



# Third Seminar on Bad Faith TM Filings

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## OUTLINE

01 Bad Faith as Invalidity Ground

02 The Notion of Bad Faith

03 European Case Law

04 Bad Faith in ASEAN



**Bad Faith is one of the absolute grounds for the invalidity of a Community trade mark, to be relied on either before OHIM or by means of a counterclaim in infringement proceedings.**

- invalidity ground
- not ex officio
- time of filing



# Cancellation Proceedings

*Cancellation proceedings are never initiated by the OHIM itself. The initiative lies with the applicant for cancellation.*

## The grounds for cancellation

Article 56(1) The term “cancellation proceedings” comprises applications for revocation and for declarations of invalidity. Where the applicant was acting in bad faith when he filed the application for CTM it is liable to be declared invalid.

### **Article 51**

The grounds for **revocation** are:

- Non-use
- Mark has become a common name in trade for the goods and services for which it is registered.
- Mark has become deceptive

# LEGAL BASIS:

## European Union TM Regulation

### *Grounds for invalidity*

#### Article 52 (1)(b)

#### **Absolute grounds for invalidity**

1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

- (a) where the Community trade mark has been registered contrary to the provisions of Article 7;
- (b) where the applicant was acting in **bad faith** when he filed the application for the trade mark.

# LEGAL BASIS:

## European Union TM Regulation

### *Grounds for invalidity*

#### Article 54 (1)

#### **Limitation in consequence of acquiescence**

Where the proprietor of a Community trade mark has acquiesced, for a period of five successive years, in the use of a later Community trade mark in the Community while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later Community trade mark was applied for in **bad faith**.

# **LEGAL BASIS:**

## **DIRECTIVE 2008/95/EC**

### **Article 3 (2)(d)**

#### **Grounds for refusal or invalidity**

The application for registration of the trade mark was made in bad faith by the applicant.

### **Article 4(4)(g)**

#### **Further grounds for refusal or invalidity concerning conflicts with earlier rights.**

The trade mark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

# **NEW LEGAL BASIS**

## **DIRECTIVE 2015/2436**

### **Article 5 (4)(c)**

#### **Relative grounds for refusal or invalidity**

Any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that:

the trade mark is liable to be confused with an earlier trade mark protected abroad, provided that, at the date of the application, the applicant was acting in bad faith.

***to entry into force 14 January 2019***



## 2. The Notion of Bad Faith

## The Notion of Bad Faith

The WIPO Joint Recommendation, Article 3(2), provides as follows in connection with the protection of well-known marks:

(2) [Consideration of Bad Faith] Bad faith may be considered as one factor among others in assessing competing interests in applying Part II of these Provisions.

## The Notion of Bad Faith

- Neither the CTM Regulation nor the Implementing Regulation offer a definition of bad faith. (OHIM Guidelines, Cancellation proceedings, substantive provisions)
- OHIM has stated that bad faith can be considered to mean “*dishonesty which would fall short of the standards of acceptable commercial behaviour*” but this is not a comprehensive definition. Other behaviour may be considered to demonstrate bad faith. Conceptually, bad faith can be understood as “dishonest intention” (Decision of the Cancellation Division of 10 October 2004 CTM ER and Boards of Appeal decision in case R 582/2003-4 EAST SIDE MARIO’S).
- Transactions or actions (performances) that would be absent to the standards of the commercial acceptable behaviour.(Decision of Cancellation Division of 28/02/2007 R 633/2007-2, CHOOSI).

## Examples of Bad Faith

- **There is bad faith when the CTM applicant intends through registration to lay claim to a trade mark of a third party with which it had contractual or pre-contractual relations.**

**It may be an indication of bad faith where a trade mark that has already been cancelled on the grounds of bad faith in a Member State is applied for as a CTM. (Decision of Cancellation Division of 25/08/03; 301C POGGIO AL CASONE).**

- **Where the proprietor of a CTM makes repeated applications for the same mark with the effect of avoiding the consequences of revocation for non-use of earlier CTMs, whether in whole or in part, the proprietor is acting in bad faith.**

- **Blocking competitors (Decision of Cancellation Division 787C GALAPAGOS; R 20/2006-1 LA MARTINA).**

## Examples where there is no bad faith

**An application for a CTM where the same trade mark had been rejected by the central industrial property office of a Member State on grounds of descriptiveness does not constitute bad faith. (Decision of the Cancellation Division of 23 November 2004 669C, AALBORG)**

**There is no requirement in the CTM system for an applicant to have an intention to use the mark when applying. Thus absence of intent to use is not a ground for establishing bad faith. Similarly, applying for protection across a broad range of goods and services does not constitute bad faith. (Decision of the Cancellation Division of 14 December 2004 813C, NAKED)**

**Where, in the course of the application procedure the applicant pursues claims, such as priority or seniority, which are later rejected does not constitute bad faith. (Decision of the Cancellation Division of 27 September 2004 315C, XENIVM)**



# **3. European Case-Law concerning Bad Faith**

## C-529/07 of 11 June 2009

- applicant knows or must know
- identical or confusingly similar third party sign for identical or similar product
- intention of applicant
- degree of legal protection of both signs



Chocoladefabriken Lindt & Sprüngli AG

# Judgment of the Court of Justice of 11 June 2009 in case C-529/07 (Chocoladefabriken Lindt & Sprüngli AG/Franz Hauswirth GmbH)



## **To define bad faith all of the relevant factors must be considered:**

- An overall assessment at the time of the application
- Knowledge of the applicant of a similar sign
- Applicant's intention to prevent use
- Legal protection enjoyed by the third party's sign

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (35) the relevant time for determining whether there was bad faith on the part of the applicant is the time of filing the application for registration
- (37) Whether the applicant is acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant factors relevant to the particular case.

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (39) With regard to the expression ‘must know’, a presumption of knowledge, by the applicant, of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought may arise, inter alia, from general knowledge in the economic sector concerned of such use, and that knowledge can be inferred, inter alia, from the duration of such use. The more that use is long-standing, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it.

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (40) However, the fact that the applicant knows or must know that a third party has long been 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 is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (41) Consequently, in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.
- (42) The applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.
- (43) Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (44) That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market
- (46) Equally, the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (47) In such a case, the applicant's sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (48) That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant's registration of the sign may be in pursuit of a legitimate objective.

# Criteria relevant to determining whether the applicant is acting in Bad Faith

- (51) Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed.
- (52) The extent of that reputation might justify the applicant's interest in ensuring a wider legal protection for his sign.

# GC, 1 February 2012, T-291/09\*



- The CTM proprietor started its restaurant business in Spain in the early 90's and applied for registration of a similar trade mark in Spain in 1994 before applying for the CTM in 2002.
- The applicant used its mark in the US since 1991 and applied for registration in the US in 1994.
- The applicant has a UK mark registered in 2000.

GC, 14 February 2012, T-33/11  
“**BIGAB**” *v non-registered Benelux mark*  
“**BIGA**”

- Para. 18. Confirmation of a settled case law on the concept and assessment of bad faith (Ref. to Lindt Goldhase Judgment, CJ, 11 June 2009, C-529/07).
- Para. 27. ‘The fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for identical or similar goods <...> is not sufficient in itself to permit the conclusion that the applicant was acting in bad faith.’

## T-136/11 of 13 December 2012

- artificial extension of grace period for non-use through repeat application can be bad faith
- however, different situation is protection, in accordance with normal business practice, of variations of signs, e. g. evolution of logo

***Pelikan*** 

***Pelikan*** 

Pelikan Vertriebsgesellschaft  
mbH & Co. KG

CJ, 14 June 2013, C-320/12

## Malaysia Dairy Industries Pte. Ltd

- bad faith = autonomous concept of EU law, uniform interpretation
- applicant's knowledge or presumed knowledge of use by third party abroad is not, in itself, enough to find for bad faith



CJ, 14 June 2013, C-320/12

## Malaysia Dairy Industries Pte. Ltd

- The fact that the person making that application knows or should know that a third party is using a mark abroad at the time of filing his application which is liable to be confused with the mark whose registration has been applied for is not sufficient, in itself, to permit the conclusion that the person making that application is acting in bad faith within the meaning of that provision.

CJ, 14 June 2013, C-320/12

## Malaysia Dairy Industries Pte. Ltd

- Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that it does not allow Member States to introduce a system of specific protection of foreign marks which differs from the system established by that provision and which is based on the fact that the person making the application for registration of a mark knew or should have known of a foreign mark.

GC 11 July 2013, T-321/10

## **GRUPPO SALINI/SALINI**

- CTM declared invalid due to bad faith is invalid for all goods and services it was registered for, even those dissimilar to the goods and services of the other party/invalidity applicant

GC, 8 May 2014, T-327/12

## **Simca Europe Ltd**

- CTM was declared invalid due to bad faith is invalid for all goods and services it was registered for.
- The real purpose of the former proprietor's application for registration of a Community trade mark was to 'free-ride' on the reputation of the intervener's registered marks and to take advantage of that reputation

## **Factors unlikely to prove bad faith**

- Extending the protection of a national mark by registering it as a CTM falls within a company's normal commercial strategy [Judgment of 14/02/2012, T-33/11, 'BIGAB']
- The length of the list of goods and services set out in the application cannot constitute bad faith [Judgment of 07/06/2011, T-507/08, '16PF']
- The extent of the reputation of a national sign might justify the owner's interest in ensuring broader protection [Judgment of 11/06/2009, C-529707, "Lindt Goldhase"]
- The fact that the signs are identical does not establish bad faith, in the absence of other relevant factors [Judgment of 01/02/2012, T-291/09, "Pollo tropical"]

## A specific bad faith ground of opposition

- Article 8(3) CTMR: An application for registration is rejected if it is filed by an agent or representative of the TM's owner, in his own name, without the owner's consent, unless the agent or representative justifies his action.
- The terms “agent” & “representative” should be interpreted broadly so as to cover all kinds of relationships based on a contractual arrangement (one party represents the interests of the other), regardless of how the contractual relationship is categorised [Judgment of 09/07/2014, T-184/12, HEADSTRIP / HEADSTRIP]
- A mere purchaser or client of the owner cannot be regarded as an “agent” or “representative”.
- A tacit cooperation agreement is covered by this provision, even if the cooperation is not exclusive.

## Where to find the judgments

OHIM Case-law database

<https://oami.europa.eu/eSearchCLW/#advanced>

Database of the Court of Justice

<http://curia.europa.eu/>



# 4. Bad Faith in ASEAN

## **Bad Faith in ASEAN**

- Several ASEAN countries (Brunei, Singapore, Cambodia, Indonesia, Malaysia and Laos) have provisions or practice that take into account the possibility that an application be filed in bad faith.
- Some of those countries' trademark provisions contain an express or implied reference to an applicant's 'bad faith' or 'fraudulent intent' as a factor that can impede or vitiate a trademark registration.

Decision of the Supreme Court of the Philippines,  
on 31 March 2006, case G.R. No. 159938,  
***SHANGRI-LA INTERNATIONAL HOTEL  
MANAGEMENT, LTD., et al. vs. DEVELOPERS  
GROUP OF COMPANIES, INC***

- The court decided, among other points, that the registrant of the mark had acted in bad faith because it was aware of the prior existence of the earlier mark and proceeded to obtain registration in its name in spite of that knowledge.

# ***SHANGRI-LA INTERNATIONAL HOTEL MANAGEMENT, LTD., et al. vs. DEVELOPERS GROUP OF COMPANIES, INC***





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**Thank You**