

CP13 Common Practice

Trade mark applications made in bad faith

Background

Convergence projects

Background - Convergence Projects

Vision

“To establish and communicate **clarity, legal certainty,**



quality and **usability** for **both applicant and office.**”

Background - Convergence Projects

Objectives

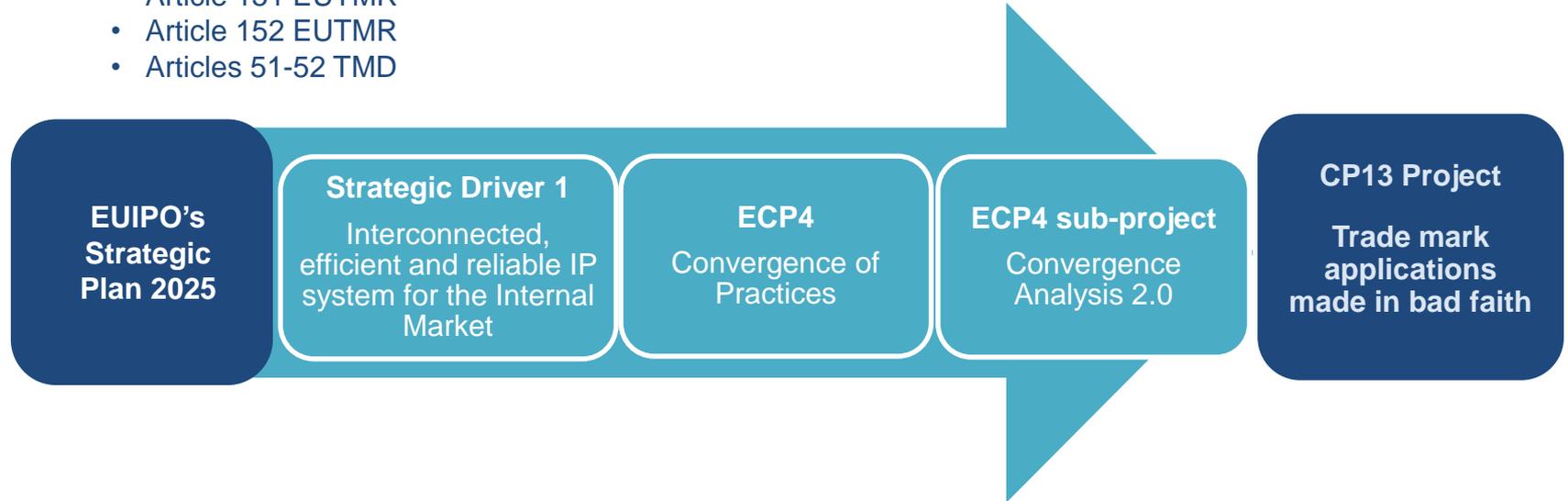


Background - Convergence Projects

Legal basis

EU trade mark reform package

- Article 151 EUTMR
- Article 152 EUTMR
- Articles 51-52 TMD



CP13 Common Practice

Background



The **concept of bad faith** in trade mark applications is **not defined, delimited or described** in EU trade mark legislation



EU case-law provides guidance, but before the project was launched there was a **risk** of it being subject to **different interpretations**



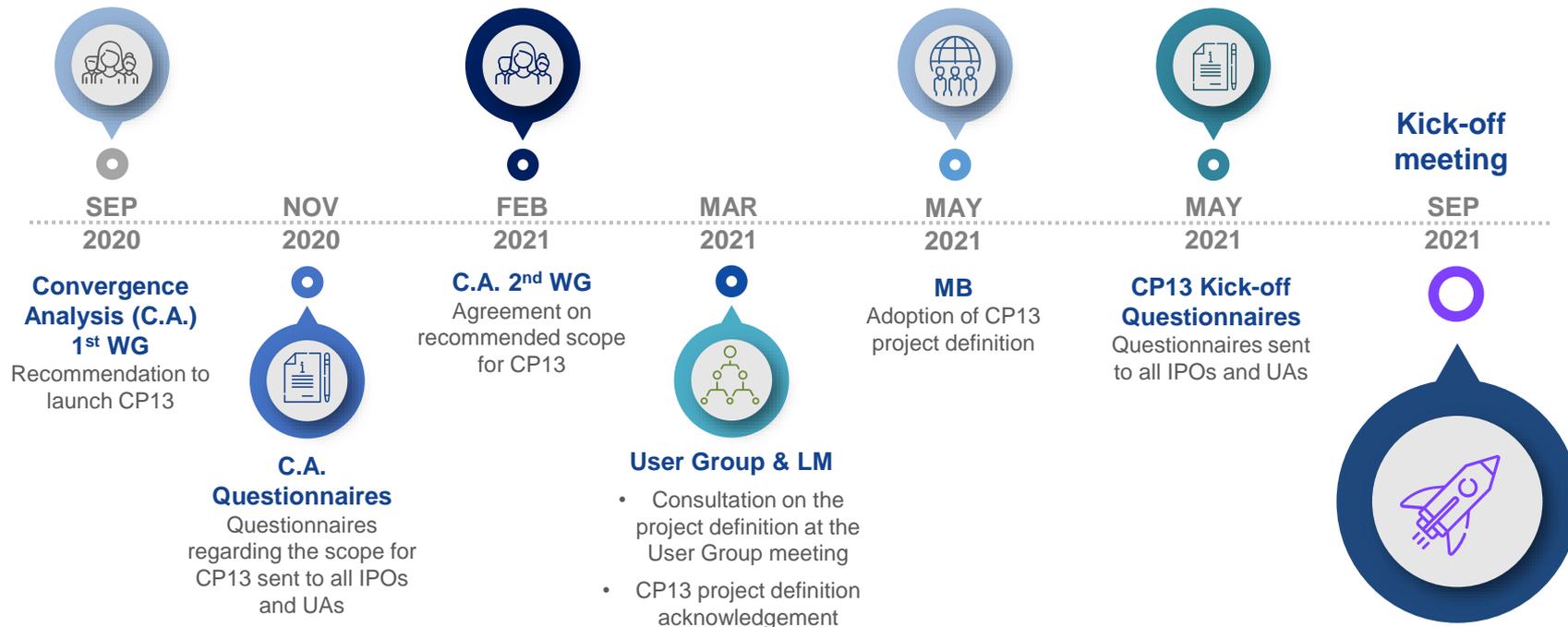
The **EU Trade Mark Directive (TMD)** made it compulsory for all Member States to establish **administrative revocation and invalidity proceedings** as from 14 January 2023 (Arts. 45 and 54)



As a result of the combined effects of **Article 4(2) and Articles 45 and 54 TMD**, by that date, MS IPOs had to assess bad faith, **at least, as an absolute ground for invalidity.**

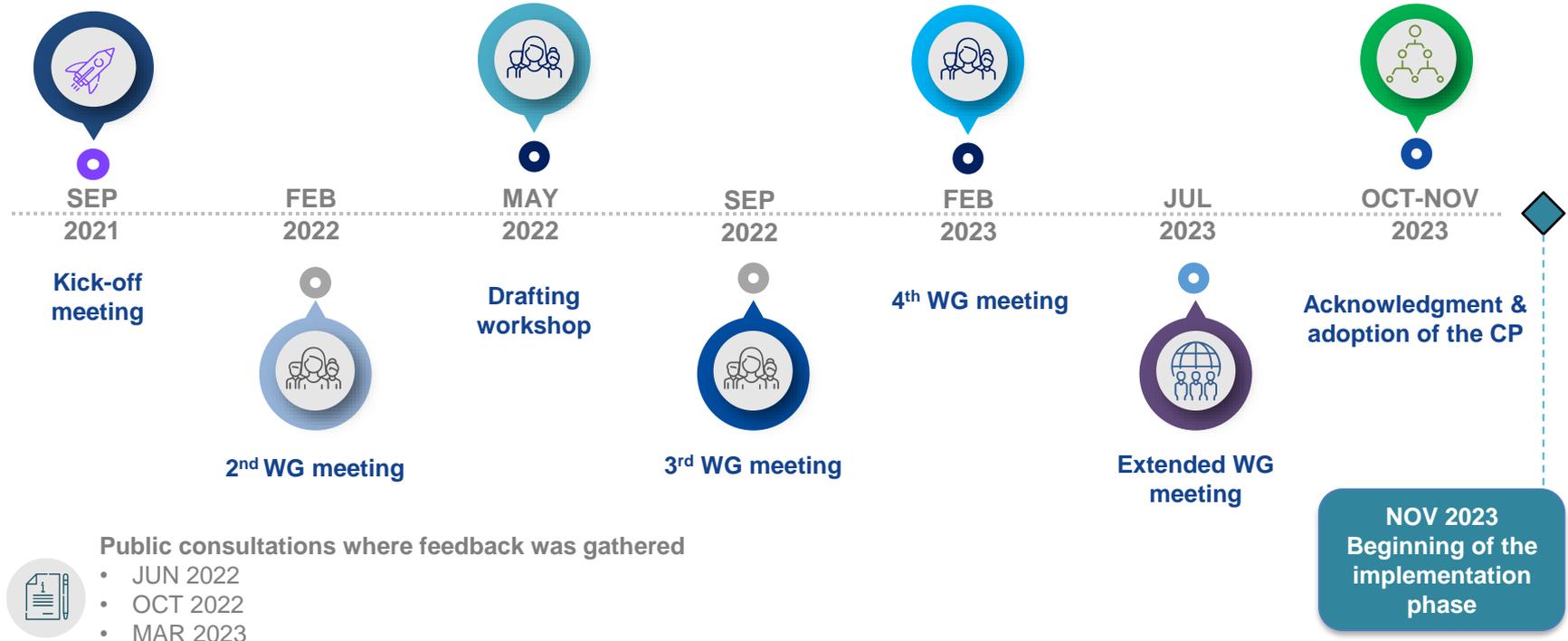
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Timeline – launching of the project



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Timeline – development of the project



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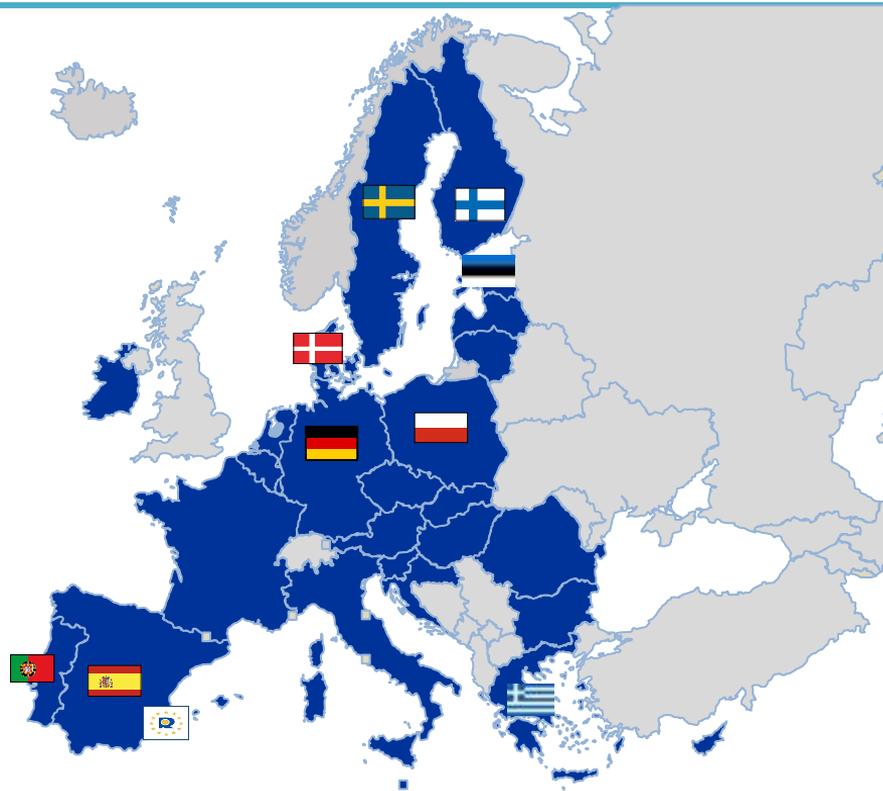
Working Group members

❖ IPOs:

- DE
- DK
- EE
- ES
- EUIPO
- FI
- GR
- PL
- PT
- SE

❖ UAs:

- CITMA
- INTA
- MARQUES



CP13 Common Practice

Basis



CP13 Common Practice

Objective

The CP13 Common Practice aims to provide **guidance** in order to ensure that different relevant authorities, including MS IPOs, come to a **similar and predictable outcome** when assessing **bad faith in trade mark applications**.

CP13 Common Practice

Scope

IN SCOPE:

- Agreement on a **common understanding of the general notion of bad faith** in trade mark applications.
- Agreement on a **common understanding of other concepts, including terminology, related to the assessment of bad faith and some scenarios.**
- Agreement on **common factors for the assessment of bad faith** in trade mark applications.

CP13 Common Practice

Scope

OUT OF SCOPE:

- The particular **type of proceedings** (examination, opposition or cancellation in which bad faith should be assessed).
- The **assessment per se**, in proceedings regarding bad faith, of: 1) **identity/similarity** between the **contested trade mark and the earlier right/s**; 2) **identity/similarity of the goods or services**; 3) **likelihood of confusion**; 4) **distinctiveness** of the right, **acquired distinctiveness through use, reputation and well-known character** of the right; and 5) **genuine use** of the right.
- The assessment per se of **Article 5(3)(b) TMD**.
- The assessment per se of **Article 5(2)(d) and Article 9(1) TMD**.
- The description of **legal constraints** preventing implementation by a particular MS IPO.
- The compilation of either an exhaustive or recommended **list of the kinds of evidence to be submitted** in bad faith proceedings.

CP13 Common Communication

Implementing the Common Practice: Common Communication



Access the CP

[Link to CP13 on EUIPN](#)



Publication date



22/03/2024



Implementation date (max. 3 months after publication)



22/06/2024

CP13 Common Communication

Implementation table

Overview of implementations of the CP13 Common Practice (*)				
Office	Implementation date	The Common Practice will be applicable to:		Relevant bad faith provisions of the TMD transposed
		Proceedings pending on the implementation date	Proceedings initiated after the implementation date	
AT	22/03/2024	X	X	• Article 4(2) TMD → Cancellation
BG (‡)				
BX	22/03/2024	X	X	• Article 4(2) TMD → Cancellation
CY	22/06/2024		X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation • Article 5(4)(c) TMD
CZ	22/06/2024		X	• Article 4(2) TMD → Cancellation
DE	22/03/2024		X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation
DK	02/04/2024	X	X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation • Article 5(4)(c) TMD
EE	22/03/2024	X	X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation • Article 5(4)(c) TMD
ES	22/03/2024	X	X	• Article 4(2) TMD → Cancellation
EUIPO	31/03/2024	X	X	• Article 4(2) TMD → Cancellation
FI	22/03/2024	X	X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation • Article 5(4)(c) TMD
FR	22/04/2024		X	• Article 4(2) TMD → Cancellation

GR	22/06/2024		X	• Art 4(2) TMD → Cancellation • Article 5(4)(c) TMD
HR	22/03/2024		X	• Article 4(2) TMD → Cancellation
HU	01/05/2024	X	X	• Article 4(2) TMD → <i>Ex officio</i> examination and cancellation
IE	22/03/2024		X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation
IT	22/03/2024 (‡)	X	X	• According to a procedure established in this office, in some cases, an application for the verification of the invalidation of a valid registered trade mark may be submitted.
LT	22/03/2024	X	X	• Article 4(2) TMD → Cancellation
LV	22/03/2024	X	X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation • As a relative ground for refusal and/or invalidity (‡)
MT	22/03/2024		X	• Art 4(2) TMD → <i>Ex officio</i> examination
PL	22/06/2024		X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation
PT	22/06/2024	X	X	• Art 4(2) TMD → Cancellation
RO	22/03/2024	X	X	• Art 4(2) TMD → Only cancellation
SE	22/06/2024	X	X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation (‡)
SI	22/03/2024		X	• Article 4(2) TMD → Cancellation
SK	22/03/2024	X	X	• Art 4(2) TMD → <i>Ex officio</i> examination and cancellation • As a relative ground for refusal and/or invalidity (‡)

[Link to access the CP13 implementation table](#)



No implementation of the Common Practice in the IP Office to this date.

CP13 Common Practice

Principles

2.1 Key notions that appear in bad faith cases

The CP includes certain key notions, developed with the aim of **ensuring a harmonised and consistent application of the principles of the CP** and to provide common guidance on **how they should be understood**.



'Applicant'

'the **applicant for registration** of the **contested trade mark**'



'Claimant'

'the **applicant for cancellation or opposition** against the contested trade mark and also **any person who files observations**'

2.1 Key notions that appear in bad faith cases



'Earlier right'

'**any right** or other legitimate interest that **may be raised in bad faith cases**, notwithstanding the nature that this right may have or the legal basis on which this legitimate interest can be protected. For instance: a **registered trade mark**, a **trade mark applied for**, a **non-registered mark/sign**, a **name of a well-known person**, a **corporate/business name**, etc.'



'Contested trade mark'

'the trade mark **claimed to be applied for in bad faith**'

2.2 The general notion of bad faith in trade mark applications



The general notion of bad faith

- It **presupposes** the presence of a **subjective motivation** on the part of the applicant → a **dishonest intention** or other **'sinister' and/or dishonest motive**.



Such motivation will normally be established by reference to **relevant, consistent and objective criteria**

- This notion involves conduct that **departs from**

{	accepted principles of ethical behaviour; or
	honest commercial and business practices

2.2 The general notion of bad faith in trade mark applications



Dishonest intention

- There is **no bad faith without a dishonest intention.**



Dishonest intention is the **cornerstone** of the existence of bad faith and a **basic and mandatory factor** which **must always be examined.**

- It exists in **situations where it is apparent that the application was made:**
 - a) with the intention of undermining**, in a manner inconsistent with honest practices, the **interests of a specific third party**, and not with the intention of engaging fairly in trade; **or**
 - b) 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.

2.2 The general notion of bad faith in trade mark applications

Different facets of bad faith: 1) Misappropriation of the right/s of the third party

- This facet may occur when **the applicant has filed** the application for registration **not** with the **aim of engaging fairly in trade** but with the **intention of undermining**, in a manner inconsistent with honest practices, **the interests of a third party**.



It necessarily **entails a third party being targeted**.

For this facet to apply, **the applicant, with knowledge or presumed knowledge** of the existing right/s of the third party, **needs to file** the trade mark application:

- **without the third party's consent**; and
- **with the intention of unjustly appropriating the ownership** of that third party's earlier right/s (subjective element).

*It cannot be excluded that other facets may be identified, in particular in future EU case-law.

2.2 The general notion of bad faith in trade mark applications

Different facets of bad faith: 2) Abuse of the trade mark system

- Bad faith provisions also aim to **prevent** trade mark registrations that are **abusive**.
 Under this facet, it is **not necessary** that a third party has been targeted.
- For this facet to be present, the following should be identified:
 1. **Objective element:** Objective circumstances in which, **despite formal observance** of the conditions under trade mark rules, their purpose has not been achieved; **and**
 2. **Subjective element:** The intention to obtain an advantage from those rules by **artificially creating the conditions laid down for obtaining/maintaining it**.

It must be **apparent** from a number of objective factors that **the essential aim** behind the applicant's strategy/actions/behaviour **was to obtain an undue advantage** from the trade mark rules.

*It cannot be excluded that other facets may be identified, in particular in future EU case-law.

2.3 General rules for the assessment of bad faith



Burden of proof



Presumption of good faith of the applicant, until proof of the contrary is adduced. Therefore, **the initial burden of proof is on the claimant.**

Where it is found that the **objective circumstances of the case will lead to the rebuttal of the presumption of good faith**, it is for the applicant to provide plausible explanations on the **objectives and commercial logic pursued by the application for registration** (e.g. with information about its intentions at the time of filing, and evidence capable of convincing the relevant authorities that the intentions were legitimate).



This will lead to a **shifting in the burden of providing evidence and arguments.**

2.3 General rules for the assessment of bad faith



Burden of proof

- **The fact that the applicant is silent** should not be taken as an indication of dishonest intention.

BUT

- if the claimant's evidence is sufficiently convincing to rebut the presumption that the application was filed in good faith, and
- the applicant submits no explanation/evidence



then a finding of bad faith will be concluded.

- **Evidence:** parties may freely choose the evidence that they wish to submit



Non-binding guidance that may serve as a point of reference → [CP12 Common Practice/Common Recommendations](#) (in particular section 3.1.1) – Please check the MS IPOs that have implemented CP12 in their practice in this [table](#).

2.3 General rules for the assessment of bad faith



The relevant point in time

- The assessment of bad faith requires an analysis of the **applicant's conduct**.
- The relevant point in time for determining whether there was bad faith on its part is the **time of filing of the application**. This means that:



A trade mark that was **applied for in bad faith** would, at any time and regardless of whether it has been transferred to another natural/legal person, still be considered made in bad faith **on its filing date**.



What should be considered in these cases is: 1) the intention of the applicant and not the intention of the current proprietor; and 2) the link/connection between the applicant and the current proprietor → See section 2.3.3 of the CP.

Facts and evidence dated **prior or subsequent** to the filing **may contain useful indications** for interpreting the applicant's intention at the time of filing the application.

2.3 General rules for the assessment of bad faith



'The applicant' in bad faith cases

- **Applicant** = Any natural/legal person who appears as such in the application form.
- **BUT:** In bad faith cases, the presence of a **possible link/connection** between the applicant and any other natural/legal person that may have a real interest in filing this trade mark application **should also be taken into account**.



A **case-by-case assessment** must be carried out.

Possible examples
(inter alia)

- a legal person that belongs to the **same company group** as the applicant;
- a natural/legal person that **concluded an agreement** with the applicant (e.g. to file a trade mark application in its own name); or
- a legal person in which the applicant **held/holds a position** (e.g. the managing director or the main stakeholder); etc.

2.4 Common factors for the assessment of bad faith



General disclaimers

- **Non-exhaustive list** → It serves as helpful guidance.
- **Overall assessment** needed → All relevant factors must be taken into account.
- **The Common Practice includes the most frequent examples extracted from EU case-law.**
- The list **does not reflect the relative importance** of each factor.

2.4 Common factors for the assessment of bad faith

2.4.1 Mandatory factor



Mandatory factor: Applicant's dishonest intention

- **Essential requirement** for the finding of bad faith.
- The **applicant may pursue different objectives** when applying for a trade mark → To be assessed.
- Several **examples in the CP of different types of dishonest intentions**, divided by facet, e.g.
 - to 'free-ride' on the reputation of the third party's earlier right/s and to take advantage of that reputation.
 - to prevent the registration of another trade mark applied for by a third party and/or to derive economic advantages from this blocking position.
 - to avoid furnishing proof of use of the (applicant's) earlier registered trade mark/s and extend the five-year grace period.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



Non-exhaustive list of non-mandatory factors

- **None of the factors included in this list** can be treated as a **prerequisite** of bad faith.
- The **same factor** can have a **different impact** depending on the circumstances of the case.
- **All relevant factors must be considered.**
 - The fact that **one or more factors are present** will not immediately lead to the conclusion of the existence of bad faith.
 - The fact that **some/most of the factors are not present** does not necessary preclude a finding that the applicant acted in bad faith.

All circumstances have to be analysed

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



1. The applicant's knowledge or presumed knowledge that the third party is using/has an earlier identical/similar right

- It **may be inferred** from a number of situations → several examples have been included in the CP, for instance:
 - When there is **general knowledge** in the economic sector concerned **of the use by a third party of an identical/similar earlier right for identical/similar goods or services**, in particular when that use is long-standing.
 - When, as a result of its **business relationship** with the claimant, the applicant **could not have been unaware** that the claimant had been using the contested trade mark.
 - When, as a result of the **reputation** enjoyed by the earlier right, the **applicant was aware, or could not have been unaware**, that the claimant had been using the contested trade mark.
- This factor may **also** be relevant if the right was used/registered in a **non-EU country**.

* In cases of misappropriation of the right/s of the third party, this factor is crucial and will play an important role.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



2. Degree of legal protection enjoyed by the third party's earlier right

- For this factor to be present, it is important to **consider** whether the earlier right enjoys **some degree of legal protection/recognition** (e.g. registration, inherent or acquired distinctiveness, well-known character, reputation, including e.g. surviving or residual reputation, or the claimant's image or nickname reputation).
- The **use** of the earlier right could also be a determinant.
- This factor will have to be examined, **notwithstanding the nature** of the earlier right/s and irrespective of whether they have been registered or not.
- The degree of legal protection of the contested trade mark may be also considered, as it might justify the applicant's interest to ensure a wider legal protection, and a legitimate objective.

* This factor will be especially relevant under the parasitic behaviour scenario.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



3. Identity/similarity between the contested trade mark and the earlier right/s

- The assessment of this factor **may differ depending on the facet of bad faith or the earlier right raised in the particular case.**
- The assessment of identity/similarity, in the context of bad faith, **may require a different assessment than that** carried out during the assessment of likelihood of confusion, because:
 - bad faith provisions aim to prevent, in particular, the misappropriation of the right/s of the third party or the abuse of the trade mark system; and
 - the identity/similarity between the marks at issue is just one factor, among others, which can play a role in the overall assessment of bad faith.
- Therefore, it **may not be necessary** to carry out **a *detailed examination* of the visual, aural and conceptual similarities.**

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



3. Identity/similarity between the contested trade mark and the earlier right/s

- However, although a detail examination is not needed, this factor will be met even if there is **only some degree of similarity between the contested trade mark and the earlier right/s, even faint.**
- **The purpose of the comparison** would be to **establish whether** the rights at issue **are similar or not.**
- **It may be sufficient to find a connection or a link** between the right/s at issue.

* This factor may present some particularities depending on the bad faith scenario (e.g. the re-filing scenario).

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



4. Goods and/or services at issue

- The **objective** pursued by the bad faith provisions has to be considered when assessing this factor.
- The assessment may concern **different types of earlier rights**, not only trade marks:
 - If **several trade marks** are involved, a **comparison** of the goods/services **may be conducted**.
 - Depending on the circumstances, and **when different types of earlier rights are involved**, it could be sufficient to analyse, for instance, whether the goods/services belong to a **neighbouring/related market segment**, or expand the assessment to the comparison of the **market sector/area of commercial activity** in which the claimant operates.



The existence of identity/similarity between the goods and/or services **is not necessary** to apply bad faith provisions, and bad faith may also be established if they are **dissimilar**.

* This factor may present some particularities depending on the bad faith scenario (e.g. the re-filing scenario).

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



5. Likelihood of confusion

- Depending on the circumstances, it **may be relevant** to determine whether there is a **likelihood of confusion** between the **earlier right/s** and the **contested trade mark**.
- However, it is **neither a condition nor a prerequisite of bad faith** → It is **not necessary** to establish likelihood of confusion on the part of the public **to apply bad faith provisions**.
- Likelihood of confusion is only one factor, among others, to be taken into account.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



6. Previous relationship between the parties

- The existence of a **direct/indirect relationship between the parties** can be an indicator of bad faith.
- **This factor has to be interpreted broadly** → It covers all kinds of relationships (e.g. pre-contractual, contractual or post-contractual, or the existence of reciprocal duties or obligations).
- **A case-by-case approach** is needed – **examples** may be found in the CP, such as:
 - **informal relationships** between the parties, such as (contractual) negotiations;
 - **direct relationships** between the parties, such as contact in order to explore possibilities of a commercial resolution to a dispute;
 - the existence of a **distribution/licence agreement**, including an unsuccessful licensee; etc.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



6. Previous relationship between the parties

- It is **not necessary to take into consideration the exact nature or form** of the agreement/s to conclude that there was bad faith → It is sufficient to provide evidence that, prior to the date of filing, the parties had a **direct relationship**.
- The filing/registration of the contested trade mark in the applicant's own name can, depending on the circumstances, be considered as a **breach of honest commercial and business practices**.



Did the previous relationship between the parties **allow** the applicant to **become familiar with, and appreciate**, the **value of the third party's earlier right/s**?

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



7. Origin of the contested trade mark and its use since its creation

- The **origin/circumstances** under which the **word** or the **logo/graphic representation** forming the contested trade mark **was created**, and **the earlier use made of it in business** may be relevant



as it may provide information about the applicant's intention when filing the trade mark application.



Who carried out the development/creation of the sign?

What were the **reasons behind** its creation?

Does the contested trade mark **originate from another right? How was that right used?**

- **Earlier use** of the contested trade mark **in a non-EU country** may also be **taken into account**.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



8. Chronology of events leading up to the filing of the contested trade mark

- The **sequence of events** that led up to the filing may assist in understanding the **applicant's reasons for filing the contested trade mark**. Several examples that could be considered within this factor are included in the CP, such as:
 - Whether there was any kind of **dispute** between the applicant and the claimant.
 - The **state of the business relationship** between the parties, or the time lapsed between its end and the filing of the contested trade mark.
 - The **timing of the filing of the contested trade mark**.



This factor may also provide **information on other factors** (e.g. on whether the applicant knew or must have known that the claimant was using an earlier identical/similar right).

* The timing of the filing of the contested trade mark will be important, in particular, under the re-filing scenario.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



9. Honest commercial logic behind the filing of the contested trade mark

- The **lack of honest commercial logic, including business strategy, behind the filing** can be a relevant factor.
- Applying for a long list of goods/services will not automatically amount to bad faith.



However, depending on the circumstances it may be considered as an **indicator of bad faith**, if it is **artificial** and there is a **lack of honest commercial logic** behind the filing (T 33/11, BIGAB, § 26).

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



9. Honest commercial logic behind the filing of the contested trade mark

- Example of the CP where there was **no honest commercial logic**: T-663/19, **MONOPOLY**

The applicant admitted that one of the advantages justifying the filing of the contested trade mark was based on the fact that it would not have to continuously furnish proof of genuine use of that trade mark in several opposition proceedings.

- Example of the CP where there was **honest commercial logic**: T-33/11, **Bigab**

During the period which preceded the filing of the trade mark application, the number of Member States in which the applicant used the trade mark increased. This was considered to be a plausible incentive for the applicant to extend the protection of its mark by registering it as an EU trade mark (EUTM), and therefore ruled out the presence of bad faith on the part of the applicant.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



10. Request for financial compensation

The fact that the **applicant requests financial compensation** from the claimant may be a relevant factor, **especially** if evidence shows that the **applicant knew** of the existence of the earlier right and **could expect** to receive an **offer of financial compensation** from the claimant.



Bad faith may exist where it is **evident** that **the trade mark application was filed speculatively** or **solely with a view to extorting money** from a third party, not for it to comply with its **essential function** as a trade mark.

* There is a close relation between this factor and the scenario of speculative purposes/trade mark as an instrument for leverage.

2.4 Common factors for the assessment of bad faith

2.4.2 Non-mandatory factors



11. Pattern of the applicant's behaviour/actions

- The fact that the **applicant's behaviour/actions** followed a **concrete pattern** may be a relevant factor.
- The CP provides **examples** of patterns, namely:
 - where the **applicant, on the same day, filed two separate applications**, both consisting of the name of different famous footballers (**NEYMAR**).
 - where the applicant created an **unlawful filing strategy** in order to obtain a blocking position (**LUCEO** and **Monsoon**).
 - where the applicant filed for **several reputed trade marks** owned by third parties, without consent nor a licensing agreement (**ANN TAYLOR**).

2.5 Scenarios of bad faith in trade mark applications



Preliminary point: Distinction between ‘factors’ and ‘scenarios’

- ❖ ‘**Scenarios of bad faith**’ refer to concrete **situations where several factors** (relevant for the assessment of bad faith), need to **appear and interplay** in order to reach the conclusion that there was bad faith on the part of the applicant.
- ❖ A ‘**factor**’ is just **one element that can be taken into account** during the assessment of bad faith, and usually one factor is not sufficient, on its own, to reach a finding of bad faith.

2.5 Scenarios of bad faith in trade mark applications

Most typical or notable examples of scenarios of bad faith in trade mark applications:

Scenarios regarding the **misappropriation of the right/s of the third party**

- **Parasitic behaviour** (T-327/12, Simca)
- **Breach of a fiduciary relationship** (T-321/10, GRUPPO SALINI)

Scenarios regarding the **abuse of the trade mark system**

- **Defensive registrations** (T-273/19, TARGET VENTURES)
- **Re-filing** (T-663/19, MONOPOLY)
- **Speculative purposes/trade mark as an instrument for leverage** (T-82/14, LUCEO)

2.5 Scenarios of bad faith in trade mark applications

2.5.1 Scenarios regarding the misappropriation of the right/s of the third party facet



Parasitic behaviour

This scenario covers situations where it is **evident** that the contested trade mark was filed **with the dishonest intention**:

- a. **to free-ride on the reputation**, including surviving/residual reputation, of an earlier right; **or**
- b. **to benefit from an earlier right** regardless of its degree of recognition on the market.

Cases where the applicant, **being aware** of the existence of an earlier right that enjoys **some degree of legal protection/recognition** on the market, has filed an trade mark application with the intention to:

- create an **association** with or **imitate** it, as closely as possible, to benefit from its **attractiveness and/or knowledge** on the market.
- create a **false impression of continuity** or a **false link of inheritance** with a formerly **renowned** historic trade mark or previously **famous** person/company/earlier right, still known to the public.

2.5 Scenarios of bad faith in trade mark applications

2.5.1 Scenarios regarding the misappropriation of the right/s of the third party facet



Parasitic behaviour

For this scenario to apply, it will be necessary to establish the **applicant's dishonest intention to benefit from the earlier right's attractiveness and/or knowledge** of it on the market.

This may derive, for instance, from:

goodwill; reputation; success; prestige; a real presence, which the third party's earlier right has acquired; or the reference to a **renowned/well-known person or event**.



This scenario **includes**, but is not limited to, cases where the objective is to **free-ride on the reputation**, including surviving/residual reputation, of the earlier right.

2.5 Scenarios of bad faith in trade mark applications

2.5.1 Scenarios regarding the misappropriation of the right/s of the third party facet



Parasitic behaviour



The claimant cannot be required to establish the reputation of its earlier right in the same manner as in proceedings based on Article 5(3)(a) TMD

Article 5(3)(a) TMD

- ✓ Grants protection for **earlier registered** trade marks that **enjoy a reputation** in the Member State or the EU, when the **use without due cause** would take **unfair advantage** of, or be **detrimental to**, the **distinctive character or repute** of the earlier trade mark.
- ✓ This article is a separate ground for refusal/invalidity and is subject to its own formal/substantive **requirements**.
- ✓ **Bad faith** of the applicant of the contested trade mark is not required.

2.5 Scenarios of bad faith in trade mark applications

2.5.1 Scenarios regarding the misappropriation of the right/s of the third party facet



Parasitic behaviour

Bad faith provisions

- ✓ In order to apply bad faith provisions, among other factors, a **dishonest intention on the part of the applicant is necessary**.
- ✓ **The fact that under the parasitic behaviour scenario, the earlier right (which may or not be a registered trade mark) is reputed**, has another degree of recognition or is used by a third party, **is only one element**, inter alia, that may indicate the existence of the applicant's dishonest intention.



This scenario may occur even **if the earlier right's degree of recognition or use in the course of trade derives from a non-EU country**

2.5 Scenarios of bad faith in trade mark applications

2.5.1 Scenarios regarding the misappropriation of the right/s of the third party facet



Breach of a fiduciary relationship

This scenario may occur when a **fiduciary relationship** existed between claimant and applicant **prior to the filing** of the contested trade mark. This fiduciary relationship needs to be established.

→ It should be checked, inter alia:

- whether there was an **agreement of business cooperation** of a kind that gives rise to a **fiduciary relationship**; or
- whether a **fiduciary relationship** was **imposed by law**.



For example: The fiduciary relationship should **impose** on the applicant (whether expressly or implicitly) a **general duty of trust and loyalty** as regards the **interests of the earlier rights proprietor** (the claimant).

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Defensive registrations

1. The TMD does not require an **applicant** to **declare/show its intent to use** a trade mark at the moment of its filing.
2. A registered trade mark **cannot be revoked** due to non-use until **5 years have passed** from its registration.

Despite the above, in the context of **bad faith proceedings**, the registration of a trade mark **without any intention of using it at all** in connection with the goods/services covered **may constitute bad faith**, where there is **no rationale** in the light of the aims referred to in the TMD.

- The only way in which such a registration can be **cancelled or restricted in scope** – prior to the expiry of the 5-year period – is **on the ground that it was applied for in bad faith**.
- This ensures that the **trade mark system is not open to abuse**.

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Defensive registrations

Registrations that do not pursue a legitimate trade mark function – in particular the essential function of indicating origin – and are **intended** to:

- a. **only increase the scope of protection** of the applicant's other earlier right/s, without any honest commercial logic; **and/or**
- b. **prevent third parties from registering or using** identical/similar rights for identical/similar goods and/or services in the future (in relation to all or some of the identified goods and/or services), without any honest commercial logic,

will be considered made in bad faith.

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Defensive registrations

- This scenario may occur, inter alia, where an applicant is **deliberately** seeking to obtain a trade mark registration in respect of a **broad range of goods or services** with **no intention to use it** in relation to all or some of them, but potentially, for example, to **prevent third parties** from using the registered trade mark for the sale of those goods and/or services.
- Defensive registrations may also constitute bad faith when the **intention of the applicant** is merely to **strengthen the protection of another right** and broaden its portfolio of trade marks, without any honest commercial logic.

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Re-filing

A **proprietor can have a legitimate interest in re-filing a trade mark application**. For instance, if it seeks registration of a modernised/updated version of its earlier registered trade mark/s; and/or to cover an updated list of goods and/or services.

Re-filing a trade mark application is an action that per se is **not prohibited in the TMD**.



Therefore, **only under concrete and specific circumstances** will the re-filing be considered made in bad faith → When it is proved that the applicant's **intention** was to **abuse the trade mark system**.

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Re-filing



Elements to be considered when assessing whether a re-filing situation is being faced

1. The **ownership/parties** of the trade marks at issue.
2. Assessment of whether the **representations** of the trade marks at issue are **identical/similar**.
3. Assessment of whether the **goods and/or services** of the trade marks at issue are **identical/similar**.
4. **Territorial aspects/territory covered** by the trade marks at issue.

Analysis of the relevant elements to identify a re-filing and assessment of bad faith

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Re-filing



Elements to be considered when assessing whether a re-filing situation is being faced (1)

- In the context of bad faith, it would **not be correct to limit the assessment** of the elements included in the CP in points 1 to 3 **to situations where** the applicants, the representation of the trade marks and/or the goods/services of the trade marks at issue **are the same/identical**.



By doing so, it would be *very easy to circumvent these rules* by using, for instance, another linked natural/legal person, or by re-filing a trade mark application with some alterations/variations to the representation of the earlier trade mark/s, and/or by introducing some modifications to the specification of the goods/services of the earlier registered trade marks.

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Re-filing



Elements to be considered when assessing **whether a re-filing situation is being faced (2)**

As regards the territorial aspects/territory covered by the trade marks at issue (point 4 of the CP)

The **principles of coexistence and complementarity** have to be taken into account:

- The possibility of submitting an EUTM application in order to obtain unitary protection at European Union level, over and above the protection granted by national trade marks registered in the various Member States, is the very object of the EU trade mark system.
- Consequently, the filing of an EUTM application identical or very similar to earlier national or international trade marks is **usually consonant with commercial logic and does not by itself constitute evidence of bad faith.**

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Re-filing



Analysis of the relevant elements to identify a re-filing situation and assessment of bad faith

- After analysing all the elements cited in the CP, a conclusion on whether the situation concerns a re-filing may be reached.
- **However, none of those elements, on their own or collectively, will suffice to permit the conclusion that the applicant was acting in bad faith** when re-filing a trade mark application.
- **Other factors relevant to the assessment of bad faith** will have to be examined → Especially the **applicant's dishonest intention** (e.g. avoiding furnishing proof of use of its earlier registered trade mark/s and extending the five-year grace period).
- **The objective pursued by the bad faith provisions** will have to be taken into account → Prevent the **abuse of the trade mark system**.

2.5 Scenarios of bad faith in trade mark applications

2.5.2 Scenarios regarding the abuse of the trade mark system facet



Speculative purposes / trade mark as an instrument for leverage

Bad faith may exist, inter alia, when **an application** for registration of a trade mark is **diverted** from its **initial purpose** and is filed **speculatively** or **solely with a view to obtaining financial compensation**.



However, the fact that the applicant **requested financial compensation**, even if considerable, is **not enough** to conclude that the applicant acted in a fraudulent and speculative manner:



As it **may fall** within the scope of **market freedom**.

Therefore, to come across this bad faith scenario, **several factors** for the assessment of bad faith **must be involved**.

2.6 Extent of refusal/cancellation due to bad faith

- Bad faith will, **in general**, exist **in respect of all the contested goods and/or services** for which the contested trade mark was applied for or registered.
- However, following the Court of Justice ‘SKY’ judgment, a **partial refusal/cancellation is possible**.



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