rotterdam District Court can still be appealed, so this may not be the end of the Benelux part of this dispute.

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