



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

The Spanish Trademarks Act provides, in its Article 51.1.b), that the registration of a trademark shall be liable to be declared invalid where the applicant was acting in "bad faith" when he filed the application for the trademark. Thus, although the Spanish Trademarks Act does not refer expressly to the specific case indicated in question 1, when a trademark has been registered in such circumstances, an action to declare the invalidity of the registration could be taken by means of the aforementioned Article 51.1.b).

Additionally, the Spanish Trademarks Act, in its Article 10, expressly refers to the case where the agent or representative of a third party (who is the owner of a trademark in another State party of the Paris Convention or member of the World Trade Organization) registers said trademark in his name without the consent of the owner. In that case, and according to said Article 10, the owner shall have the right to oppose the registration of the trademark or to take action to declare the invalidity of said trademark, or to claim the ownership of the trademark or to take action to prohibit the use of said trademark.

The Spanish Trademarks Act also provides, in its Article 2.2, that where the registration of a trademark has been filed by committing fraud towards the rights of a third party or by infringing a legal or contractual obligation, the injured party may claim ownership of the trademark before the courts, provided that he files a claim prior to the date of registration, or within five years from the publication of the registration or from the time when the registered trademark has started to be used. This Article does not refer either to the specific case indicated in question 1, but it has to be understood that when a trademark has been filed or registered in such circumstances, an action to claim the ownership of the trademark could be taken by means of the aforementioned Article 2.2.

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

The aforementioned Article 51.1 b) of the Spanish Trademarks Act refers to the term "bad faith" as an invalidity ground. The aforementioned Article 2.2. of the Spanish Trademarks Act refers to the term "fraud", which could be regarded as a subset of "bad faith" depending on the circumstances. Article 10 does not refer to "bad faith", but it describes a situation that matches with a "bad faith" situation (i.e. unfair agent or representative).

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

Opposition filed against a trademark application by party B in the case of the unfair agent or representative (Article 10 of the Spanish Trademarks Act).

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.

No

Please Explain

According to the case-law from Spanish Courts, none of the above factors are sufficient on their own, thus the assessment should always take into account the specific circumstances of the case. It is important to highlight that good faith is presumed in the Spanish legislation, so the level of bad faith evidence is certainly high.

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

According to the case-law from Spanish Courts, none of the above factors are sufficient on their own, thus the assessment should always take into account the specific circumstances of the case. It is important to highlight that good faith is presumed in the Spanish legislation, so the level of bad faith evidence is certainly high.

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

Yes

Please Explain

Yes, normally the degree of similarity between the goods/services is relevant, but it could be not relevant depending on the specific circumstances of the case or when the trademark is well-known.

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

This is not possible in the frame of administrative proceedings (i.e. it is not possible to be refused). However, it would be feasible in court proceedings (i.e. it is possible to cancel it).

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. However, the registered trademark must be used. If the trademark is not used during 5 consecutive years, after it's granting, then a third party could ask its cancelation for lack of use.

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...

No, it is not identified as "bad faith".

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.

Please refer to our answer to question 1).

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

Only related with the case of the agent, representative of a third party who files a trademark application (Article 10 of the Spanish Trademarks Act in relation with Article 6 septies Paris Convention). We consider that this situation could be regarded as a "bad faith".

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

Please Explain

- court proceedings concerning a bad faith application

Please Explain

In the case of a recovery action when there is fraud (Article 2.2 of the Spanish Trademarks Act); the invalidity, recovery or infringement actions in the case of an unfair agent or representative (Article 10 of the Spanish Trademarks Act); and the invalidity action due to purely "bad faith" [Article 51.1 b) of the Spanish Trademarks Act].

- it differs per ground

Please Explain

"Bad faith" is an absolute ground of invalidity, and the case of Article 10 of the Spanish Trademarks Act (unfair agent or representative) is a relative ground of invalidity.

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.

Yes

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.c 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.

Yes

Please Explain

Possibility to claim before the Court the recovery of ownership of the application (not still registered) in case of fraud/"bad faith".

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, there are not.

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

Please Explain

Like "confusion", "bad faith" is an indeterminate legal concept that must be analysed on a case by case basis.

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

As we have said in question 1), the Spanish Trademarks Act already provides to take action against the application or registration for a trademark, if that trademark or a similar sign is already used by a third party in other jurisdiction and the applicant was acting in "bad faith" when he filed the application for the trademark. We refer to our answer to question 1).

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?

Please refer to our answer to question 4).

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

Please refer to our answer to question 6).

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

Yes

Please Explain

Please refer to our answer to question 6).

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

Please refer to our answer to question 8).

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, as in the Spanish system the intent to use is not a requirement to get a trademark registration. On the contrary, the trademark owner is obliged to use the registered trademark, who is under the sanction of cancellation for non use if it is not used during five consecutive years.

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.

Please refer to our answer to question 1), particularly regarding the case of a recovery, invalidity or infringement actions in the case of an unfair agent or representative (Article 10 of the Spanish Trademarks Act); and also the case of recovery action when there is a fraud situation (Article 2.2 of the Spanish Trademarks Act).

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

- it differs per ground

Please Explain

- administrative opposition against a trademark application
- invalidity court proceedings against a trademark registration
- recovery action before the courts against an identical trademark for the identical products or services
- action for infringement before the courts against an identical trademark for identical products or services if a recovery action has been successful

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.

According to the Spanish Trademarks Act and case-law, our system is based on an open provision that includes a *numerus apertus* of cases, factors and circumstances that can be considered as "bad faith". In our opinion, in general terms, harmonisation is desirable but it is not necessary that this includes a definition of bad faith because it should be considered on a case by case basis.

In some cases, it would be desirable that the injured party has the option to both bring an invalidity action and/or a recovery action (and even an infringement claim). This is because in certain circumstances the registration of the trademark in "bad faith" is at the same time a misappropriation of the trademark used by the injured party in the same or in another jurisdiction. This generally happens when the trademark registered in "bad faith" is identical and for identical products or services as the trademark used by the injured party.

Additionally, it would be advisable that in the future an administrative opposition is foreseen against bad faith applications. The timing for this new remedy is when the Spanish Government implements the Trademarks Directive 2015/2436. This Directive sets out in article 4(2) that Member States can establish that an application is rejected due to bad faith. The implementation of the Directive will imply that cancellation and revocation actions will be prosecuted before the administrative trademark bodies. It is reasonable to think that this implementation will embrace reinforcing the administrative tools for analyzing means of proof. This is the moment when we think the Spanish Trademarks Office will be in the position to guaranteeing a reasonable quality to analyze complex proof regarding bad faith. This is why, by the time being, we do not consider pertinent to add the administrative opposition as it is currently better that this complex proof is analyzed by the Spanish Courts.

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.

Mr. Pedro Merino