



Study Question

Submission date: May 16, 2017

Sarah MATHESON, Reporter General
Jonathan P. OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
Yusuke INUI, Ari LAAKKONEN and Ralph NACK, Assistants to the Reporter General

Bad faith trademarks

Responsible Reporter: Anne Marie VERSCHUUR

National/Regional Group	Czech Republic
Contributors name(s)	MICHAL HAVLIK
e-Mail contact	havlik@sak-alo.cz

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

Yes. It is possible based on Section 7(1)(k) of the Act No. 441/2003 Coll., on trademarks (the Czech Trademark Act).

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

Yes. The wording of Section 7(1)(k) of the Czech Trademark Act is as follows:

*"k) any person whose rights are injured by a trademark application that has not been **filed in good faith.**"*

Lack of good faith can be understood to mean the same as 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

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

Under Czech Administrative Supreme Court case law, the following 3-test step is to be applied to assessing lack of good faith

a) Party A knows or should know of earlier use of sig byf Party B,

b) there is a harm suffered by the Party B, .e.g. being prevented from use of its sign

and

c) there is no a reasons to justify conduct of Party B, i.e.

These three elements have to be fulfilled cumulatively, i.e. even if one element is shown not to be present, there cannot be concluded bad faith.

Additionally, of course, when assessing good faith, all relevant circumstances of the case have to be considered.

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

Yes, bad faith comes into consideration particularly for cases of identical or highly similar (almost identical) marks. It is generally more difficult to prevail with a bad faith argument for marks with a lower degree of similarity.

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

Yes

Please Explain

Yes, if the contested application does not contain any identical or similar goods then it is more difficult to succeed with a bad faith claim. However, if an application is found to be filed in bad faith, then such conclusion must apply to all covered goods and services including dissimilar goods and services, i.e. there can be no finding of bad faith only in respect of certain goods and services.

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

It is unlikely that a bad faith rejection would be successfully invoked against repeated filings before Czech Office. Bad faith currently is both a rejection ground on absolute and relative grounds

a) *ex officio* by the IPO as an absolute ground for a refusal of trademark's registration; though in such case the IPO examines each and every application separately based on the evidence before it; therefore it could not examine on its own accord whether prior similar or identical mark has been used or not and whether such repeat application constitutes bad faith.

In such case, there is no ground for asserting bad faith argument as IPO does not have capacity to do so.

b) on relative grounds at request of a person whose rights could be injured with by the newly filed trademark application; however, it is difficult to envisage that the injury to a third person may be caused by repeat filings..

Failure to meet applicable genuine use requirements is a ground for cancelling the trademark which is to be invoked by a third party. However, when applying for a new albeit similar/identical trademark, a third person cannot oppose such registration based on the argument that the prior trademark has not been used and that the new trademark is registered in bad faith. There could not possibly be any specific harm on part of the opposing party incurred by registering the new trademark, therefore bad faith argument cannot be invoked here.

(excl. situations under specific circumstances where such harm could be concluded, e.g. where a third person challenged prior trademark for non-use and the owner of challenged trademark filed a repeat application as a response; then a repeat application of a similar or identical mark could possibly be seen as in bad faith)

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, it is possible. There is no such obligation as "intent to use" under Czech law.

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...

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.

We do not have knowledge of any such other conduct.

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.

- 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

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?

At the moment, the Czech IPO is preparing an amendment to Czech Trademark Act to comply with requirements of the new EU Trademark Directive.

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

Yes; such harmonisation would be desirable, because bad faith has often cross-border element.

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.

Yes; such would increase the level of legal certainty

Please Explain

Yes; such harmonisation would be desirable, because bad faith has often cross-border element.

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

Yes. Under the general conditions that

- a) Party A knows or should know of earlier trademark of Party B,
- b) there is a harm suffered by the Party A (and/or an equivalent gain of profit on part of Party B); and
- c) there is no justification for Party B to file the trademark.

Also specific circumstances to each case should be taken into account. The Czech national group is not of the opinion that repeat filings should automatically be considered as bad faith.

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

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?

All the above factors should be taken into account with due regard to a specific circumstances of the case.

If only two factors should be sufficient on their own, it would be

a) party A knows, or should reasonably be aware, of use by party B of an identical or similar sign abroad for identical goods or services; and

b) party A knows, or should reasonably be aware, of use by party B of an identical or similar sign in the same jurisdiction for identical goods or services.

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

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

Yes

Please Explain

Yes, bad faith by nature should be limited to marks that are identical or similar to high degree.

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

Yes

Please Explain

Once it is established that the application was filed in bad faith on basis of certain identical or similar goods and services, similarity of other goods and services should not be taken into account and the application should be considered as bad filing as a whole..

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

No. It should only be possible under special circumstances, e.g. where a third person challenged prior trademark for non-use and the owner of challenged trademark filed a repeat application as a response; then a repeat application of a similar or identical mark could be considered as bad faith.

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 no general intent to use requirement at the time of filing.

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

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, insofar 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.

The Czech National Group feels that bad faith opposition and invalidity ground plays an important role within trademark law to protect legitimate and honest users of marks against abuse of the trademark filing system

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

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.