

BRIEF CONSIDERATIONS REGARDING THE NOTION OF BAD FAITH AT EUROPEAN UNION LEVEL

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Abstract

Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks imposes that all Member States should provide for the invalidation of national trademark registrations that were filed in bad faith. It also leaves to the discretion of Member States the possibility to provide for bad faith as a basis for opposition. Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trademark establishes that European Union Trademarks can be invalidated if filed in bad faith. However, the notion of bad faith raises difficulties of interpretation, and case law came to determine both general principles in determining it, and specific situations of bad faith. This paper aims to analyse bad faith from the perspective of the most recent European case law.

Keywords: bad faith, EU IPO, EU case-law, invalidation, opposition, bad faith.

1. Introduction

The concept of „bad faith” does not enjoy a legal definition. However, both the EU and national legislations confer bad faith very significant consequences in terms of trademark protection.

Bad faith is generally associated with the lack of intention to use a registered trademark. However, as we will see below, the case law established more nuanced conditions to be fulfilled when it comes to having a trademark rejected or cancelled on bad faith grounds.

Moreover, the intention to use or not a trademark that has been registered or which is about to be registered is of a subjective nature. For this reason, it is often difficult to assess whether a certain filing has actually been made in bad faith. Consequently, the EU case law came to establish certain circumstances that, considering the particulars of each case, should be considered as indicative of bad faith.

Nevertheless, it should be mentioned that each situation should be carefully assessed on a case by case basis as determining a bad faith template and applying it to different matters could lead to incorrect findings.

It is also interesting to note that bad faith may be seen both as an absolute and a relative ground for refusal/cancellation of a trademark. To this end, a very interesting study conducted by Mariia Shipilina, debating whether the concept of bad faith represents „a fair balance between the protection of exclusive rights conferred on the proprietor and free access to the European market”.¹ In other words, if it is rather a way

to protect individual interests of trademark proprietors, or a general interest of all participants on the market.

The fact that protection against bad faith places itself at the crossroads between individual and public interest may represent the reason why it is a concept that has received numerous interpretations in time.

With this in mind, this paper will show the most relevant legal provisions in EU legislation in connection to bad faith, in order to show its practical importance, and furthermore, the most relevant case law that tried to define or describe the notion of bad faith.

2. EU legal provisions concerning bad faith

The concept of „bad faith” does not enjoy a legal definition. However, it is a specific concept in trademark protection and has serious consequences in terms of trademark protection.

Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks provides that “*It is important, for reasons of legal certainty to provide that, without prejudice to his interests as a proprietor of an earlier trademark, the latter may no longer request a declaration of invalidity or oppose the use of a trademark subsequent to his own trademark, of which he has knowingly tolerated the use for a substantial length of time, unless the application*

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¹ The complete article, namely Mariia Shipilina, *Trademark Law and the Concept of Bad Faith A fair balance between the protection of exclusive rights conferred on the proprietor and free access to the European market?*, could be consulted at the following link: <https://www.diva-portal.org/smash/get/diva2:1439535/FULLTEXT01.pdf>.

for the subsequent trademark was made in bad faith.”² This is a first important provision concerning bad faith, as it sets as an exception to a possible defense based on acquiescence. Further, it establishes that “A trademark shall be liable to be declared invalid where the application for registration of the trademark was made in bad faith by the applicant. Any Member State may also provide that such a trademark is not to be registered.”³ The Directive also states that “Any Member State may provide that a trademark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that: c) the trademark is liable to be confused with an earlier trademark protected abroad, provided that, at the date of the application, the applicant was acting in bad faith.”⁴ Finally, it provides that “Where, in a Member State, the proprietor of an earlier trademark as referred to in art. 5(2) or art. 5(3)(a) has acquiesced, for a period of five successive years, in the use of a later trademark registered in that Member State while being aware of such use, that proprietor shall no longer be entitled on the basis of the earlier trademark to apply for a declaration that the later trademark is invalid in respect of the goods or services for which the later trademark has been used, unless registration of the later trademark was applied for in bad faith.”⁵

As for the Regulation, it establishes that “An EU trademark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings: b) where the applicant was acting in bad faith when he filed the application for the trademark.”⁶ Art. 61 further provides that “1. Where the proprietor of an EU trademark has acquiesced, for a period of five successive years, in the use of a later EU trademark in the Union while being aware of such use, he shall no longer be entitled on the basis of the earlier trademark to apply for a declaration that the later trademark is invalid in respect of the goods or services for which the later trademark has been used, unless registration of the later EU trademark was applied for in bad faith. 2. Where the proprietor of an earlier national trademark as referred to in art. 8(2) or of another earlier sign referred to in art. 8(4) has acquiesced, for a period of five successive years, in the use of a later EU trademark in the Member State in which the earlier trademark or the other earlier sign is protected while being aware of such use, he shall no

longer be entitled on the basis of the earlier trademark or of the other earlier sign to apply for a declaration that the later trademark is invalid in respect of the goods or services for which the later trademark has been used, unless registration of the later EU trademark was applied for in bad faith.”⁷ Lastly, it is set that “1. The proprietor of an earlier right which only applies to a particular locality may oppose the use of the EU trademark in the territory where his right is protected in so far as the law of the Member State concerned so permits. 2. Paragraph 1 shall cease to apply if the proprietor of the earlier right has acquiesced in the use of the EU trademark in the territory where his right is protected for a period of five successive years, being aware of such use, unless the EU trademark was applied for in bad faith.”⁸

It can therefore be concluded that bad faith does not have a legal definition. However, case law has stated that “the concept of ‘bad faith’, within the meaning of that provision, is an autonomous concept of European Union law which must be given a uniform interpretation in the European Union.”⁹ In other words, it is the task of case-law to determine the exact extent of the notions. To this end, the most relevant decisions issued at European level will be further analyzed.

3. **Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH – one of the most important decisions in defining the conditions of bad faith**

The *Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH* is considered one of the most important decisions in terms of determining the conditions of applicability of the legal provisions concerning cancellation on grounds of bad faith.

In this matter, the Court held the following: “In order to determine whether the applicant is acting in bad faith within the meaning of art. 51(1)(b) of Council Regulation (EC) no. 40/94 of 20 December 1993 on the Community trademark, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trademark, in particular:

² Art. 29 of the preamble of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trademarks, published in the Official Journal of the European Union of November 08, 2008.

³ *Idem*, art. 4 para. 2).

⁴ *Idem*, art. 5 para. 4) letter c).

⁵ *Idem*, art. 9 para.1).

⁶ Art. 59 para. 1) letter b) of the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trademark, published in OJ from June 16, 2017.

⁷ *Idem*, art. 61 para. 1) and para. 2).

⁸ *Idem*, art. 138 para. 1) and para. 2).

⁹ Judgment of the Court (Fifth Chamber) of 27 June 2013 in case no. C-320/12 *Malaysia Dairy Industries Pte. Ltd v. Ankenævnet for Patenter og Varemærker*.

– 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.”¹⁰

The Court also held the following „First, with regard to the expression ‘must know’ in the second question, 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.”¹¹ Therefore, there may be situations in which the applicant who files for registration for a subsequent trademark may be presumed to have been aware of the existence of an earlier mark, even unregistered in the respective jurisdiction, but in other corners of the world. In fact, the Romanian High Court of Cassation and Justice maintained this view and held that „(...) the registration was made in bad faith considering that the applicant company, as a distributor of such products and a connoisseur of the specialized market, knew at the time of the request of the registration of the trademark the cancellation of which is requested that the mark C. is the property of their company.”¹² Therefore, as regards participants in the same market, the existence of certain trademarks is presumed, whether registered or not.

It can therefore be concluded that one of the most important applications of those held by the court in this matter refer to finding possible remedies against the registration by third parties of certain trademarks that are known on the market, but still unregistered, for different reasons, by their right holders, in certain jurisdictions.

To this end, the doctrine summarized the disadvantages of the attributive system by outlining that

registries may be “contaminated” (o.n. with unused trademarks, or blocking trademarks), that registrations may be made with bad faith, and also that they do not provide protection to those trademarks that are not registered, even if their use is obvious to everyone¹³.

Thus, one of the disadvantages of the attributive system is that this protection system offers the possibility to register the “blocking trademarks”. The register can be congested with trademarks that the holder does not intend to use, or with registered trademarks for far more products or services than those for which they are actually used by the holder. Even if there is a remedy for the revocation action, it is not within the reach of the interested persons until after a period of five years has elapsed since the registration of the trademark. Also, in addition to those held by the cited author, we mention that trademark owners can counteract the consequences of such an action by periodically redistributing, once every five years, the same blocking trademark. Then, for the holders who use the mark before registering it, the lapse of time between the moment of placing the trademark on the market and filing the trademark for registration before the competent registry allows bad faith third parties to request the registration of that trademark. The remedy provided by law against these third parties, namely the cancellation action for bad faith, is not always an easy ground to prove¹⁴.

4. Is knowledge of the prior trademark sufficient to conclude that a filing was made in bad faith?

To this end, the EU case-law stated that this circumstance is not sufficient. In the Malaysia Dairy case, the Court held the following: “2. Art. 4(4)(g) of Directive 2008/95 must be interpreted as meaning that, in order to permit the conclusion that the person making the application for registration of a trademark is acting in bad faith within the meaning of that provision, it is necessary to take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration. 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

¹⁰ Judgment of the CJEU of 11 June 2009 in case no. C-529/07 *Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH*.

¹¹ Judgment of the CJEU of 11 June 2009 in case no. C-529/07 *Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH*, para. 39.

¹² Judgment of the HCCJ delivered on March 5, 2010 in case no. 1497/2010.

SC E.K. SRL v. SC C.A.S.V.T. and SC H.P.I. SRL, available on the court's website at the address: <http://www.scj.ro/1093/Detail-jurisprudenta?customQuery%5B0%5D.Key=id&customQuery%5B0%5D.Value=58991>, accessed on 09.12.2019, 23:07.

¹³ Tony Huydecoper, Constant van Nispen, Tobias Cohen Jehoram, *European Trademark Law: Community Trademark Law and Harmonized National Trademark Law*, Kluwer Law International, Alphen aan den Rijn, 2010, p. 15.

¹⁴ Viorel Roș, Octavia Spineanu-Matei, Dragoș Bogdan, *Dreptul Proprietății Intellectuale. Dreptul Proprietății Industriale. Mărcile și indicațiile geografice*, All Beck Publishing, Bucharest, 2010, pp. 20 et seq.

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.

3. Art. 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.”¹⁵

The case-law therefore insists on the fact that, besides that specific knowledge, consideration must be given to the applicant’s intention at the time when he files the application for registration of a mark, and this subjective factor which must be determined by reference to the objective circumstances of the particular case.

It should also be noted that, as it was held in an article following this decision, the Court established that Member States cannot legislate differently or tailor the grounds of refusal or invalidity as set out in the Directive in a manner that would provide for the introduction of a system for the specific protection of foreign marks, which is based on the fact that the applicant knew or should have known of a foreign mark.¹⁶

5. Good faith is, however, presumed

The General Court (Fifth chamber) has clearly stated that “It should first be observed that, as the Board of Appeal correctly stated in para. 27 of the contested decision, and as is clear from the case-law cited in para. 21 above, there is a presumption of good faith until proof to the contrary is adduced. Thus, contrary to the applicant’s contention, Pelikan was not required to prove use of the contested Community trademark.”¹⁷

It should therefore be noted that it seemed to be a fine line between the presumption of knowledge of a prior trademark used on the same market, as per the Lindt decision, and a possible “bad faith” presumption. This, actually, is in line with those held in the Malaysia Dairy decision. The knowledge of a prior mark does not necessarily lead to the conclusion of bad faith. The intention of the applicant at the moment of filing must

also be proven, and this time it cannot be subject to a simple presumption, as it is the case for the knowledge of the prior trademark. The applicant’s intention, which is, of course, a subjective factor, should be determined based on objectively proven facts and evidence.

In other words, the act of filing, in itself, cannot be considered to be made in bad faith, and all circumstances of the case should be taken into consideration in order to reach this possible conclusion.

6. Skykick and the importance of designating the right goods and services

Another scenario of fighting against filing for registration of a trademark without the intention to use it, as outlined by the European case law, concerns sanctioning the application for registration of a trademark for goods or services for which the applicant/holder does not intend to use that trademark.

In the SkyKick case, where, in his opinion, the Attorney General held that „if registration can be obtained too easily and/or too widely, then the result will be mounting barriers to entry for third parties as the supply of suitable trademarks is diminished, increasing costs which may be passed on to consumers, and an erosion of the public domain; (...) If terms which are not applicable, but which anyway appear in the register, are vague and uncertain, then this will also lead to a dissuasive effect on competitors considering entering the market; (...) In certain circumstances, applying for registration of a trademark without any intention to use it in connection with the specified goods or services may constitute an element of bad faith, in particular where the sole objective of the applicant is to prevent a third party from entering the market, including where there is evidence of an abusive filing strategy, which it is for the referring court to ascertain”¹⁸. This opinion, given in the context of analyzing the impact of trademarks filed for goods or services that do not have a clear scope, insofar as it will be applied by the court, may have major consequences for the strategies adopted by the applicants when selecting the goods or services designated under their trademark, as they must designate lists which are as specific as possible. Or, such an evolution would bring the attributive system closer to having the trademarks

¹⁵ Judgment of the Court (Fifth Chamber) of 27 June 2013 in case no. C-320/12 *Malaysia Dairy Industries Pte. Ltd v. Ankenævnet for Patenter og Varemærker*.

¹⁶ *CJEU rules prior knowledge of conflicting trademark does not amount to bad faith*, article published by the company McDermott Will & Emery on the website Lexology, available at the link <https://www.lexology.com/library/detail.aspx?g=234e733e-4ca4-4455-b98f-80fa3c8b6e9a>.

¹⁷ Judgment of the General Court (Fifth Chamber) of 13 December 2012 in case no. T-136/11 *pelicantravel.com s.r.o.v. Office for Harmonisation in the Internal Market (Trademarks and Designs) (OHIM)*, p. 57.

¹⁸ Opinion of the Advocate General Mr. Evgeni Tanchev of October 16, 2019, in Case C-371/18 *Sky plc, Sky International AG, Sky UK Limited Vs. SkyKick UK Limited, SkyKick Inc*, para. 62, 72, 143, consulted on the Curia website at the address: <http://curia.europa.eu/juris/document/document.jsf?text=&docid=219223&pageIndex=0&doclang=RO&mode=req&dir=&occ=first&part=1&cid=7381341> on 14.12.2019, 3:23 pm.

protected specifically for those goods or services for which they were brought on the market, since the new trademark applications will have to reflect as accurately as possible the reality on the market, to avoid a potential cancellation on the grounds of bad faith.

Finally, the Court's decision was the following: *“a trademark application made without any intention to use the trademark in relation to the goods and services covered by the registration constitutes bad faith, within the meaning of those provisions, if the applicant for registration of that mark had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark. When the absence of the intention to use the trademark in accordance with the essential functions of a trademark concerns only certain goods or services referred to in the application for registration, that application constitutes bad faith only in so far as it relates to those goods or service”*.¹⁹ As such, the doctrine (Walfisz, 2020) notes that in this context bad faith can be retained only to the extent that objective evidence can be provided regarding the applicant's intention to undermine the activity of third parties. However, as one of the practitioners called to comment on this decision in the quoted article very well points out, it remains to be seen how these conditions will be analyzed, related to the subjective attitude of the applicant.²⁰

In principle, we agree with those held by the court. First, in this context, bad faith cannot be presumed. The fact that the trademark is registered for goods or services for which it is not, in fact, used, does not automatically lead to the conclusion that there is conduct in bad faith. Indeed, no one can assume that the applicant did not intend to use the trademark for all designated goods or services, as long as the law generally gives him a five-year grace period to use the trademark for those goods or services. We therefore agree that bad faith must be proved, which, according

to the case law of the court, *“presupposes the presence of a dishonest state of mind or intention”*²¹.

7. The Monopoly case

Also, as mentioned above, the application for the registration of a trademark which already has protection, for identical or similar products or services, was assessed by the European office as being a step taken in bad faith. In this regard, the European Office held that *„One of the European Union's fundamental principles is to promote and safeguard effective competition on the market”*²² and also that *„there is no justification for protecting EU trademarks or, as against them, any trademark which has been registered before them, except where the trademarks are actually used”*²³. As such, the trademark must be effectively used in order to be protected under European law and the *„register cannot be regarded as a strategic and static depository granting an inactive proprietor a legal monopoly for an unlimited period”*²⁴. It should also be noted that the aforementioned decision extends to all products and services identical and similar to those designated under the earlier trademark²⁵. The General Court maintained this decision.²⁶ From this point of view, even if the new trademark designates a greater variety of products or services, a potential cancellation on grounds of bad faith must be assessed in relation to the products or services designated under the previous trademark.

Another interesting point that was underlined by the trademark practitioners, in connection to this decision, is that the Monopoly case may transfer the burden of proof, in cases involving bad faith, from the claimant to the applicant. To this end, it is noted that *“According to Sarah Wright, head of IP at CMS Cameron McKenna Nabarro Olswang in London, there is a disconnect in the judgment.*

While para. 42 confirms that the good faith of an EUTM owner is presumed and it is the applicant seeking invalidity who must prove bad faith, para. 44

¹⁹ Dispositive of the judgment of the Court of 20 January 2020 in Case C-371/18, in the Sky plc proceedings, Sky International AG, Sky UK Ltd v. SkyKick UK Ltd, SkyKick Inc.

²⁰ Jonathan Walfisz, *Sky v SkyKick: “sigh of relief” or “sting in the tail”?* Legal experts react to CJEU's long-awaited decision, article published by World Trademark Review on January 29, 2020, available at the link <https://www.worldtrademarkreview.com/brand-management/sky-v-skykick-sigh-relief-or-sting-in-tail-legal-experts-react-cjeus-long>, accessed on March 20, 2020, at 12:41.

²¹ Para. 45 of the Court's decision of September 12, 2019 in the matter C-104/18 P, in the procedure Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ vs. European Union Intellectual Property Office (EUIPO), Joaquín Nadal Esteban.

²² Decision of the 2nd EUIPO Appeals Board of July 22, 2019, in case R 1849 / 2017-2 regarding the conflict between Kreativni Dogadjaji d.o.o. and Hasbro, Inc., para. 29.

²³ Decision of the 2nd EUIPO Appeals Board of July 22, 2019, in case R 1849 / 2017-2 regarding the conflict between Kreativni Dogadjaji d.o.o. and Hasbro, Inc., para. 32.

²⁴ Decision of the 2nd EUIPO Appeals Board of July 22, 2019, in case R 1849 / 2017-2 regarding the conflict between Kreativni Dogadjaji d.o.o. and Hasbro, Inc., para. 32.

²⁵ Nedim Malovic, Board of EUIPO says re-filing of 'Monopoly' as EUTM is invalid due to bad faith, article published on August 31, 2019 on the IPKat website, at the following link: <http://ipkitten.blogspot.com/2019/08/board-of-euipo-says-re-filing-of.html>, accessed on 27.12.2019, 6 pm.

²⁶ Decision of the General Court of April 21, 2021, in case T-663/19 regarding the conflict between Hasbro, Inc. and European Union Intellectual Property Office (EUIPO), the other party in the proceedings being Kreativni Dogadjaji d.o.o.

notes that the EUTM owner is best placed to provide the EUIPO with information on their intention at time of filing.

"While the burden of proving bad faith has not formally shifted – there is now a greater onus on the proprietor to explain his intention at the time of filing and this will likely focus the minds of many brand owners and encourage them to document and record their intentions at time of filing," Wright says.

*It is not hard to see why brand owners, or those in the IP team, may find this disconcerting."*²⁷

8. TARGET VENTURES case

Another example of the European courts' efforts to determine the meaning of bad faith is the judgment of the General Court in Case T-273/19. In this case, Target Partners GmbH registered the domain name 'targetventures.de', which was inactive and whose sole purpose was to redirect the public to the active site 'targetpartners.de'. The company then registered the name TARGET VENTURES as a European trademark. The plaintiff in this dispute was the Target Ventures Group Ltd, which claimed that it was also a venture capital fund. It claimed that it had been operating under the TARGET VENTURES sign on the Russian venture capital market since 2012 and on the European Union market since at least 8 March 2013. The European Office rejected the action for annulment of that mark, arguing that the use of the TARGET VENTURES sign in Europe, by the applicant or a third party was not of such a magnitude that it could reasonably be assumed that that sign was well known or recognized by the relevant public and competitors at the time the contested mark was applied for. Due to the relatively short duration of the use of the TARGET VENTURES sign in Europe before the registration date of the contested mark, the applicant should have demonstrated a strong intensity of use or at least a wide media coverage of its activities. However, the General Court contradicted those findings, concluding that *"bad faith involves conduct which departs from accepted principles of ethical behavior or honest commercial and business practices and presupposes a dishonest intention or other sinister motive, the Board of Appeal interpreted the concept of bad faith too restrictively. It is apparent (...) that 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 trademark, in particular the essential*

*function of indicating origin, may be sufficient for it to be held that the trademark applicant was acting in bad faith".*²⁸ Consequently, that judgment confirms the current practice that a registration made without the intention to use the mark in question is liable to be annulled on the basis of bad faith.

Therefore, through its case law, the European practice seeks remedies in combating the registration of blocking trademarks, or against any registrations made without the intention to use the mark.

9. Invoking priority from a potentially refused trademark

This issue has been raised in the VOODOO Decision, where the Court held the following: "As regards, next, the argument that the intervener claimed a right of priority, when he knew that the mark applied for at national level could not be registered, it should be noted that it is also based on the decision of June 12, 2007 of the Deutsche Patent- und Markenamt, which is subsequent to the date on which the trademark application was filed by the intervener, and that the objection decision of February 23, 2007 of the same Deutsche Patent- und Markenamt does not definitively conclude that the mark applied for at national level could not be registered. For the reasons indicated in the previous point, the intervener's bad faith cannot therefore be established either, and all the more so since, as OHIM rightly points out, in order to be able to claim its right of priority, the intervener could validly avail himself of the filing of a trademark application, whatever the fate reserved for this application. Indeed, in accordance with art. 29(3) of Regulation no. 207/2009, '[a] regular national filing is to be understood as any filing which is sufficient to establish the date on which the application was filed, whatever the future fate of this request.'"²⁹

In other words, the court rejected the claim of bad faith on timing reasons, but not because of the reasoning itself. However, on a practical note, considering the length of examination proceedings, it is highly unlikely, if not impossible, that in 6 months after filing the trademark application, which could represent the basis of a potential priority, an office could issue a final decision rejecting that application. Even more, the conclusion remains that, without such a decision, the mere predictability that a certain application could be ultimately rejected does not constitute a certainty, and thus evidence of bad faith from the side of the applicant

²⁷ Walters, Max, *First Thoughts: 'Monopoly' Case May Shift Onus on Bad Faith*, published in *Managing Intellectual Property*, 5/17/2021, 2021.

²⁸ Decision of the General Court of October 28, 2020 in the matter T-273/19, Target Ventures Group Ltd v. European Union Intellectual Property Office (EUIPO) and Target Partners GmbH, para. 27.

²⁹ Judgment of the General Court of November 18, 2014 in the matter T-50/13, Think Schuhwerk GmbH v. European Union Intellectual Property Office (EUIPO) and Andreas Müller, para 59.

who files subsequently the same trademark in other jurisdictions claiming international priority.

10. Context is everything. Absolute or relative grounds? The KOTON decision

The European case-law also differentiates the cases where bad faith is invoked as an absolute ground, and where it is invoked as relative ground.

The Koton case is indicative to this end. The factual situation in this matter is that Nadal Esteban, natural person, applied for registration of the figurative trademark STYLO & KOTON in classes 25, 35 and 39 before the EUIPO. The textile company Koton filed opposition, and obtained the trademark's rejection in classes 25 and 35, but not in class 39 (transportation services), because of lack of similarity between the conflicting goods and services. The Board of Appeal upheld the decision. Koton then filed an application for a declaration of invalidity on grounds that the applicant had acted in bad faith when filing the trademark application. The action was rejected and ultimately reached the CJEU. The CJEU stated that the absolute ground for invalidity applies where it is apparent from evidence that the proprietor *"has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, 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 trademark"*. It further noted that the intention of an applicant is a subjective factor which must *"be determined objectively by the competent administrative or judicial authorities"*, based on an overall assessment of the case circumstances. Thus, the absolute ground for invalidity is fundamentally different from the relative ground for invalidity, *"since the latter provision presupposes the existence of an earlier trademark referred to in art. 8(2) of that regulation as well as the existence of a likelihood of confusion"*. Therefore, there is no requirement that the applicant for that declaration be the proprietor of an earlier mark for identical or similar goods or services. Consequently, the court upheld KOTON's appeal.³⁰

11. Reputation is also of relevance

This conclusion may be drawn, for example, from the NEYMAR case, where a natural person tried to register as a trademark the name of the well-known

soccer player Neymar Da Silva Santos Júnior. In this particular case, the applicant argued that, at the time of filing the trademark application Neymar, he did not see any with the real person, and chose this sign for phonetical reasons. However, the court rejected that argument, and held that Neymar had already been recognized as a promising footballer at that date and compared with the most prestigious footballers at the time before joining FC Barcelona in 2013. Moreover, the Court noted that on the same day as the application for the word mark NEYMAR, the applicant also applied for registration of the word mark IKER CASILLAS – which is also the name of a famous footballer. Consequently, the applicant used to be acquainted with the football domain.³¹

It is therefore worth noting that the reputation of the prior trademark or better said name, in this particular case, was the one that determined the Court to presume that the applicant of the word mark NEYMAR had knowledge of this name at the filing date. Of course, the reputation of the name NEYMAR is also relevant in determining the applicant's dishonest intention at the time of filing the trademark application.

12. Filing with no intention to use the trademark – the LUCEO case and getting back to the priority issue

Recent European case law, however, has concluded the fact that conventional priority may be used in bad faith. According to the judgment of the General Court in Case T-82/14 in Germany and Austria, the granting of a filing date for applications for trademark registration does not depend on the payment of a registration fee. As such, the applicant successively applied for the registration of different trademarks in Germany and Austria, while pursuing third-party applications for similar European trademark applications. Following nine previous alternative applications in Germany and Austria for the sign "Luceo", he finally filed an application for the registration of a European trademark, claiming priority after being notified that a third party had filed an application for the registration of "Lucea Led" as a European Union trademark. That person then objected to the subsequent registration of the European trademark, while making an offer to the proprietor for the transfer of his mark. In this regard, the General Court, citing a number of previous judgments, held the following: *„Therefore, it must be noted that not only the filing strategy practiced by Mr A. is incompatible with*

³⁰ Judgment of the Court of September 12, 2019 in the matter T-104/18 P, Koton Mağazacılık Tekstil Sanayi v. Ticaret AŞ v. European Union Intellectual Property Office (EUIPO) and Joaquín Nadal Esteban, para. 33 – the end.

³¹ Judgment of the General Court (Third Chamber) of May 14, 2019 in the matter T-795/17, Carlos Moreira v. European Union Intellectual Property Office (EUIPO).

the objectives pursued by Regulation no. 207/2009, but that it is not unlike the cases of 'abuse of law', which are characterised by circumstances in which, first, despite formal observance of the conditions laid down by European Union rules, the purpose of those rules has not been achieved, and, secondly, there exists an intention to obtain an advantage from those rules by creating artificially the conditions laid down for obtaining it (judgments of 14 December 2000 in Emsland-Stärke, C-110/99, EU:C:2000:695, para. 52 and 53, and of 21 July 2005 in Eichsfelder Schlachtbetrieb, C-515/03, EU:C:2005:491, para. 39)..” This mechanism is briefly described by the General Court: „(...) It must be noted that the successive chain of applications for registration of national trademarks for the same sign in respect of goods and services covered by classes which are at least partially identical seeks to grant Mr A. a blocking position. When a third party files an application for registration of an identical or similar European Union trademark, Mr A. applies for registration of a European Union trademark, claims priority for it by relying on the last link of the chain of applications for registration of national trademarks and brings opposition proceedings on the basis of that application for a European Union trademark. The successive chain of applications for registration of national trademarks is designed therefore to grant him a blocking position for a period exceeding the six-month period of reflection provided for by art. 29(1) of Regulation no. 207/2009 and even the five-year grace period provided for by art. 51(1)(a) of that regulation.”³²

That said, in this particular case it became obvious that using the mechanism of the conventional priority was made in bad faith, as the filings were not made with the purpose of using said trademarks according to their role and purpose, but only to interfere with other participants on the market.

13. Prior knowledge of the trademark – CAFÉ DEL MAR case

Case-law determined that prior business relationships also constitute knowledge of a prior trademark and may lead to bad faith filings. In this particular case, the two plaintiffs and the defendant were the three founders of the bar *Café del Mar*, starting with 1980. In 1999 the defendant filed two applications for the trademark “Cafe del Mar” in his own name. The two applicants filed an application for annulment.

The plaintiffs held that the trademark applicant knew that a third party was using an identical or similar sign. The CJEU held that the contested mark did lead to confusion with the earlier sign *Cafe del Mar*, and that the defendant, by filing the contested mark in its own name, which is confused with the earlier sign *Café del Mar*, also being a representative of one of the companies which used that sign, acted in a manner that was considered to be beyond ethical conduct or decent practices in commerce. Even if *Café del Mar* did not legally exist at the time of filing the contested trademark application, the commercial use of the earlier sign *Café del Mar* was nevertheless sufficient to establish that the defendant was not entitled to register that sign exclusively under its own name. The defendant therefore acted in bad faith.³³

It is also interesting to note that, at first sight, this interpretation of the Court overlaps with the scope of protection granted against an unauthorized filing by agents of the TM proprietor [art. 8(3) EUTMR]. It should be noted however that there are a couple of differences between the two. First of all, procedure-wise, while the scenario at art. 8(3) can also be invoked in opposition proceedings, bad faith is only grounds for an invalidation action. On the merits, however, it may not be wrong to assess that the unauthorized filing by the agent may be considered a special case of bad faith filing. Nevertheless, the unauthorized filing by the agent will be analyzed as a relative ground for refusal, with all legal consequences that follow, whereas, according to the EU legislation, bad faith remains an absolute ground invalidation action, despite the fact that in many cases it is used by particulars to protect their own rights.

14. Conclusions

It is therefore apparent that the notion of bad faith is one of the most dynamic notions in trademark protection.

Without enjoying a legal definition, it is up to the case law to determine, on a case by case basis, which are the circumstances that could lead to the conclusion that a trademark was filed in bad faith.

Although the case law is very diverse on this issue, one general take-away could be retained: knowledge of the prior trademark, whether registered in other jurisdictions or simply used, is indeed an important element when determining that a filing was made in bad faith. Even more, under certain circumstances, such as operating in the same business

³² Judgment of the General Court of 7 July 2016 in Case T-82/14 concerning the dispute between Copernicus-Trademarks Ltd and the European Union Intellectual Property Office (EUIPO) and Maquet GmbH, in particular para. 51-52.

³³ Judgments of the General Court of 12 July 2019 in Cases T – 772/17, T – 773/17 and T-774/17 concerning the dispute between *Café del Mar, S.C.*, José Les Viamonte, Carlos Andrea González and the European Union Intellectual Property Office (EUIPO).

sector, it can be assumed that the applicant must be aware of a particular sign, that it subsequently chooses to register in its own name.

However, this aspect cannot be enough, and additional factual evidence, which show the intentions of the applicant at the date of filing, should be analysed.

This being said, although the case law has shed some light on the general conditions to be analysed

when bad faith is claimed and took even courageous steps in determining that certain situations are deemed to represent bad faith filings, this notion is still open to new interpretations. Therefore, one can only expect further decisions that will showcase new situations of bad faith filing.

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