



CarIPI Bad Faith registrations webinar

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- Introduction
- Concept and assessment
- Scenarios/case law
- Unauthorised filling by an agent

CANCELLATION



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graph TD; CANCELLATION --> REVOCATION; CANCELLATION --> INVALIDITY;
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REVOCATION:

1. Deceptive use
2. Non Use
3. Generic use

INVALIDITY:

1. RG
2. AG – Art. 7
3. AG – Bad faith

*An EU trademark shall be declared invalid (...) where the applicant was acting **in bad faith** when **he filed the application** for the trade mark. (Article 59 (1)(b) EUTMR)*

INTRODUCTION - CONTEXT

- The EU trade mark registration system is based on the ‘first-to-file’ principle, but limited by i.a. bad faith
- Used only in cancellation proceedings
- Not ex officio (upon request)
- Inter partes (Limited to facts, evidence and arguments)
- Absolute ground for invalidity (anyone can file it, no earlier right needed)

INTRODUCTION

- The relevant point in time – application/priority date
- Burden of proof on the applicant - the good faith is presumed until proven otherwise
- Consequences ex tunc
- Concept not defined legally – definition based on case law

INTRODCUTION - CONCEPT

- ‘an autonomous concept of EU law that has to be interpreted in a uniform manner throughout the EU’ (C-320/12, Malaysia Dairy, §29)
- ‘inherent **defect in the application** (rather than in the trade mark), which fundamentally vitiates the registration regardless of other circumstances.’ (AG Sharpston, Opinion in C-529/07, Lindt Chocolate Bunny, §41)

INTRODUCTION- BAD FAITH CONCEPT

Bad faith relates to:

- **subjective motivation** of TM owner (dishonest intention, sinister motive etc),
- which can be **derived from conduct**,
- which **departs** from accepted principles of ethical behaviour or honest commercial and business practices.

(T-795/17, p. 23)

INTRODUCTION- BAD FAITH CONCEPT

- the applicant's subjective intention should be determined by reference to the objective circumstances of the case
- contrary to the principle that EU law cannot be extended to cover **abusive practices** on the part of a trader, which do not make it possible to attain the **objective of the legislation** in question

BAD FAITH– TWO CATEGORIES OF CASES

- **Misuse of the rights of others:** Previous relationships giving rise to duty of fair play, moral or commercial obligations, intention to exclude from the market, undue exploitation of reputation
- **Misuse of the EUTM System:** repetitive applications, hoarding of (famous) marks, priority ,ping-pong‘



CASE LAW – C-529/07 P, 07/07/2016 (Lindt Goldhase)

- Lindt bunnies produced since the 1950s. In 1994, they entered Austrian market, and in 2000 protection for EUTM for 3D bunnies for chocolates bearing the words “Lindt GOLDHASE”,
- other manufacturers also market similar bunnies, incl. Austrian company, Franz Hauswirth (since 1962),
- Lindt - infringement against FH, to prevent it from marketing its bunny in EU
- FH - action for declaration of invalidity on basis of bad faith

C-529/07 P, questions to CJEU by Austrian Supreme Court:

- where he knows, at the time of application, that a competitor in at least one Member State is using a sign which is the same, or similar, and the applicant applies for the CTM in order to be able to prevent the competitor from using that sign;
- where all the circumstances in question 1 apply and, in addition, the applicant “knows or must know” that the competitor had already acquired a “valuable right” in his sign;
- if yes, is that bad faith overcome where the applicant’s sign has, at the time of filing, already acquired a reputation among the public?

CASE LAW – C-529/07 P, (Lindt Goldhase)

- the fact that the applicant **knows or must know** that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;
- the applicant's **intention to prevent** that third party from continuing to use such a sign; and
- the **degree of legal protection** enjoyed by the third party's sign and by the sign for which registration is sought;

CASE LAW – C-104/18 P, paras 48-57 (Stylo & Koton)

- LOC found EUTMA **STYLO & KOTON** Cl 25, 35 and Cl 18, 25, 35; for Cl 39 the services found dissimilar
- Invalidity action - target the remaining Cl 39;
- Boards of Appeal-no bad faith because services are dissimilar; the same General Court
- Court of justice: LoC is NOT a prerequisite of bad faith: in the absence of any LOC, other factual circumstances may constitute relevant and consistent indicia establishing the bad faith



CASE LAW – C-104/18 P, paras 48-57

STYLO
&
KOTON



- BAD FAITH presupposes a **dishonest state of mind or intention**.
- It applies where it is **apparent from relevant and consistent indicia** that the proprietor of an EUTM filed its application for registration:
- **Not with the aim of engaging fairly in competition**, but with the intention of **undermining the interests of third parties** in a manner inconsistent with honest practices,
- Or with the **intention of obtaining**, without even targeting a specific third party, **an exclusive right for purposes other** than those falling within the functions of a trade mark, in particular the essential function of indicating origin.



- **ANN TAYLOR** , clocks and watches in Cl 14
- Invalidity action (bad faith) by the holder of the word mark ANN TAYLOR in the US, in particular for clothing in Cl 25.
- Cancellation Division upheld the invalidity application and found bad faith confirmed by Boards of appeal, confirmed by General Court.
- LoC is not a precondition for bad faith

CASE LAW – T-3/18 and T-4/18 Ann Taylor (23.05.2019)

- presence in the EU of a sign identical/similar to the contested EUTM not mandatory
- not necessary to systematically establish a reputation of the earlier mark in the EU
- the knowledge of the existence of the earlier mark by the EUTM proprietor (affidavits, an attempt to obtain a licence)
- a deliberate strategy of misappropriation of third parties' rights may be substantiated by evidence relating to facts which occurred outside Europe

CASE LAW – T-3/18 and T-4/18 Ann Taylor (23.05.2019)

- The simple proximity or ‘correlation’ between dissimilar goods does not bar a finding that the applicant was acting in bad faith when applying for the mark ‘Ann Taylor’ in respect of watches if circumstantial evidence support the conclusion that **he deliberately sought to create an association with an earlier mark proprietor enjoying market recognition in the United States** in respect of clothing
- No commercial logic in extending protection of a mark registered in Mexico: the filing of the Mexican mark, also part of a dishonest strategy

CASE LAW – T-33/11 BIGAB (14/02/2012)

- Peeters B.V., the owner of the **mark BIGA** - an invalidity action against EUTM "**BIGAB**", covering goods in Cl 6, 7 and 12.
- Peeters claimed that the only objective was to prevent it from continuing to market agricultural machinery under BIGA mark.
- The owner replied that the BIGAB mark originated from the company name of a business it had acquired ('Blidsberg Investment Group BIG AG') and it had been using its BIGAB mark since 1991, whereas Peeters began using its mark in 1996.

CASE LAW – T-33/11 BIGAB (14/02/2012)

- Even if the owner knew or should have known of the existence of Peeters' BIGA mark at the time of filing, Peeters **failed to establish that the owner had been acting in bad faith.**
- ‘account may also be taken of the origin of the sign at issue and its use since its creation, and of the commercial logic underlying the filing of the application for registration of that sign as a EU trade mark’
- extension of protection of a national mark by registering it as an EUTM may not be an indicator of bad faith, as it falls within a company’s normal commercial strategy

CASE LAW – T-772/17 Café del Mar (fig.) (12/07/2019)



- 3 partners had used the prior sign ‘Café del Mar’ since 1980 when they opened the music bar ‘Café del Mar’ in Ibiza (Spain).
- They owned together various companies, including Can Ganguil, which used the sign also for services similar to those for which the contested trade mark was registered.

CASE LAW – T-772/17 Café del Mar (fig.) (12/07/2019)

- Can Ganguil, incorporated in 1997, granted a power of representation to the EUTM proprietor to act on behalf of the company and to represent it.
- One of 3 partners -EUTM proprietor, applied for the sign in 2001 for CI 35, 38 and 41 in its own name. It paid with the funds from Can Ganguil for the sign and it was paying the profits obtained from the exploitation of the trade mark into the accounts of Can Ganguil until 2009
- 2 remaining partners filed invalidity action based on bad faith

CASE LAW – T-772/17 Café del Mar (fig.) (12/07/2019)

- the power of representation granted to act on behalf of the company does not give a better right to the representative than to the other partners on the sign ‘Café del Mar’
- even if the company’s representative plays an outstanding role in the promotion and development of the sign, he is not entitled to use its power in his own name

CASE LAW – T-772/17 Café del Mar (fig.) (12/07/2019)

- registering **in his own name** a trade mark **generating confusion** with the earlier sign ‘Café del Mar’ while being its representative and by paying the registration costs with funds from that company, **he departed from accepted principles of ethical behaviour or honest commercial and business practices and therefore acted in bad faith**
- it is irrelevant that the profits obtained from the exploitation of the trade mark were paid back until 2009, since bad faith must be proven at the time of filing the application . In addition, the proprietor ceased to share the profits of the trade mark exploitation as from 2009 and this shows **the detrimental nature of the registration** of the sign in his own and exclusive name .

CASE LAW – T-327/12 SIMCA (08/05/2014)



- The invalidity applicant requested the declaration of invalidity of EUTM ‘Simca’ (word) for goods in Class 12 based on bad faith.
- Earlier mark ‘Simca’ had not been used since 1980 but still retained some residual reputation among the public interested in cars and has regularly been renewed in various EU countries.

CASE LAW – T-327/12 SIMCA (08/05/2014)



- EUTM owner was found to deliberately seek to use a known mark and to free ride on its existing reputation or even to compete with the original mark in case the latter is re-entered on the market.
- It is of little relevance and not decisive that the owner had started the use of the registered SIMCA mark and also that he had worked in the past for the invalidity applicant.

CASE LAW – T-795/17 NEYMAR (14/05/2015)

- EUTM **NEYMAR** was filed in December 2012 for goods in Class 25.
- Mr Neymar Da Silva Santos Júnior, Brazilian football player, filed invalidity application invoking bad faith.
- The owner in application to General Court argued that in 2012 Neymar was not yet known in EU and that he did not have much knowledge of the world of football so he did not know Neymar was a rising star; he chose the word because it sounded well.
- Cancellation Division and BoA found bad faith because Neymar was a rising star in football and the EUTM proprietor had no motive other than to exploit the intervener's renown to benefit from it.

CASE LAW – T-795/17 NEYMAR (14/05/2015)

- General Court found bad faith.
- Neymar was already recognized as a very promising football player years before it joined FC Barcelona in 2013
- EUTM owner had more than a little knowledge of the world of football. He knew that Neymar was a rising star in football. He had applied for registration of IKER CASILLAS.
- the commercial logic behind the application for registration of an EU trade mark was creating an association with the Neymar's name in order to benefit from its attractive force.

Bad faith assessment – some of the factors

- **Knowledge** of the existence of identical/similar sign (stemming from business relations, knowledge of the sector, reputation, long standing use etc.)
- **Dishonest intention** on the part of the EUTM owner
- The **degree of legal protection** of the earlier mark / contested sign
- **Origin** of the contested sign, its use since creation
- **Commercial logic** underlying the application

Bad faith – factors unlikely to indicate bad faith when occur alone

- Extending the protection of a national mark by registering it as an EUTM
- Filing cancellation action against earlier right used in opposition proceedings
- Cease and desist letters sent to competitors after registration
- Long list goods and services
- Requests for compensation/ offer to sell the EUTM OR
- Contested EUTM is virtually identical to sign of the applicant, especially if it has limited distinctiveness

BAD FAITH– Repetitive registrations

- EUTMs have to be used
- After 5 years from registration owners may be asked to prove genuine use in context of revocation proceedings or opposition/invalidity proceedings based on Art. 8 (1)(b)/8(5) EUTMR
- Some companies periodically refile their trade marks every 5 years to avoid the proof of use obligation – so-called ‘evergreeing’, what alludes to the practically infinite grace period which those marks enjoy as a result

BAD FAITH– Repetitive registrations

- Such practice may constitute bad faith, if a trade mark is filed for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating commercial origin
- However, there may be a commercial logic in filing for updated version of the TM or updated list of G&S,
- to be assessed on a case by case basis

Article 8 (3) EUTMR Unauthorised filling by an agent

- Art. 59(1)(b) EUTMR is a general expression of the principle that commercial transactions must be conducted in good faith
- This principle is also reflected in Art.8 (3) EUTMR which entitles trade mark proprietors to oppose the registration of their marks as EUTMs by others
- It has a narrower scope of application though because it is various conditions (only invoked by the owner, agent relationship, filed without consent, no justification, the signs and goods are identical or closely related)

Article 8 (3) EUTMR Unauthorised filling by an agent

- But it can also be invoked in the opposition proceedings to prevent the registration.
- If invoked in cancellation proceedings (invalidity action) and successful it can result in a transfer of the contested sign to the rightful owner (who initiated the invalidity action).
- The invalidity applicant has a choice to ask for cancellation or transfer of the trade mark



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CASE LAW – C- 528/18 (13/11/2019) Outsource2India

- EUTM   CI 35, 36, 41 in 2007 
- Invalidity filed by Indian company – bad faith
- BOA found no bad faith because Outsource2india is descriptive
- GC found that there was bad faith as the EUTM owner was aware of the Indian's company activity in Germany in 2006 for outsourcing services

CASE LAW – C- 528/18 (13/11/2019) Outsource2India

 Outsource2India

 Outsource
2 India

- CJ: Where certain objective circumstances show that the EUTM proprietor filed the mark in bad faith, the potentially descriptive character of the element common to both signs cannot prevail over the finding of bad faith.
- The proprietor acted in bad faith when, shortly after the invalidity applicant refused cooperation, it requested registration of the EUTM specifically containing the element ‘outsource2india’, used by the other party.