

whether, by doing so, Burger King was infringing the trade mark rights of McDonald's.

Legal context

Unfair competition principles may provide relief in the Netherlands against the adverse effects of an advertising campaign where the allusive use of the claimant's trade marks could not be prevented by the invocation of trade mark registrations

Facts

On 7 January 2005 Burger King launched a new advertising campaign in the Netherlands for its hamburger Big King. In a TV commercial, a person standing at the service counter is filmed from behind. The person is wearing red-and-white stockings, big red floppy shoes, yellow gloves, a dark grey raincoat, and a pale grey hat under which a red wig is partially visible. Under the raincoat, the edges of a pair of yellow trousers are just visible. The person, in short, is a clown in disguise and not just any clown, but Ronald McDonald under cover.

A Burger King saleslady asks the person, 'A Big King, as usual?' When the clown receives the burger and walks away with it, the sales lady calls out to him 'See you again tomorrow, Ronald!' The face of the clown is now visible. He has a white face, a red nose, and a large red mouth. He is wearing a white collar, under which a piece of yellow clothing with a red stripe is visible. On screen appears the text: 'The Big King: 25% more meat than the Big Mac, 25% lower in price, now for only 1.85 euros!'

The commercial could be seen not only on television but also on the Internet, where various photos of the clown were also shown with the text 'Ronald McD, caught in the act at Burger King. Has Ronald McD started eating out?'

McDonald's standpoint McDonald's sought an injunction to prevent any future broadcast of the commercial, a rectification in the Netherlands media, an injunction against the use of the Ronald McDonald character, and an injunction banning the use of the RONALD McDONALD word and device marks. McDonald's based its claims, first, on allegations that the commercial was factually incorrect. Second, it claimed infringement of its trade mark registrations in the Benelux. The device mark consisted of a line drawing of a clown in black and white,

■ The (im)possibility of trade marks being incognito (Netherlands)

McDonald's v Burger King

In the battle to curry the favour of the fast-food consumer, McDonald's collided head on with its competitor Burger King at the beginning of this year; the key question in this dispute was whether Burger King was entitled to use the famous character Ronald McDonald in its commercials or

seen from the front. The clown was wearing a jumpsuit with two large pockets and one small pocket. On these pockets appeared the stylized letter 'M' of McDonald's (the 'M' logo). McDonald's also claimed that the commercial injured the reputation of the Ronald McDonald character, implying that the clown portrayed in its commercials was Ronald McDonald. In so doing, Burger King benefited from the reputation of the brand, and the commercial violated the rules on comparative advertising.

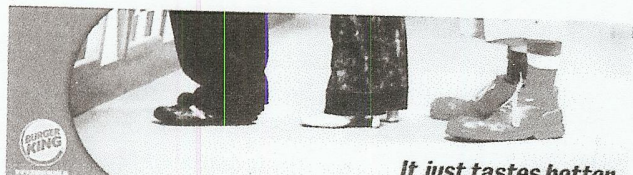
Analysis

As to the factual accuracy of the campaign, Burger King based its statements (that the Big King contained 25 per cent more meat and was 25 per cent lower in price) on thorough research. In these interim injunction proceedings McDonald's could not show that this research was unsound. The first argument was thus rejected.

The court then had to consider whether Burger King's use of the clown infringed McDonald's trade mark. According to McDonald's, the clown represented Ronald McDonald, who had disguised himself while visiting Burger King. The grey hat and raincoat implied that Ronald McDonald did not want to be caught visiting competitors. The suggestion that the person in question was Ronald McDonald was reinforced by the fact that he was addressed as 'Ronald' in the commercial and was referred to as 'Ronald McD' on the Internet.

When implementing Council Directive 89/104, the Benelux countries chose to include the (optional) rule of Article 5(5) in the Benelux Trade Mark Act (BTA). Few other European countries have done the same. This article provides that legal action can be taken against the use of a sign used for a purpose other than to make a distinction between goods:

Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the



It just tastes better.

RONALD McDONALD



use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

According to McDonald's the use of a similar clown in a commercial is just such a situation to which this legal provision pertains, being the use of a sign or symbol for a purpose other than to distinguish goods. By making use of a corresponding person, unjustifiable advantage was taken of and damage done to the distinctive capacity and reputation of its trade mark without any valid justification.

The harm done to the reputation was clear, according to McDonald's. Ronald McDonald was linked to good causes (Ronald McDonald House and the Ronald McDonald Children's Charities Fund). In this advertisement, however, he is portrayed as a sneak who 'eats out', which, in the Dutch language as spoken in the Netherlands, is a euphemism for 'sleeping around'. This produces a negative association which harms McDonald's good name.

The court did not accept this line of reasoning. According to the court, it could be assumed that the target group would associate the figure with the character Ronald McDonald. Burger King did not dispute this since it was the clear intention of the campaign. But the court allowed the defence submitted by Burger King, that its clown was insufficiently similar to the device mark registered by McDonald's. Consider here the consequences of the registration system used in the Benelux countries. The determining factor in ruling on the infringement of a trade mark is not the *use* of the sign by the trade mark owner in practice, but only the *registration*, that is, the manner in which the sign is registered.

As mentioned, the device mark was registered as a line drawing of a clown figure with the name Ronald McDonald above the drawing. On the pockets of the jumpsuit appears the large stylized letter 'M'. In the Burger King campaign, this jumpsuit is virtually invisible, and the pockets are not visible at all. A check in the Benelux Trade Mark Register makes it clear that the clown is registered only in various poses in black and white.

The large red floppy shoes, the large mouth, and the round nose are typical elements by which, said the

court, every clown can be recognized. Characteristic elements such as the stylized 'M' on the pockets of the jumpsuit were not, however, visible. Because this clown was wearing a raincoat and hat, it bore an insufficient relationship to the registered trade mark to constitute an infringement of it. The claim was therefore rejected.

Ronald McDonald's safety net Although the claims grounded on trade mark law foundered, McDonald's did not come away empty-handed, having appealed to the rules governing comparative advertising in the Netherlands. Burger King's manifestation violated these rules, which prohibit comparative advertising if it 'harms the good name of or denigrates the trade marks, trade names, other distinguishing characteristics, goods, services, activities or circumstances of the competition'. This claim is not based in trade mark law but in the unjustifiable use of a character/advertising property. Ruling on these grounds, the court considered how the trade mark was used by both parties and not only how it was registered.

The public associated the figure in the campaign with the character of Ronald McDonald (as Burger King conceded), as evidenced by the similar clothing (where visible) and by the fact that both figures shared the forename 'Ronald'.

The court ruled that a raincoat and a hat are general objects used to disguise a person's identity. Their use, and the context of the entire campaign, created the picture that its main character was doing something on the sly (ie eating at a competitor's restaurant). This joke was made to the detriment of McDonald's, which was made to look ridiculous. The commercial was therefore denigratory.

So, in the end, McDonald's produced the knockout punch in this conflict. The court awarded an injunction against any further broadcast, together with rectification—not a rectification in connection with the price (which naturally interests the consumer most), but rather an acknowledgement that the use of 'a clown that reminds people of Ronald McDonald visiting an outlet of Burger King . . . is, in the given context, denigrating to McDonald's'.

This rectification, in my view, will not directly recoup the lost market share and the sympathy of the consumer/viewer.

Practical significance: is trade mark law worthless in such situations?

Trade mark law may not have been useful in this instance, but that does not render it worthless. In trade mark conflicts one must be aware that judgments in the Benelux countries are made on the basis of what has been registered in the Trade Mark Register and not on the basis of how a mark is used by its owner.

The registration of a famous character as a device mark in the form of a black-and-white line drawing with the name of the character appearing above the drawing is, in my opinion, too limited to protect the character in its entirety or as a basis for claims grounded in trade mark law. To assume that a single registration of a black-and-white line drawing in such cases provides sufficient protection is, in my view, a gross overestimation of the protection provided under trade mark laws in the Benelux registration system.

In a line drawing drawn in black and white, colours (such as a red wig, yellow clothing, red shoes, etc) play no role, even though in this case they are an essential part of the judgment. As to similarity between the signs (as registered by the trade mark owner and used by the opposing party), to be able to appeal to distinctive elements such as the colour combination of the clothing used and the wig, it is therefore essential also to register a colour trade mark for the character (not every clown, after all, has red hair and wears a yellow jumpsuit).

If McDonald's had registered the character in colour (or even, just before seeking injunctive relief, registered a colour trade mark using an expedited procedure), it might have won this case without further ado and by reference to a right enforceable throughout the Benelux countries. As things stand, a stop-gap measure was the only way to turn the case in its favour, with results limited to the Netherlands.

Working with a competitor's trade marks and signs remains a dangerous business, and the court is often not swayed by humour (though not in the Benelux countries). If a character is an essential part of the marketing communication, then make sure that it is sufficiently protected. To prevent a character being misused, registration of a line drawing in combination with the name of the character in a country that uses the registration system (as in Benelux countries) is generally inadequate. If colours and other

distinguishing elements are important, then also register the trade mark in colour, exactly as it is used.

In this case, the raincoat had two contrasting effects owing to the different arguments used:

- (i) It gave Burger King sufficient protection to duck the trade mark infringement claim, because McDonald's registered the logo only in a line drawing (which meant there was too little similarity to the picture trade mark registered).
- (ii) It gave McDonald's grounds to lodge an objection to its use based on the rules governing comparative advertising. These rules do not consider how something is registered, but rather how something is used in practice. The use of a similar image in a raincoat gives a negative association to the character. This provides enough reason to rule that the campaign is denigrating.

Ultimately, use of the raincoat worked like a boomerang, providing protection but later proving to be the cause of liability. Had McDonald's also been able to base its claims on a colour trade mark registration of the character (by registering it prior to the commencement of proceedings), the raincoat possibly could not have protected the opposing party in the first round, and Burger King would have foundered from the start. Bear in mind that the similarity between the signs in the Benelux countries is based on how the trade mark/symbol is registered (and not on how it is used by the trade mark owner). An additional registration of a character in colour in the trade mark register, supplementing its registration in line drawing, can therefore have much greater added value than one might initially expect.

Theo-Willem van Leeuwen