

# Bad Faith Trademark Applications at EUIPO

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24/01/2024

## Introduction

‘first-to-file’ principle

**EU Trade Mark Regulation No 2017/1001**

**Bad faith as a separate legal ground**

**Art. 59 (1)(b) EUTMR**

commercial transactions must be conducted in good faith

## What is bad faith?

*An EU trade mark 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)*

- an autonomous concept of EU law that has to be interpreted in a uniform manner throughout the EU
- No definition in law but **based on case law** of the General Court / Court of Justice of the European Union

## What is bad faith?

### Bad faith relates to:

- subjective motivation of TM owner
- derived from conduct,
- which departs from **accepted principles of ethical behavior** or **honest commercial and business practices**.

Bad faith presupposes a dishonest state of mind or intention.

## What is bad faith filing?

“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 (para. 46).”

C-104/18 P, Stylo & Koton (fig)

## Procedure

ground for invalidity -post registration

anyone can file

only per request, not ex officio

inter partes proceedings

based on facts, evidence and arguments provided by the parties

presumption of good faith

## Procedure

result – invalidation *ex tunc*

normally, **the entire trade mark** is declared invalid

**where the ground for invalidity exists in respect of only some of the goods or services for which the trade mark is sought to be registered, the trade mark is to be declared invalid as regards those goods or services only (C-371/18, SKYKICK)**

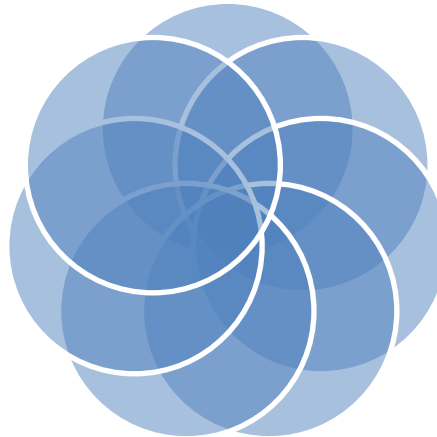
## Assessment – frequent factors

### Dishonest intention!

Chronology of events

Origin of the contested  
sign

legal protection of the earlier  
mark / contested sign



Knowledge

Likelihood of confusion

Honest commercial logic etc.



## Art. 59(1)(b) EUTMR Bad faith filings

Two categories of cases:

- **Misappropriation 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, blocking position, lack of intention to use, defensive applications

**Case law of General Court  
(1st Instance, cases marked with “T”)  
and the Court of Justice  
(2nd Instance, cases marked with “C”)**

# Misappropriation of the rights of others

## Misappropriation of the rights of others

- T-3/18-T4/18: ‘Ann Taylor’ earlier USA mark word mark for **clothing**



filed for **watches** in EU

- Circumstantial evidence support the conclusion that the EUTM applicant **deliberately sought to create an association with an earlier mark enjoying market recognition in the United States in respect of clothing**

## Misappropriation of the rights of others (T-327/12, Simca)

- Cars with SIMCA mark sold between 1930s and 1980
- General Court: the existence of the ‘SIMCA’ mark, as a ‘historical’ mark, was a well-known fact and the EUTM proprietor was aware of the mark’s surviving reputation especially that he had worked in the past for the invalidity applicant.
- 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.

# Misuse of the EUTM system

## Misuse of the system – ever-greening or repetitive filings

Re-filing every 5 years to avoid the proof of use obligation

MAY constitute bad faith

But not if commercial logic behind it



## Misuse of the system – repetitive filings

13/02/2012, T-136/11, ‘Pelikan’

***Pelikan*** 

EUTM registered 01/04/1996

21/05/2008

Inter alia, Class 35, 39 (among others)

39

**General Court: repeated application MAY be taken into account for the assessment of bad faith**

**BUT: No Bad faith here**

**Evolution over time of a logo is normal business practice.**

***Pelikan*** 

EUTM filed 22/08/2003, registered

Large list of G&S, inter alia, Class 35,



## Misuse of the system – repetitive filings (Case T-663/19, MONOPOLY)

- Several MONOPOLY word marks filed over the years, applicant's **own admission: for not having to prove use** of the contested mark
- The filing strategy practised by the applicant, which seeks to circumvent the rule relating to proof of use “calls to mind a case of an abuse of law” (para 72.)

## Misuse of the system – no intention to use the trade mark (T-273/19, Target Ventures)

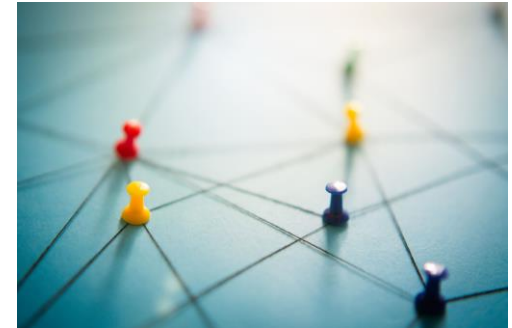
- Filing of ‘Target Ventures’ in Class 36, already used by another company
- Applicant used ‘targetpartners.de’
- The filing of ‘Target Ventures’ was only to avoid a likelihood of confusion with the sign ‘TARGET PARTNERS’, already owned by applicant
- Defensive registration with no intention to use -> Bad faith

## Misuse of the system – no intention to use the trade mark (C-371/18, SkyKick, para. 77-78)

- Registration without any intention to use MAY constitute bad faith, where “there is no rationale for the application”
- No economic activity at filing is not enough to presume bad faith
- It is difficult to establish that a party did not have intention to use a mark

## Misuse of the system – obtaining a blocking position (T-82/14 LUCEO)

- EU trade mark ‘Luceo’ was applied for in 2009
- used against ‘Lucea Led’ in opposition
- it relied on an earlier priority of an Austrian trade mark
- chain of applications



## Misuse of the system – obtaining a blocking position (T-82/14 LUCEO)

- fraudulent scheme
- filling strategy ‘incompatible’ with the objectives of EUTMR
- ‘abuse of law’ since- no intention to use
- the intention to obtain an artificial advantage to the detriment of others, a blocking position



## EUIPN CP13: Trade mark applications made in bad faith



[https://www.tmdn.org/network/documents/10181/2275452/ECP4\\_CP13\\_1st+draft\\_CP\\_1st+publication\\_tmdn\\_October+2022.docx/4ddea4bd-9bec-46d3-a338-091d1364e2b0](https://www.tmdn.org/network/documents/10181/2275452/ECP4_CP13_1st+draft_CP_1st+publication_tmdn_October+2022.docx/4ddea4bd-9bec-46d3-a338-091d1364e2b0)

## EUIPN CP13: Trade mark applications made in bad faith - Content

- General notion (definition)
- Different types of bad faith (misappropriation / abuse)
- General rules (burden of proof, relevant point in time)

- Mandatory factor: dishonest intention

(knowledge, similarity of marks/G&S, likelihood of confusion, previous relationship, origin, chronology, honest commercial practice, financial compensation)

- Non-mandatory factors

- Scenarios

(parasitic, breach of fiduciary relationship, defensive, re-filing, speculative)



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Thank you