



## 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

Yes. According to Section 14(1) item 7 of the Finnish Trademarks Act (1964/7, as amended, "Act"), a trademark shall not be registered, if the proprietor of an earlier trademark has an exclusive right to use the trademark to identify goods/services in the course of trade. The earlier trademark may be a national trademark, a European Union Trade Mark or an International Trademark Registration valid in Finland or in the EU. It is not required that the earlier trademark is registered. It may also have been established through use, and is commonly known as a distinct mark of the proprietor's goods in the relevant Finnish business or consumer circles, at the time when later application was filed. Furthermore, Section 14(1) item 8 of the Act states that a trademark shall not be registered if the applicant has filed the application in "bad faith".

In addition, Party B could also seek protection provided by the Finnish Unfair Business Practices Act (1961/1978), Section 1(1), which generally prohibits unfair business practices, provided, however, that the registration was made in bad faith and the two trademarks could be confused with one another (See e.g. MAO:32/12 'PREZZO').

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

Yes

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Please Explain

Depending on the specific circumstances of the case, it can be denoted 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.*

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

Please Explain

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

Please Explain

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- 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

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- 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

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- 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

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- the degree of legal protection enjoyed by Party B

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.

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Yes

Please Explain

The evaluation is based on the overall circumstances of the case – as established by the relevant EU case law. It is explicitly stated in the recent Finnish Government Proposal (HE 616/2016) for amending the Trademarks Act, that the guidelines for examination of bad faith is well established within the EU and this has direct effect on the interpretation in Finland "as such" (the Proposal specifically refers to the cases: C-529/07 'Lindt' para. 53 and T-321/10 'GRUPPO SALINI', para. 28). This is also in line with the repetitive notions of the Court of Justice of the European Union ("CJEU") that legal certainty and the principle of equal treatment require that the terms of a provision of EU law, which make no express reference to Member States' laws for the purpose of determining its meaning and scope, must normally be given an independent and uniform interpretation throughout the whole EU (e.g. case C-327/82 'Ekro').

In the Finnish Government Proposal, it is further stated that it is of particular relevance when determining whether the applicant has acted in bad faith that the applicant knows or should reasonably be aware of the use of an identical or similar earlier sign in at least one Member State, referring to the iconic case C-529/07 'Lindt'. Therefore, such awareness could potentially be a decisive factor in a specific case, while the evaluation should, in any event, be made based on the situation as a whole.

**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.*

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

Please Explain

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- 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

- other

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Please Explain

The Supreme Administrative Court (KHO 17.9.1999 T 2525 'CABOUCHON') has stated that if a trademark is particular enough (especially in the event of figurative trademarks), the mere similarity with such a trademark could imply knowledge.

6

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

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Yes

Please Explain

Yes. See above in Q5 "Other".

Also, it is generally relevant whether the later trademark may be confused with an earlier mark, which also includes a risk of association between the earlier mark and the later trademark (Section 6(1) item 2 of the Act). However, in case both the trademarks and the goods/services are identical, no additional requirements need to be met.

Well-known trademarks enjoy a wider protection in this respect – as established by the case law. Generally, it is considered sufficient that there exists "a link" between the marks in question (See e.g. KKO:2016:16 'verkkokauppa.com' including the referred cases C-408/01 'Adidas' and C-252/07 'Intel'). Therefore, the degree of similarity between the marks may not have to be as high.

7

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

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Yes

Please Explain

Yes, typically it is. However, in case of trademarks with reputation, such similarity may not be required.

## 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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No

Please Explain

The Finnish Patent and Registration Office has altered its previous practise in its recently defined Policy (26 September 2016) so that it will now register a trademark also in cases where the applicant already owns an identical registered trademark.

According to the previous practice, identical new trademarks could not be registered if the applicant already had an identical registration, because the applicant had no need for legal protection when applying for a new identical trademark. Moreover, registering an identical trademark would have allowed the applicant to circumvent the 5-year use requirement.

The recent change in practice stems from a decision by the Market Court (MAO 232/16 'FORUM') where it was established that neither the Finnish Trademarks Act, the Trademark Directive (2008/95/EC) nor the Trademark Regulation (No. 207/2009) define an explicit obstacle for registration that would prohibit a new trademark application for an identical trademark from being accepted for the same goods and services. Moreover, the Act does not require that there is an interest behind the application or commitment that the applied mark will be used in the course of trade.

In the decision, it was acknowledged that the fact that the applicant applies for an identical or very similar trademark for the same goods/services may in some situations refer to the bad faith of the applicant. The Market Court cited case T-136/11 'Pelikan', of the General Court, but noted that the applicant is presumed to have acted in good faith unless proven otherwise. However, since bad faith was not particularly claimed in the case, the question was not evaluated from the bad faith perspective.

Should bad faith argumentation be examined in Finland regarding repeat filings in e.g. cancellation proceedings, it should be interpreted in view of EU case law, thus making the bad faith argumentation possible. However, in view of the above-mentioned amended Policy of the Finnish Patent and Registration Office and lack of further national case law, we will answer this question 8 in the negative, and thus, not submit replies to Q9-11.

**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

The Finnish Trademarks Act does not specifically define "defensive trademarks" or include any provisions on such filings. Therefore, in principle, it is permissible under national law to file a trademark application even if the trademark owner does not have intent to use that trademark for part or all of the goods/services. However, the final assessment regarding the scope of protection of such filings depends on several factors assessed independently.

A third party may challenge the legal validity of such a registration invoking the provisions concerning applications filed in bad faith and after five years of the registration the use requirement. This requires, however, that the third party in question has suffered a prejudice due to the registration.

As already brought forward in Q4, the criteria for the assessment of bad faith have been established in the relevant EU case law, and the national law is interpreted in the light of the same. The national court must take into consideration all of the relevant factors specific to the particular case which pertained at the time of filing the application. The intention of the applicant is one of the factors to be taken into consideration. In this respect, the intention of the applicant to broaden the scope of protection of its trademark by filing new applications can be considered as taking place in good faith. This view is supported by national legal literature (e.g. Salmi et.al.: Tavaramerkki, Helsinki 2008, p. 506) and case law (Helsinki Court of Appeal, 3.7.2014/1443 'HELM', p. 13). However, there are no Supreme Court decisions.

In any event, the registration can be invalidated if the use has not commenced after the 5-year grace period. According to the provisions

concerning the use requirement, a trademark registration shall be invalidated if the mark has not been used for the last five years, and the proprietor is unable to give a valid reason for the non-use. If the ground for invalidation of a registration concerns only some of the goods/services for which the trademark has been registered, the registration will be invalidated only in respect of those goods/services. It is not required to start the use immediately – but to safeguard its rights – the owner should start using its mark in future.

**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

The provision concerning applications filed in bad faith, according to the Finnish Trademarks Act, may be applied depending on the factual circumstances of the individual case, and in case a third party challenges the legal validity of the registration. Please see Q12 above.

## 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.

Violation of contractual obligations (e.g. a reseller's commitment not to apply for the principal's trademark or any similar trademarks) might increase the risk that an application, which otherwise would not have been deemed to be made in bad faith for example due to its relative dissimilar nature, would be deemed as a bad faith application due to the breach of the contract.

Further, the Unfair Business Practices Act and, the related requirement not to violate good business practice or resort to practices that are otherwise unfair to other entrepreneurs, might in some cases provide additional criteria for bad faith. Said Act, however, mostly addresses the actual use of trademarks (or trade names, as the case may be) in bad faith, which was excluded from the scope of this study.

From a criminal law point of view, misuse of a position of trust (Chapter 36, Section 5 of the Criminal Code of Finland (39/1889, as amended)) might amount to bad faith when considering a trademark application. The criteria for misuse of a position of trust requires i.e. (i.) being in a position to manage another's financial or legal affairs, (ii.) undertaking an action to which he/she has no right and (iii.) loss to the person whose affairs he/she should manage. So technically, if an IPR manager files a trademark application clearly in violation of the company's IPR policy or guidelines, and the IPR manager is then charged and convicted of misuse of a position of trust, the company might be able to have such registration cancelled afterwards.

Furthermore, actions constituting "fraud" (Chapter 36, Section 1 of the Criminal Code of Finland) during trademark application proceedings, such as forging power of attorneys or other documents, would probably also be considered bad faith that would allow the true owner of the trademark to have the mark cancelled, if relevant.

In addition, the proprietor of a trademark enjoys under Paris Convention, Article 6septies protection against a disloyal agent, supplier or representative, who may be allowed to use the mark by virtue of a contractual relationship, who registers the trademark in his own name without the proprietor's consent during the contractual relationship or who may after the termination of such a contractual relationship refuse to cancel or reassign the mark which was registered with the prior consent of the proprietor.

To conclude, the type of conduct constituting bad faith may take many forms due to which the overall assessment on a case-by-case basis, with particular emphasis on the awareness of the prior mark, is important.

## Type of proceedings

**15** In which proceedings can the grounds, inasfar 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

- 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.*

Yes

Please Explain

However, each case must be evaluated on a case-by-case basis taking all the relevant factors and EU case law into account. Further, at present it is somewhat difficult to distinguish when the trademark proprietor truly intends to take the mark into use and when not.

In any event, the 5-year grace period may in some cases allow the trademark owner to circumvent the use requirement, in principle forever (if a new re-filing occurs every five (5) years) allowing the owner to interfere with later registrations possibly in an unjustifiable manner.

The law could potentially provide that the repetitive refiling of identical marks without any actual use taking place could potentially constitute a ground for cancellation of the registration fully or in part.

**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.**

Yes

Please Explain

Kindly see Q16b. The law could potentially provide that the multiple re-filings of identical marks for identical goods/services without any actual use could constitute a ground for cancellation of the registration fully or in part.

**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.**

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?

Kindly see Q32 below with respect to trade names, auxiliary business names and domain names filed in bad faith

## 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.**

Yes; such would increase the level of legal certainty

Please Explain

Yes; harmonisation would increase the level of legal certainty in the EU.

## 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

Kindly see Q14.

**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 overall circumstances of the case should be taken 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

Kindly see Q5.

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

Yes

Please Explain

Yes, it should be relevant. However, as the assessment may be highly subjective, defining the (exact) "degree" of similarity in an objective manner may be difficult, and can therefore result in certain arbitrariness in case law, and, thus, lack of legal certainty. Therefore, it would be desirable, if certain objective grounds for the assessment would be established (perhaps by drawing on existing case law).

We also note that with respect to well-known trademarks the "degree" of similarity should be different.

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

Yes

Please Explain

Yes. Completely different goods/services marketed under the marks in question are less likely to be confused with each other.

However, we note that well-known marks should enjoy larger protection that goes beyond the similarity of the goods/services, making it possible for the proprietor to benefit from the reputation of such marks, even in case of different goods/services in question.

## 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).*

Yes

Please Explain

Yes. See Q16b.

This should be possible depending on the individual circumstances of the case. In any event, this possibility for refusal or cancellation would help to prevent unjustifiable claims and "blocking" of the trademark registers with marks that will not be used.

**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.*

- the degree of overlap between the goods/services

Please Explain

This should affect the overall evaluation. If the goods and services are (highly) different, the need for refusal or cancellation is lower.

- whether or not the signs are identical

Please Explain

This should affect the overall evaluation. If the signs are identical, it is more likely that the trademark might have been filed to escape the 5-year use requirement.

- if the signs are different, the degree of difference

Please Explain

This should affect the overall evaluation. If the signs are (highly) different from each other, it is more likely that there is a valid reason behind the filing of a new trademark. Should the signs however be very similar or almost identical, the trademark might have been filed to circumvent the use requirement.

- absence or presence of intent to use

Please Explain

This should affect the overall evaluation. If it can be shown that there is not, or there has not been, any intent to use the mark, the trademark might have been filed to avoid the use requirement. There might also be a need for a reversed burden of proof after a certain period from the first repeat filing for the trademark owner to demonstrate that the repeat filing has not been done to circumvent the use requirement.

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

Please Explain

This should affect the overall evaluation. If there is a valid business reason for the re-filing, such as filing an updated version of the trademark to be used in the market, it is less likely that the trademark has been filed to circumvent the use requirement.

- number of goods/services

Please Explain

This should affect the overall evaluation. If the trademark has been filed in excess classes compared to the actual use, this should be taken note to

- other

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

The number of the repetitive filings. The Finnish AIPPI Group considers that several repetitive filings without any actual use in the relevant market, could be seen as a clear indication of bad faith and that the trademark has been filed in order to circumvent the use requirement.

In addition to the above, the assessment should always be an overall assessment taking into consideration the particular facts of the case.

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

Generally, no. However, if it is obvious that there is no intent to use the mark this should be taken into consideration. Moreover, it should not be possible to allow the mark lapse and shortly thereafter re-file a new application for the identical mark for the same goods/services merely for the sole purpose of circumventing the 5-year use requirement.

On the other hand, the applicant should not be punished, if its intention initially was to use the mark in question, but later on cannot do so due to legitimate reasons.

### 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.

We consider that this should be, in principle, permissible – as the applicant does not necessarily know at the time of filing for which goods and/or services the mark will be used.

However, reversal of burden of proof could be required in relation to repetitive filings.

### 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.

Generally, no. The types of conduct constituting bad faith should be evaluated as a whole taking into consideration all circumstances. Particular emphasis should be given to the applicant's awareness of the prior mark. However, the absence of such awareness should not as such preclude the possibility of bad faith, if there are other circumstances implying that the applicant was in bad faith.

### 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*

- 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

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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.**

In general, harmonisation between trademark and trade name legislation is needed. As mentioned under Q17, the Finnish AIPPI Group finds it problematic that there are no cancellation or revocation remedies available for trade names applied for, in bad faith. This is of particular relevance in Finland where trade names and especially auxiliary business names are often filed by companies themselves, possibly without any genuine intention to use such names. Therefore, adjustments in the national legislation are considered necessary.

In addition, the Finnish AIPPI Group has noted that the wording used in the Finnish Information Society Code (917/2014) – in respect of domain name registrations that are similar to the protected marks or names of others – does not correspond to the bad faith provisions included in the Trademarks Act. Among others, it seems that the law is concerned only with "protected" names and marks (compare; rights solely based on the prior use). Furthermore, certain other additional provisions apply, e.g. it must be proven that the later domain name has been registered with the intention of the applicant to unjustifiably benefit from it or cause detriment to the interests of another. Therefore, the scope of protection provided for the earlier right in the Finnish Information Society Code seems to be more limited than what is provided by the Trademarks Act. As a consequence, the Finnish AIPPI Group considers that harmonisation and/or adjustments in the legislation are needed.

**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.

Pamela LÖNNQVIST