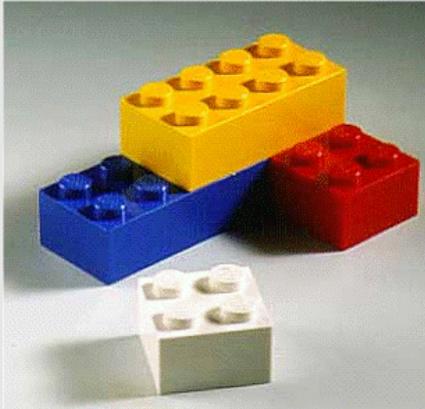


Supreme Court of The Netherlands, 20 November 2009, Lego v Mega Brands



SLAVISH IMITATION

Standardization and slavish imitation

- Under circumstances a need for standardization among the buyers of the products can, however, lead to justification for the imitation of a product that causes confusion

With regard to imitation of a tangible product that is not (no longer) protected by an absolute intellectual property right applies that imitation of this product is basically free, albeit that there is an exception to this principle if this imitation is feared to cause confusion among the public and the imitating competitor fails to comply with its obligation to upon imitating do all that which is within reason, without compromising the soundness or usability of its product, possible and necessary to prevent a risk of confusion being caused as a result of the equality of both products. Under circumstances a need for standardization among the buyers of the products can, however, lead to justification for the imitation of a product that causes confusion (cf. Dutch Supreme Court, 30 October 1998, specified above in 3.2). Given the need established by the Court of Appeal among a considerable part of the qualifying public for building bricks that are characterized by compatibility and exchangeability with LEGO and DUPLO -which, according to the establishment of the Court of Appeal and not disputed in cassation, requires that the bricks cannot be distinguished from those of Lego when it comes to size and appearance -the Court of Appeal was able to establish without violation of any rule of law and not incomprehensibly that a justification exists for imitation by Mega Brands of the bricks of Lego, even if there would be question of a risk of confusion. The circumstances enumerated in this part of the grievance do not alter this.

- Other considerations for purchase do not affect the justification of the imitation, both in view of the compatibility and the exchangeability

This objection fails as it cannot be deduced from the intended assumption of the Court of Appeal that it was not aware that for (potential) buyers of building toys at issue here other considerations (can) also play a role of importance, such as those specified in this part of the

grievance. Apparently and not incomprehensibly the Court of Appeal was of the opinion that these possible considerations do not alter its opinion concerning the justification of the imitation, both in view of the compatibility and the exchangeability.

No unnecessary confusion

- Color and location of the name apparently sufficiently different to prevent a risk of unnecessary confusion

3.5.2 Upon the assessment of these objections that which has been considered in the judgment of 30 October 1998, specified above in 3.3.2, is first and foremost brought to mind. That a need for standardization among buyers of the products can be a justification for the confusing imitation of a product, as had already been ruled in Dutch Supreme Court, 12 June 1970, LJN AC2520, NJ 1970, 434, does not imply that in case of the presence of such a sound need the obligation formulated in 07/13142 10 Dutch Supreme Court, 1 December 1989, no. 13682, LJN AB 7836, NJ 1990, 473, to during the imitation do all that which is within reason possible and necessary in order to prevent the equality of both products as a result of the adaptation to the standard from leading to or enhancing a risk of confusion is no longer vested in the imitator. Decisive is only that a risk of confusion does not oppose legitimate imitation if the just mentioned obligation is complied with.

3.5.3 The Court of Appeal was nonetheless apparently and not incomprehensibly of the opinion that the differences in appearance between the bricks of Mega Brands and those of Lego- the color and the (location of the) name- as established by the District Court and not disputed on appeal are, given the existing need among the potential buyers to obtain building bricks that, where size and appearance are concerned, fit/match with the bricks they already have in their possession, sufficient to prevent a risk of unnecessary confusion. Hence these parts of the grievance fail.

Source: [ipkitten](#)

Supreme Court of The Netherlands, 20 November 2009

(J.B. Fleers, A.M.J. van Buchem-Spapens, E.J. Numann, J.C. van Oven en C.A. Streefkerk)

Judgment

in the case of:

1. LEGO NEDERLAND B.V., having its registered office in Rotterdam,
 2. LEGO SYSTEM A/S, having its registered office in Billund, Denmark,
- APPELLANTS in cassation,
lawyer: Meester R.S. Meijer,
versus
1. MEGA BRANDS INC., previously named Mega Bloks Inc., having its registered office in Montreal, Canada,
 2. MEGA BRANDS EUROPE N.V./S.A., previously named Mega Bloks Europe N.V./S.A., having its registered office in Temse, Belgium,

RESPONDENTS in cassation, lawyer: initially Meester H.J.A. Knijff, currently Meester R.A.A. Duk.

The parties shall hereinafter also be referred to as Lego and Mega Brands.

1. The proceedings in the fact-finding instances

By bailiff's notification dated 4 February 2003 Mega Brands summoned Lego to appear before the District Court in Breda and claimed, briefly put, to rule that the import, export, the offer, the sale and distribution and keeping stock of the toy building systems Mega Bloks Micro and Mega Bloks Mini cannot be qualified as a "slavish imitation" and that these acts are on that ground not unlawful vis-avis Lego and that Mega Brands and its suppliers are therefore allowed to carry out these acts in the Netherlands.

Lego contested the claim and claimed, in the counterclaim proceedings, briefly put, to prohibit the import, export, the offer, the sale and distribution and keeping stock of the toy building systems Mega Bloks Micro and Mega Bloks Mini in the Netherlands subject to a penalty payment.

By judgment of 6 July 2005 the District Court dismissed the claim in the principal action and sustained the claim in the counterclaim proceedings, to the extent that it concerns two different types of bricks.

Mega Brands lodged an appeal against this judgment with the Court of Appeal in 's Hertogenbosch and increased its claim. Lego lodged a cross-appeal and in the process changed and increased its claim in the counterclaim proceedings.

By final judgment of 12 June 2007 in the principal appeal and in the cross-appeal, after interlocutory judgments in which the Court of Appeal dismissed the objection of Mega Brands to the change and increase of the claim of Lego respectively sustained the objection of Lego to a further change of the claim by Mega Brands, the Court of Appeal quashed the judgment against which appeal had been lodged both in the principal action and in the counterclaim proceedings and, in a new judgment, sustained the declaration of legal status claimed by Mega Brands and dismissed the claim of Lego.

The judgments of the Court of Appeal are attached to this judgment.

2. The proceedings in cassation

Lego lodged an appeal in cassation against the final judgment of the Court of Appeal of 12 June 2007. The notice of appeal in cassation is attached to this judgment and constitutes part thereof. Mega Brands concluded to dismiss the appeal. The case was elucidated for the parties by their lawyers, for Mega Brands also by Meester W.A. Hoyng, lawyer in Amsterdam.

The opinion of the Advocate General D.W.F. Verkade extends to reversal and referral. By letter of 18 September 2009 Meester Hoyng reacted to this opinion on behalf of Mega Brands.

3. Assessment of the grievance

3.1 The following can be assumed in cassation.

(i) The appellant under (2) is a manufacturer of building toys that are being marketed in the versions BABY, LEGO and DUPLO.

(ii) In the Netherlands these products are also sold by the appellant under (1). The basic elements of LEGO and DUPLO are generally known in the Netherlands. DUPLO is twice as large as LEGO; the elements are mutually compatible. DUPLO is meant for young children, LEGO for somewhat older children.

(iii) Lego Juris A/S is the holder of the Benelux trademark registrations for LEGO (no. 0054491 of 20 September 1971) and DUPLO (no. 0366884 of 3 July 1980). Licences have been registered for the appellants. Lego Juris A/S authorised the appellant under (2) to act on its behalf in trademark infringement cases.

(iv) With regard to the basic elements of LEGO and DUPLO Lego is not (no longer) entitled to any intellectual property right.

(v) The respondent under (1) is a manufacturer of building toys that are being marketed under the brand name Mega Bloks. Mega Bloks is manufactured in the versions BABY, MAXI, MINI and MICRO.

(vi) The respondent under (2) sells the products BABY and MAXI in the Netherlands. Mega Brands does sell the products MINI and MICRO in other countries, e.g. Germany and Belgium, but not in the Netherlands. Mega Brands also intends to sell both of these products in the Netherlands yet is facing opposition from Lego. In appearance and design MINI largely corresponds and is compatible with DUPLO; MICRO with LEGO.

(vii) In connection with this opposition of Lego at the beginning of 2007 Mega Brands had four market researches performed by Professor Dr. W.F. van Raaij. The result of these researches can be found in a report of 21 March 2007.

3.2 This case revolves around the question as to whether Mega Brands acts unlawfully vis-a-vis Lego by - briefly put - (going to) offer and distribute the toy building systems Mega Bloks MICRO and Mega Bloks MINI here in the country on the basis of the fact that there would be question of a 'slavish imitation' of the corresponding Lego systems. The District Court answered this question in the affirmative, the Court of Appeal in the negative. The Court of Appeal examined, with reference to the Dutch Supreme Court of 30 October 1998, no. C97/084, LJN ZC2760, NJ 1999, 84, as to whether, if there would in this case be question of imitation by Mega Brands causing confusion, there can be a justification for the same. The Court of Appeal considered this justification to be found in the circumstance, briefly put, that, also having regard to the research report specified above in 3.1 under (vii), there appears to be a need among a considerable part of the qualifying public the potential buyers of building toys - for compatibility and exchangeability with the existing and prevalent Lego system. On this ground it ruled that the imitation by Mega Brands of those features of said system which are required to accomplish this compatibility and exchangeability is not unlawful, not even if this imitation leads to products that could lead to con-

fusion with (elements of) the intended system as a result of their appearance (legal grounds 4.13 - 4.16).

The criticism leveled by Lego at said research report was set aside by the Court of Appeal as not sufficiently substantiated (legal grounds 4.17 - 4.18).

This all lead to the conclusion (set forth in legal ground 4.19) that there is question of imitation however that this can be justified by the need among potential buyers for building bricks that, where size and appearance are concerned, fit and match with the bricks already in their possession, which in the practice of the Dutch household usually regards LEGO and DUPLO. Moreover, that to meet this wish a manufacturer shall need to adapt its products to the size and appearance of LEGO and DUPLO. Finally, in the opinion of the Court of Appeal it has sufficiently been established that the imitation of both the size and the other form aspects of the basic elements of LEGO and DUPLO is necessary for Mega Brands in order to accomplish the compatibility and exchangeability within the meaning of legal ground 4.15.

3.3.1 Part I of the grievance is directed against legal ground 4.15. It objects that, without prejudice to additional circumstances which have not been established, the mere existence of a need among a considerable part of the qualifying public for compatibility and exchangeability with LEGO and DUPLO as existing and prevalent toy building systems can legally not, at least not without sufficient justification, lead to a slavish imitation of those existing systems creating confusion having regard to the following (presumptuously) established circumstances:

(1) LEGO and DUPLO have a reputation of their own in the relevant market as a result of the highly successful toy building systems that were earlier partly protected by a patent right;

(2) the bricks of Mega Brands cause a concrete risk of confusion as a result of the completely corresponding total impression with that of Lego and a serious risk of disruption for the products of Lego;

(3) there is no specific need resulting from technical, functional or other objective (standardization) requirements for Mega Brands for exact imitation of the design of LEGO and DUPLO;

(4) there are many possible toy building systems with a design deviating from that of LEGO and DUPLO which are also factually being marketed; Mega Brands merely wants to take advantage of the success, the reputation and the market share of Lego.

On the basis of these circumstances it can, according to this part of the grievance, not be said that a justification exists for the confusing, slavish imitation by Mega Brands also on account of the fact that this shall in any case require- which the Court of Appeal did not establish- that another constructive and/or esthetical design of the bricks to be marketed by Mega Brands would actually prevent the soundness and usability thereof.

3.3.2 This part of the grievance has been brought to the fore in vain. With regard to imitation of a tangible product that is not (no longer) protected by an absolute intellectual property right applies that imitation of this

product is basically free, albeit that there is an exception to this principle if this imitation is feared to cause confusion among the public and the imitating competitor fails to comply with its obligation to upon imitating do all that which is within reason, without compromising the soundness or usability of its product, possible and necessary to prevent a risk of confusion being caused as a result of the equality of both products. Under circumstances a need for standardization among the buyers of the products can, however, lead to justification for the imitation of a product that causes confusion (cf. Dutch Supreme Court, 30 October 1998, specified above in 3.2). Given the need established by the Court of Appeal among a considerable part of the qualifying public for building bricks that are characterized by compatibility and exchangeability with LEGO and DUPLO -which, according to the establishment of the Court of Appeal and not disputed in cassation, requires that the bricks cannot be distinguished from those of Lego when it comes to size and appearance -the Court of Appeal was able to establish without violation of any rule of law and not incomprehensibly that a justification exists for imitation by Mega Brands of the bricks of Lego, even if there would be question of a risk of confusion. The circumstances enumerated in this part of the grievance do not alter this. The question as to whether the imitation by Mega Brands results in an unnecessary' risk of confusion is discussed with the deliberation of part 3 of the grievance.

3.4.1 The objections of part 2 of the grievance are directed against legal grounds 4.16, 4.18 and 4.19. Part 2.1 follows on from part 1 of the grievance so that it neither hits home. Part 2.2 of the grievance objects that the Court of Appeal (in legal ground 4.15) wrongly departed from the assumption that it is quite obvious on account of the compatibility essential to the playing options with LEGO and DUPLO that potential buyers are not only guided by new products offered for sale but also by the toys they already have available at home or the toys the child for which it is meant already has at its disposal. To this end it argues that the Court of Appeal wrongly did not, at least not knowable, make allowance for the factors influencing the purchase or need of the potential buyers such as, among other things, price, brand (loyalty) and quality and was moreover not (knowable) aware of the fact that the need for compatibility ('must fit') does not necessarily comprise a need for exchangeability ('must match').

This objection fails as it cannot be deduced from the intended assumption of the Court of Appeal that it was not aware that for (potential) buyers of building toys at issue here other considerations (can) also play a role of importance, such as those specified in this part of the grievance. Apparently and not incomprehensibly the Court of Appeal was of the opinion that these possible considerations do not alter its opinion concerning the justification of the imitation, both in view of the compatibility and the exchangeability.

The objection formulated in this part of the grievance concerning the use by the Court of Appeal of the research report submitted by Mega Brands prior to the

oral address on appeal fails on the grounds specified in the opinion of the Advocate General under 5.10 and 5.12.

3.4.2 The parts 2.3 and 2.4 of the grievance are directed against the dismissal by the Court of Appeal (in legal ground 4.18) of the criticism of Lego of the aforementioned research (report). The methodological objections of Lego comprised (i) that the research wrongly did not make a distinction between 'prospects' who want to buy building toys and exclusively think of the brand Lego and 'prospects' who (perhaps) intend to buy these kinds of toys, regardless of the brand, and that it has (therefore) not been excluded that the majority of the people who participated in the random test consisted of people who (perhaps) have the intention of shortly buying building bricks, yet only if they are really Lego, in which instance it is evident that these people feel that the bricks they shall buy must be compatible with (and must look like) Lego. Furthermore (ii) that the questions in the research wrongly departed from the Lego brick, the only brick with the Lego appearance known by the Dutch public and the consumer was wrongly not asked if he would object to playing with a building brick that is different from the Lego system. In part 2.4 of the grievance it is argued that Lego's defense under (ii) is all but relevant as due to its layout the research did not answer the essential question- for the assumption of a need for compatibility and exchangeability - as to whether the consumer would actually reject a different toy building system.

First and foremost it must be noted that the valuation of the evidence deduced from a research like the one at hand is reserved for the Court of Appeal as court ruling on the facts.

That the Court of Appeal qualified the criticism under (i)-which it took into account in legal ground 4.17- as an insufficiently substantiated contention does not evidence an incorrect interpretation of the law and is not incomprehensible as the objections of Professor Pruyin presented by Lego do not compel the conclusion that the random test did not comprise sufficient consumers who would not object to playing with different bricks than those of Lego and who confirmed the need for compatibility and exchangeability.

The dismissal of the defense under (ii) is neither incomprehensible having regard to the unique position which the Lego bricks acquired on the toys market, as established by the Court of Appeal and not disputed in cassation, which implies that, as Lego personally brought to the fore, its bricks are the only bricks known to the Dutch public.

3.5.1 Part 3.1 of the grievance comprises the objection that the Court of Appeal (in legal grounds 4.15- 4.19) failed to appreciate that, even if there is question of a (legally relevant) need for compatibility and exchangeability as such of the building toys offered by Mega Brands with LEGO and DUPLO, a confusing, slavish imitation is only justified if and to the extent that this is required for the soundness and usability and that the imitating competitor is, in any case, held to, without compromising the compatibility and exchangeability,

include deviations in the (esthetical) design in order to prevent the risk of confusion.

Part 3.2 of the grievance objects that the Court of Appeal at least its opinion that there is a (realistic) need for identity, not merely with regard to size but also with regard to appearance (other form aspects) was insufficiently motivated in the light of Lego's positions which comprise that also within the size and form aspects as such required for compatibility and exchangeability deviations in appearance are indeed possible and therefore necessary, among other things by implementing variations in the form, height and surface of the bumps, the choice of material, markings/holes in the bricks and other clearly observable deviations. In consideration of these positions the Court of Appeal could not, at least not without further substantiation, rule, briefly put, that a justification is available for the confusing imitation by Mega Brands.

3.5.2 Upon the assessment of these objections that which has been considered in the judgment of 30 October 1998, specified above in 3.3.2, is first and foremost brought to mind. That a need for standardization among buyers of the products can be a justification for the confusing imitation of a product, as had already been ruled in Dutch Supreme Court, 12 June 1970, LJN AC2520, NJ 1970, 434, does not imply that in case of the presence of such a sound need the obligation formulated in 07/13142 10 Dutch Supreme Court, 1 December 1989, no. 13682, LJN AB 7836, NJ 1990, 473, to during the imitation do all that which is within reason possible and necessary in order to prevent the equality of both products as a result of the adaptation to the standard from leading to or enhancing a risk of confusion is no longer vested in the imitator. Decisive is only that a risk of confusion does not oppose legitimate imitation if the just mentioned obligation is complied with.

3.5.3 The Court of Appeal was nonetheless apparently and not incomprehensibly of the opinion that the differences in appearance between the bricks of Mega Brands and those of Lego- the color and the (location of the) name- as established by the District Court and not disputed on appeal are, given the existing need among the potential buyers to obtain building bricks that, where size and appearance are concerned, fit/match with the bricks they already have in their possession, sufficient to prevent a risk of unnecessary confusion. Hence these parts of the grievance fail.

3.6 Part 4 of the grievance, which follows on from the previous parts of the grievance, must share the same fate.

4. Decision

The Dutch Supreme Court:

dismisses the appeal;

awards the costs of the proceedings in cassation to Lego, up to this judgment on the part of Mega Brands estimated at €37 I .34 on account of disbursements and €2,200.00 on account of remuneration.

07/13142 11

This judgment was given by the vice president J.B. Fleers as Presiding Judge and Justices A.M.J. van Buchem-Spakens, E.J. Numann, J.C. van Oven and

C.A. Streefkerk and pronounced in public by Justice
E.J. Numann on 20 November 2009.
