



## 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

For German trademarks see Sec. 8 para. 2 No. 10 and Sec. 50 of the German Trademarks Act ("MarkenG"). Such actions can also be based on Sec. 8 para. 1, Sec. 3 and Sec. 4 No. 4 of the German Act Against Unfair Competition ("UWG") (BGH, GRUR 2014, 385, no. 23 – H 15) and on Sec. 826 of the German Civil Code ("BGB") (BGH, GRUR 1998, 412, 414 – Analgin). For European Union trademarks (EUTMs) see Art. 52 para. 1 (b) EUTMR.

**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

Sec. 8 para. 2 No. 10 MarkenG uses the words "bösgläubig angemeldet" which means "applied for in bad faith". Art. 52 para. 1 (b) EUTMR in its English version uses the term "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

For cases of prior use of a sign abroad, it is additionally required that there are specific circumstances that make the behaviour of Party A on the domestic market appear anti-competitive. For example, such specific circumstances may be given if Party A files the trademark with the apparent intention to

- disturb Party B in its vested rights, or

- block Party B from using the sign used abroad on the domestic market.

**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 always has to 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

- other

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Please Explain

- duration of prior use that lead to the vested rights (CJEU, C-529/07, GRUR 2009, 763, no. 39 – Lindt & Sprüngli/Franz Hauswirth);
- investment of Party A in Party B's company (EGC, T-321/10, GRUR Int. 2014, 172 – SALINI);
- pertinent legal disputes between Party A and Party B (EGC, SALINI);
- geographical proximity (CJEU, C-171/12 – Pollo Tropical CHICKEN ON THE GRILL).

**6**

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

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Yes

Please Explain

The concept of bad faith can only be applied if the signs are identical or confusingly similar and the goods/services are identical or similar. Both the signs and the goods/services need to be "clearly similar", leading to an "unquestionable likelihood of confusion" (see BGH, GRUR 2009, 992, no. 17 – Schuhverzierung; BPatG, GRUR 2010, 433, 436 – Käse in Blütenform III).

**7**

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

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Yes

Please Explain

See Question 6.

## 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).***

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Yes

Please Explain

For the situation in Germany four different proceedings need to be differentiated, registration proceedings (hereinafter under a)), opposition proceedings (hereinafter under b)), cancellation proceedings (hereinafter under c)) (any of them before the German PTO) and civil court proceedings (hereinafter under d)):

a)

In registration proceedings taking place between filing and registration refusal of the application is possible under § 8 para. 2 item 10 of the German Trademarks Act. That is, refusal of the application is possible if the applicant filed the application in bad faith. However, the mere fact that the applicant has filed the same trademark for the same good/services previously will not constitute bad faith per se. Further facts need to be present and obvious in order to establish bad faith. Unless there are clear indications of bad faith such an ex officio examination would be beyond the scope of the official tasks to be performed during the registration process. Thus, under German practice a trademark application cannot be refused on the ground that a previous trademark fails to meet genuine use requirements and the new application therefore was filed in bad faith.

b)

In the "Blue Bull" vs. "RED BULL" decision the German Federal Patent Court decided in opposition proceedings that the applicant of the younger, contested trademark cannot raise the defence that the opponent owns a previous mark (filed earlier than the mark on which the opposition is based) which fails to meet genuine use requirements. Again the reason was that official opposition proceedings are designed to decide a large number of cases rather than performing an in-depth examination which would be required if such a defence were allowed.

c)

Moreover, third parties may request cancellation of a trademark under § 50 para. 1 of the German Trademarks Act arguing that the proprietor filed the trademark in bad faith within the meaning of § 8 para. 2 item 10 of the German Trademarks Act. The cancellation proceedings would be handled by the German Patent and Trade Mark Office. However, this ground for revocation of the registration must have been present at the time when the proprietor had applied for the registration which, in practice, is almost impossible to prove.

d)

If an opposition based on an older "bad faith" registration was allowed, the applicant of the younger trademark may file a "Eintragungsbewilligungsklage" (motion for allowance of the registration) with the relevant court under § 44 of the German Trademarks Act with the aim that the trademark must be registered for material reasons such as bad faith of the owner of the senior right. Moreover, in civil court infringement proceedings the alleged infringer may argue accordingly against rights of a trademark infringement. Civil court proceedings are designed to extensively hear evidence. Thus, in civil court proceedings such a defence might be successful.

9

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

Yes

Please Explain

It would be called "bad faith" or "abuse of legal right".

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.*

- the degree of overlap between the goods/services

Please Explain

- whether or not the signs are identical

Please Explain

- if the signs are different, the degree of difference

Please Explain

- absence or presence of intent to use

Please Explain

- other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements)

Please Explain

- the number of goods/services

Please Explain

- other

Please explain how the above factors influence the assessment.

The degree of overlap between the goods/services and/or the degree of difference in the signs is an indication as to whether or not the new application was filed in bad faith or constitutes an abuse of legal rights. In other words, the smaller the overlap between goods/services and/or

the greater the difference in the signs the stronger is the indication that the new application was not filed in bad faith or is an abuse of legal rights.

Moreover, if a national German application and a European Union application for the same sign and the same goods/services are filed (even with the same priority), bad faith is never assumed, since the co-existence of these systems is provided by law for different territorial protection (Decision of the German Federal Court of Justice dated 24<sup>th</sup> November 2005, I ZR 28/05, ""GALILEO").

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

An overlap in the periods of validity, i.e. if repeat filings are filed always just before the older trademark leaves the grace period, it might be an indication that the applicant acts in bad faith / abuses legal rights. If the new trademark is filed some time after the older trademark becomes vulnerable for cancellation for non-use, it will be assumed that the applicant now accepts the loss of the older trademark and has no right to oppose or otherwise reject third party rights.

## 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

Basically yes. Under German law no provisions exist which expressly prohibit the filing of a trademark in cases where the applicant has no intent to use (the applicant does not even have to run a business). In particular, no declarations regarding the applicant's intent to use are required when filing a trademark. The existence of the applicant's intent to use is assumed. The same applies to the EU trademark system.

However, it must be noted that the applicant's intent to use must not be disregarded at all. In cases where it can be proven that the applicant had no intent to use at all, accompanied by further circumstances showing the applicant's bad faith, the application might be considered a bad faith application.

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

Yes

Please Explain

An application merely filed without intent to use (without further circumstances) would not be denoted as "bad faith" in Germany. Insofar, only the provisions regarding the genuine use requirements are applied. The same applies to the EU trademark system.

However, in cases where an application was demonstrably filed without intent to use, and where further circumstances showing the applicant's bad faith can be demonstrated, the application might be denoted as "bad faith".

## Other

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

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

Beyond prior third party use or filing, repeat filings and defensive marks, and partly interfering with the aforementioned, in particular the following other conducts have been discussed in relation to "bad faith". However, to date no provisions in Germany or the EU exist dealing expressly with these cases as they are commonly treated or discussed as "bad faith" cases:

Speculation trademarks: The filing of several applications, in particular for numerous classes of goods or services, without intent to use and with the intent to take abusive action against third parties that might use these marks in the future (interfering with the subgroup "defensive marks").

Filing of generic/descriptive terms: The filing of a trademark while being aware that the respective term is generic or descriptive (however, these cases can be solved by invalidity proceedings and should not be considered bad faith).

Fraud: Presenting false documents or information (e.g. false opinion polls) during the application proceedings (would be denoted as a bad faith application).

## 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

- 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.*

Yes

Please Explain

It should be possible to take action against a bad faith application in order to prevent long periods of uncertainty. In Germany it is possible to file observations with the German Patent and Trade Mark Office which then will consider whether the application is filed in bad faith. [\[1\]](#)

However, it is not possible to take action against an EU trademark application filed in bad faith at the EUIPO. [2] Bad faith should be an absolute ground for refusal also in the EUTM proceeding which can be invoked ex officio by the EUIPO in registration proceedings if bad faith is obvious.

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[1] § 37 I, III MarkenG; GRUR-Prax 2014, 252

[2] Third party observations according to A. 40 (1) EUTMR are limited to the grounds of Articles 5 and 7 EUTMR which do not cover bad faith.

**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

Refiling per se should not be a ground for refusing a trademark. The trademark application is and should be assessed on a case-by-case basis in order to determine if there is a ground for refusal.

**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

No intent to use a trademark shall be required with the filing of the trademark. Applicant's intention (not) to use is subjective and cannot be determined by the office performing the examination. The intended use can be determined only by objective criteria, i.e., the actual use of the trademark. Therefore action should only be possible against a trademark that is not put into genuine use for a continuous period of predetermined length, e.g., 5 years or at least 3 years, in order to allow the applicant to put the trademark into genuine use.

**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

Under the above mentioned circumstances this should be possible.

**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

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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)

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Please Explain

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

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Please Explain

- other

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Please Explain

All the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign must be taken into consideration. For example whether the earlier sign is well known or enjoys a reputation.

**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?

No, one or more of the above factors are not sufficient on their own. As pointed out all relevant factors have to be taken into consideration. For example the fact that the person making that application knows or should know that a third party is using a trademark abroad at the time of filing their application which is liable to be confused with the trademark whose 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.

**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

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Please Explain

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

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Please Explain

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

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Please Explain

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

Yes

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Please Explain

The similarity should be relevant. To successfully argue that an applicant is acting in bad faith it is necessary that the applicant disturbs the trademark owner in its vested rights. Such a disturbance can only be considered if the contested trademark is identical with, or confusingly similar to the sign which represents the disturbed vested rights. Without this restriction the prior owner of a trademark could gain a too strong position against subsequent trade mark applications which may hinder competition.

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

Yes

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Please Explain

The same argument as mentioned above applies here.

## 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).*

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Yes

Please Explain

This should not be possible in application proceedings.

However, the bad faith argument based on repeat filings should be considered in invalidation/cancellation proceedings and infringement proceedings.

In principle, the repeat filing of two double identical trademarks as such should not be considered as bad faith in invalidation/cancellation proceedings. To the contrary, the applicant in such proceedings must prove that there is bad faith due to the specific circumstances of the case beyond the fact of repeat filings. There might be good arguments for repeat filings, as modernisation or maintenance of the value of a formerly well-known trademark (as, for instance, ISETTA, Simca).

Simultaneously, repeat trademark applications might be considered bad faith in infringement proceedings, according to the individual circumstances of the case.

**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.*

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- the degree of overlap between the goods/services

Please Explain

- whether or not the signs are identical

Please Explain

- if the signs are different, the degree of difference

Please Explain

- absence or presence of intent to use

Please Explain

- other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements)

Please Explain

- number of goods/services

Please Explain

- other

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Please explain how each of the factors selected above should influence the assessment.

The assessment in invalidation/cancellation proceedings and infringement proceedings must be based on all circumstances of the individual case. The bad faith argument appears to be stronger, the more identical the repetitive trademark is. A considerable degree of difference

between the marks suggests that there is no bad faith. The number of goods and services might imply the intention to block the trademark against third party registration.

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

Yes, the basis for the bad faith argument is the circumvention of the provisions on user requirement. In case third parties have a chance to register the identical or similar trademark on their own, the factual basis of bad faith is no longer given.

## 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. Intent to use should not be a filing requirement as long as sufficient protection against non-used marks is provided, in particular by means of provisions regarding compulsory use after a certain period of time.

## Other

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

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

Although partly interfering with cases of third party use or filing, repeat filings and defensive marks, the following conducts should amount to bad faith:

Speculation trademarks: The filing of several applications, in particular for numerous classes of goods or services, without intent to use and with the intent to take abusive action against third parties that might use these marks in the future (interfering with the subgroup "defensive marks").

Fraud: Presenting false documents or information (e.g. false opinion polls) during the application proceedings.

It is however noted that the definition of bad faith should not consist of an exclusive enumeration but should be left open for additional conducts.

## 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

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

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Please Explain

- court proceedings concerning a bad faith application

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Please Explain

- court proceedings concerning a bad faith registration

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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.**

German trademark law does not allow an opposition to be based on the ground that the later trademark is to be cancelled because it has been registered in pursuit of an application that was made in bad faith nor does German trademark law allow to defend the later trademark against an opposition by pointing out that the earlier trademark is invalid because it has been registered in pursuit of an application that was made in bad faith. If the ground of the application having been made in bad faith could be raised in German trademark opposition proceedings both as a means of attack in support of the opposition and/or as a means of defence against an opposition independent cancellation proceedings to be conducted before the German Patent and Trade Mark Office or the German civil courts could be avoided.

Whereas the German Patent and Trade Mark office and the German civil courts have jurisdiction to reject an application that was made in bad faith or cancel a trademark that has been registered in pursuit of an application that was made in bad faith in registration proceedings and/or cancellation proceedings but not in opposition proceedings, the Community Trade Mark Regulation allows to invoke the ground of bad faith as a means of attack only in cancellation proceedings to be conducted before the EUIPO and as a counterclaim in infringement proceedings before the EUTM Courts. EUTM Courts have no jurisdiction to hear an independent claim for cancellation of a EUTM on the ground of bad faith nor does the EUIPO have jurisdiction to consider the ground of bad faith ex officio in registration proceedings or in inter partes opposition proceedings.

It would be more economical from a procedural point of view if the EUIPO had power also to reject an application filed in bad faith ex officio in registration proceedings.

Further it should be possible to file a cancellation action with the EUTM Courts not only as a counter action but also as separate action.

Both, the German Patent and Trade Mark Office and the EUIPO should also consider the ground of bad faith in inter partes opposition proceedings when raised by either party and where it is obvious. The requirement of obviousness should be installed in order to keep the registration and opposition proceeding quick and effective.

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

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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.