



Study Question

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Bad faith trademarks

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I. Current law and practice

Bad faith - prior third party use or filing

1 Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 2) – 7). If no, please go to question 8).

Yes

Please Explain

See answer for question 2.

2 Is the application or registration as described under question 1) above denoted as "bad faith"? If not, what is it called?

Yes

Please Explain

Party A's trade mark could be opposed on the basis of s62A of the Trade Marks Act 1995 (Cth) (the **TMA**) (the application was made in bad faith); or

If Party B has a reputation in Australia, s60 TMA (Trade mark similar to trade mark that has acquired a reputation in Australia); or

If Party B has used the trade mark in Australia prior to the date of filing Party A's trade mark application, s58 TMA (Applicant not the owner of the trade mark).

A party can apply to cancel a trade mark registration on any of the grounds on which the trade mark could be opposed.

The remainder of this paper will focus on bad faith.

3 Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B

Please Explain

- other

Please Explain

- The conduct/actions of Party A, particularly leading up to the filing of the application, though the conduct after the application is filed may be used to provide insight into the mind of Party A as at the application date.

*... mere negligence, incompetence or a lack of prudence to reasonable and experienced standards would not, in themselves, suffice as the concept of bad faith imports conduct which, irrespective of the form it takes, is of an unscrupulous, underhand or unconscientious character: Fry Consulting v Sports Warehouse Inc (No 2) [2012] FCA 81; (2012) 201 FCR 565 at [166] per Dodds-Streton J, applied in Bennett J in DC Comics v Cheqout Pty Ltd [2013] FCA 478 (**DC Comics**) at [67]*

- Any use in Australia by either party, and the extent of that use.
- However, mere awareness that an overseas company owning the mark operated or intended to operate in Australia will not necessarily amount to bad faith. The question is whether the applicant's conduct falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons: *Fry* at [164], *DC Comics* at [63].
- NB: Evidence that the use of a mark is likely to cause confusion or deception may be persuasive in considering whether the application to register a mark was in bad faith. However, it is neither determinative of that finding, nor a prerequisite for it: *DC Comics* at [76]

4 Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.

Yes

Please Explain

The assessment will always take the specific circumstances of the case into account.

5 Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

6 Is the degree of similarity between the signs relevant? Please explain why in either case.

Yes

Please Explain

It is relevant but not required, since even a mark which is unlikely to cause confusion or deception may be registered in bad faith.

7 Is the degree of similarity between the goods/services relevant? Please explain why in either case.

Yes

Please Explain

It is relevant but not required. So, in *DC Comics*, the respondent acted in bad faith in registering "superman workout" in class 41 for "conducting exercise classes; fitness and exercise clinics, clubs and salons; health club services (exercise)", in light of DC Comics' reputation in the character Superman, notwithstanding the court's conclusion at [51] that:

- There is no real, tangible danger or real risk of confusion arising by the normal and fair use of the word "superman" in connection with "workout".
- While "superman" may be thought by sufficient members of the public to derive from the superhero, they would see the word as descriptive and would not be caused to wonder if the Trade Mark was associated with DC Comics (or the company with which Superman is associated).

The court concluded (at [76]):

Section 62A does not require the opponent to establish that the trade mark's use would result in deception or confusion. That aspect is the subject of other grounds of opposition ... Such a requirement would, in my view, contradict the legislative intent in introducing a new ground of opposition by limiting its application to circumstances provided for by existing grounds. Evidence that the use of a mark is likely to cause confusion or deception may be persuasive in considering whether the application to register a mark was in bad faith. However, it is neither determinative of that finding, nor a prerequisite for it.

However, in relation to a s60 matter (acquired reputation), it is possible to demonstrate that provided the reputation is sufficient in Australia and Party B is known for providing diversified goods/services, then an application by Party A for a similar trade mark for unrelated goods/services may still be successfully opposed on this basis.

Repeat filings

8 Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?

If yes, please answer questions 9) -11). If no, please go to question 12).

No

Please Explain

9 Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?

10 Which of the following factors are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

11 Are the answers to questions 8) -10) above different if the previous trademark is no longer in force? Please explain.

Defensive marks

12 Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?

If yes, please answer question 13). If no, please go to question 14).

Yes

Please Explain

Yes – under s 185 of the TMA a defensive mark can be filed if, because of the extent to which a registered trade mark has been used in relation to all or any of the goods or services in respect of which it is registered, it is likely that its use in relation to other goods or services will be taken to indicate that there is a connection between those other goods or services and the registered owner of the trade mark, the trade mark may on the application of the registered owner be registered.

If the trade mark is filed as a standard trade mark, it can be done on the basis that there is an intention to use (rather than actual use), since the use merely needs to be commenced within the first five years following the date of filing the trade mark application (see s 93(2) of the TMA). An application may be made to remove the standard trade mark on the grounds of non-use, if the mark has remained registered for at least five years and has not been used for a period of three years ending one month prior to the commencement of the non-use action (see s 92 of the TMA).

13 Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?

No

It is called...

If the trade mark owner does not have a pre-existing trade mark registration for different goods/services and does not intend to use the mark in relation to the goods for which it is registered/seeking registration, then it is possible to oppose this trade mark application pursuant to s59 of the TMA (Applicant not intending to use trade mark).

It must be noted that s59 is very difficult to satisfy given the filing of the application is held to constitute intention to use the trade mark (and it would be necessary to adduce evidence of the Applicant's intentions).

Other

14 Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith ¹⁶ under your Group's current law? If so, what conduct and how is it denoted, ie as "bad faith" or something else?

¹⁶ Including fraud within the context of this Study Question, as explained on p. 1 at paragraph 5.

Fraudulent conduct would constitute bad faith.

Use might also be contrary to law, which is a separate ground of rejection under s 42 of the TMA (Trade mark scandalous or its use contrary to law).

Where an applicant has filed evidence or made representations which are false in material particulars, the registration of the mark may be opposed under s 62(b) of the TMA.

Type of proceedings

15 In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select either of the last two boxes, please describe further.

- opposition proceedings (before the trademark/IP office)

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

- other

Please Explain

- Court proceedings for cancellation

II. Policy considerations and proposals for improvements of your current law

6.a Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.b Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.c Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.d Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against other conduct as described in your response to question 14) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

17 Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

No

Proposals for harmonisation

18 Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

If yes, please respond to the following questions without regard to your Group's current law.

Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.

Yes

Please Explain

19 Does your Group consider there should be a harmonised definition of bad faith?

Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.

No; identifying circumstances that can be relevant in assessing whether the types of conduct identified above under question 16) are allowed can be helpful, but a definition as such does not allow sufficient flexibility

Please Explain

Bad faith - third party use or filing

20 Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 21) – 25). If no, please go to question 26).

Yes

Please Explain

21 Which of the following should be relevant factors for proving an application or registration as described under question 20)?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B's sign and the sign used by party A

Please Explain

- other

Please Explain

the particular circumstances should always be taken into account

22 Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?

The assessment should always take the specific circumstances of the case into account.

23 Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

- other

Please Explain

The specific circumstances

24 Should the degree of similarity between the signs be relevant? Please explain why or why not.

Yes

Please Explain

It should be relevant but not determinative.

Similarity need not be present if the use of the trade mark by the other party is *unscrupulous, underhand or unconscientious character*.

25 Should the degree of similarity between the goods/services be relevant? Please explain why or why not.

Yes

Please Explain

It should be relevant but not determinative. Similarity need not be present if the use of the trade mark by the other party is *unscrupulous, underhand or unconscientious character*:

Repeat filings

26 Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?

If yes, please answer questions 27) – 28). If no, please go to question 29).

No

Please Explain

27 Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

28 Should the answers to questions 26) - 27) above be different if the previous trademark is no longer in force? if so, how?

Defensive marks

29 Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.

Yes – there should be limited rights to file defensive marks if, because of the extent to which a registered trade mark has been used in relation to all or any of the goods or services in respect of which it is registered, it is likely that its use in relation to other goods or services will be taken to indicate that there is a connection between those other goods or services and the registered owner of the trade mark.

The ability to obtain defensive marks prevents the dilution of a trade mark owner's brand. The ability to attain registration of defensive trade marks means famous brands can prevent third parties from using their trade mark in bad faith, or attempting to springboard from their reputation.

Other

30 Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith ¹⁷? If yes, please explain.

¹⁷ Including fraud within the context of this Study Question, as explained on p. 1 under paragraph 5 above.

No – fraud, in the sense defined, should be covered by the bad faith provision. Use of a trade mark which is otherwise contrary to law (for example because it constitutes passing off) should be independently actionable.

Type of proceedings

31 In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, inasfar as they should be grounds for action in your view?

Please tick or fill in all boxes. If you select either of the last two boxes, please describe further

- ex officio by the trademark/IP office

Please Explain

- opposition proceedings (before the trademark/IP office)

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

- court proceedings concerning a bad faith application

Please Explain

- court proceedings concerning a bad faith registration

Please Explain

Other

32 Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.

N/A

Please indicate which industry sector views are included in part "III. Proposals of harmonization" on this form:

Nil

Please enter the name of your nominee for Study Committee representative for this Question (see Rule 12.8, Regulations of AIPPI). Study Committee leadership is chosen from amongst the nominated Study Committee representatives. Thus, persons not nominated as a Study Committee representative cannot be in the Study Committee leadership.

Clare Cunliffe