



## 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

French law provides for two types of actions against an application or registration of a trademark in a jurisdiction by one party if such trademark or a similar sign is already used in one or more jurisdictions by another party but is not registered in the jurisdiction in which Party A has registered the trademark. These are:

- Claim Action;
- Cancellation action.

The basis of the first action is described in Article L.712-6 of the French Intellectual Property Code (the “ **French IP Code**”), which provides that “*where registration has been applied for, either fraudulently with respect to the rights of a third party or in breach of a statutory or contractual obligation, a person that considers that he/she/it has a right over the trademark may claim his/her/its title before the courts .*”

This Article therefore reserves a specific type of action for the victim of the fraud: claim action.

French law allows any person that considers that he/she/it has a right over a French trademark or over an international trademark covering France to claim his/her/its title to the bad faith trademark application.

This action allows the fraud's victim to benefit from the filing date of the bad faith trademark and from any renewals that may have been carried out by the usurper instead of having to file a new trademark application post-cancellation which would risk being anticipated by third parties.

The usurper will be required to return the trademark's benefits and revenues. Licensing and assignment agreements executed by the usurper will be cancelled, even vis à vis parties contracting in good faith. The good faith of license or trademark holders or transferees will only have the effect of exempting such parties from returning the revenues arising from the use of the trademark that was conferred by license or assignment.

In addition, the victim of the bad faith trademark application has a second remedy which arises from the application of the principle "*Fraus omnia corrumpit*": a cancellation action.

Indeed, a trademark's invalidity may be pronounced on the basis of a general fraud theory, either as a primary claim made in the framework of an invalidity proceeding or as a counterclaim in the framework of an infringement proceeding.

**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

Question 1 refers to fraudulent application. However, it is interesting to stress that the concept of bad faith is not totally without relevance, since this criterion is used to determine the fraudulent nature of the application and whether the action claiming ownership of the trademark is time-barred.

Thus, Fraud consists of an apparently regular application but that is made with the sole intention of harming a third party's interests by depriving such party of a sign that the party is preparing to use or is already using.

Case law has stressed the assessment criteria relating to fraudulent trademark applications: it is always necessary to show that the applicant had, at the time he/she/it applied for the trademark, the intention of harming the other party. However, this malicious state of mind, characterised by the applicant's bad faith, may be evidenced by circumstances or elements that occurred or appeared only after the application was made, such as absence of use of the trademark.

Thus, while a fraudulent trademark application does not necessarily involve bad faith, an application made in bad faith will necessarily be characterised as being fraudulent.

**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

Factors 1 through 4 are relevant for proving that a trademark application or registration is fraudulent since judges will take into account Party A's knowledge of Party B's prior use of the sign for identical or similar goods or services, regardless of whether such use is made in the same territory or abroad.

It must be specified that:

- case law does not require proof of the prior rights that Party A may hold, but rather only proof of existing interests that were knowingly disregarded by Party B.
- in certain circumstances, the fraudulent nature of a trademark application or registration can also be arrived at when the goods or services in question are different and non-identical nor similar (see hereafter).

- 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

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It must be specified that:

- case law does not require proof of the prior rights that Party A may hold, but rather only proof of existing interests that were knowingly disregarded by Party B.
- in certain circumstances, the fraudulent nature of a trademark application or registration can also be arrived at when the goods or services in question are different and non-identical nor similar (see hereafter).

- 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

Factor 5, which relates to Party A's intention to prevent Party B from continuing to use the prior sign or to authorise it to use the prior sign under only certain conditions, is also taken into account by case law when assessing fraudulent character. This condition can be met where it is shown that Party A attempted to obtain a forced advantage from Party B under an application or registration made to apply different goods or services.

- the degree of legal protection enjoyed by Party B

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Please Explain

Regarding factor 6, the 11 June 2009 Lindt decision of the Court of Justice (C-529/07) considered that the degree of recognition of the sign (also qualified as "degree of legal protection") was among the factors to take into consideration when assessing the fraudulent nature of the

application for/registration of a trademark.

Judges take into account this degree of well-known when it is shown that Party A manifestly intended to capitalise on the notoriety of the prior sign.

- other

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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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No

Please Explain

None of the factors expressed above are, standing alone, sufficient to conclude the fraudulent nature of a trademark application or registration.

Indeed, in order for such fraudulent nature to be shown, case law holds that there must be the presence of both a factor relating to Party A's knowledge of the use of the prior mark by Party B (factors 1 through 4) and a factor relating to Party A's dishonest intentions (factors 5 and 6). The combination of these two factors appears to be so decisive that the Court of Justice noted in the 2009 *Lindt* decision that Party A's simple knowledge of the Party's use of the prior sign was insufficient and needed to be supplemented by a demonstration of Party A's dishonest intent (some French decisions have nevertheless held that, in some cases, it was unnecessary to prove the slyness condition where it can be naturally inferred from knowledge of the use).

The precise circumstances specific to the case at hand (which do not correspond to these factors) are not systematically taken into account as such by judges, but can potentially confirm the fraudulent nature of the application, in particular where Party A has already made fraudulent applications in the past to the detriment of third parties or where the sign that Party A applied for is particularly general.

**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

Several factors are relevant for determining if the applicant knew or should have known about an identical or similar sign before applying for his/her/its trademark.

Regarding point 3, i.e., whether there was or should have been knowledge of the sign due to formal or informal dealings, it should be noted that such establishment of contact between the parties may occur in either a professional or non-professional context.

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

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Please Explain

Several factors are relevant for determining if the applicant knew or should have known about an identical or similar sign before applying for his/her/its trademark.

Regarding point 3, i.e., whether there was or should have been knowledge of the sign due to formal or informal dealings, it should be noted that such establishment of contact between the parties may occur in either a professional or non-professional context.

- 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

Several factors are relevant for determining if the applicant knew or should have known about an identical or similar sign before applying for his/her/its trademark.

Regarding point 3, i.e., whether there was or should have been knowledge of the sign due to formal or informal dealings, it should be noted that such establishment of contact between the parties may occur in either a professional or non-professional context.

6

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

Yes

Please Explain

According to case law, the degree of similarity between the signs will be taken into consideration to characterise the bad faith. Bad faith will not be inferred from a simple similarity between the signs. However, in the absence of similar signs it will be difficult to prove bad faith since it results from the intention of depriving a third party of the commercial use of a sign. Indeed, if the registered trademark in no way resembles the existing sign, the other party's use of the sign for its business will not be obstructed.

Courts therefore carry out a detailed examination of the comparison between the signs, insofar as the similarity between the signs is an indicator of the applicant's bad faith.

The fact that the applicant cannot justify the similarity between the signs may also be evidence of bad faith.

7

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

Yes

Please Explain

The similarity between goods and services is taken into account when assessing the existence of bad faith at the time of the application. Indeed, as is the case with similarity in signs, the business that first used the sign will not necessarily be disturbed by the use of the same sign in a completely different sector, such that the applicant will not have attempted to block its establishment in France.

French courts therefore focus on the goods and services covered by the disputed trademark by comparing them to the goods and services used under the initial sign, and will find that bad faith is characterised when the filing was made to designate identical goods to those for which the initial sign was used.

In certain cases, when the earlier sign is well-known, case law has held that fraudulent filing had been characterised even when the goods were not similar.

## 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).*

Yes

Please Explain

In theory, the filing of such a trademark in France would not face a refusal by the INPI (*Institut National de Propriété Industrielle*) at the stage of its registration; in fact, INPI does not carry out an exhaustive review of the validity of the trademark and notably does not verify the motives for the filing.

However, the filing of such trademark could be challenged before the courts – in a claim or as a counterclaim – and could lead to the

cancellation of such trademark if the sole aim of the filing was to interfere with the consequences arising from the revocation of the first trademark (resulting from the absence of genuine use of the trademark for the goods and services designated in the registration during an uninterrupted period of five years).

**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

An application made under the above-described conditions could be analysed as being bad faith constituting fraud. The cancellation of such a filing would be based under the general French legal principle according to which "*Fraud corrupts all*" ("*Fraud omnia corrumpit*") coupled with – depending on the circumstances – the provisions of Article L.712-6 of the French IP Code.

**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

In the court's analysis of the applicant's intentions, criteria 1 through 3, i.e., the degree of similarity between the goods and services on the one hand, and the signs on the other hand, are the preponderant criteria. Thus, cancellation decisions raise the identity between the goods and services or, at the very least the fact that the goods and services contained in the prior application are included in the application made second in time, and dismiss small differences between the signs that do not affect the overall perception of their identity. As an example, differences in typeface that do not impact phonetic identity will not rule out bad faith.

- whether or not the signs are identical

Please Explain

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- if the signs are different, the degree of difference

Please Explain

In the court's analysis of the applicant's intentions, criteria 1 through 3, i.e., the degree of similarity between the goods and services on the one hand, and the signs on the other hand, are the preponderant criteria. Thus, cancellation decisions raise the identity between the goods and services or, at the very least the fact that the goods and services contained in the prior application are included in the application made second in time, and dismiss small differences between the signs that do not affect the overall perception of their identity. As an example, differences in typeface that do not impact phonetic identity will not rule out bad faith.

- other

Please explain how the above factors influence the assessment.

The intent to adapt to changes in the market is also a criterion that is taken into account. As such, an cancellation action was rejected that the extension of the purpose for protection (to new goods) combined with a withdrawal of the goods for which the trademark was not used demonstrated a desire to reinforce and adapt the previously held rights, and did not involve fraudulent intent.

With respect to the other criteria that stand out in the decisions, we note identity between signs. Thus, in prevailing case law, the filing of a European trademark after an unused French trademark does not constitute fraud so long as the signs have different scopes. It was even ruled

that the filing of a French trademark following the revocation of rights relating to the French div of an International registration was not fraudulent.

It also is clear from case law that fraud is found from among a body of oftentimes related evidence; more than a single predominating fact, it is multiple indicators that will allow fraudulent intent to be determined. This being so, following the CJEU's 11 June 2009 Lindt decision, the fundamental criterion is the intent to harm a competitor.

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

French courts take into account the timing of the filing as a criterion for finding fraud.

The question will be more about whether, at the time of the second filing, the trademark owner was aware of a current or probable non-use cancellation action whether the trademark is still valid.

Thus, a filing made concomitantly with a summons for a revocation proceeding is one of the criterion for a finding of bad faith. Similarly, a new filing made several days after the receipt of a letter containing notice of the intent to use a sign that is identical to a trademark that has not been used for more than five years was ruled to be fraudulent, as it was not carried out with the intention of strengthening prior utilised rights.

In contrast, the filing of a different title after the cancellation for non-use of a national trademark was not.

Recently, the Paris Court of Appeal considered that since the principal criterion is the intention to harm a competitor, the simple act of re-filing a trademark that was the subject of partial revocation with respect to other goods and services was not in and of itself fraudulent.

We can also point out a 5 March 2015 decision of the Paris *Tribunal de Grande Instance* that rejected a fraud theory on the basis that the new filing related to a formerly-used trademark and that the plaintiffs in the revocation proceeding had demonstrated neither the intention to harm nor the misappropriation of a right over the trademark.

## 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

Under French law, the filing of a defensive trademark with a view of enforcing it against competitors may be considered to be acting in bad faith. The scenario is the subject of numerous court decisions and under French law must be assessed in light of European Union case law, which has held that the filing of a sign without the intention of using such sign, or only with a view of preventing a third party to enter the market, constitutes bad faith.

Under French law, only registration grants rights (Article L.712-1 of the French IP Code). Realised or planned use has no bearing on the acquisition of rights to a trademark. The filing of a trademark without the intention of using is therefore authorised in France. In any event, the applicant has no obligation to show any intention to use a sign at the time it is filed.

However, pursuant to the provisions of Article L. 714-5 of the French IP Code, the owner of a trademark faces the revocation of its rights to such trademark if it cannot prove actual and genuine use of the trademark for an uninterrupted period of five years with respect to the goods and services referred to in the registration.

**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...

In French law, the filing of a trademark without the intention of using it is insufficient to show, standing alone, the applicant's bad faith. The absence of an intention to use a sign registered as a trademark may, however, constitute one of the elements that make up the body of evidence that may demonstrate the applicant's bad faith.

Otherwise stated, a trademark filed without the applicant seeking to use the trademark could demonstrate the applicant's bad faith if additional circumstances reveal "*the existence of interests that were deliberately disregarded by the applicant*".

We note that such additional circumstances can occur after the trademark application is filed.

Beyond the simple filing of a trademark application, the fact of having acquired a registered trademark with the aim of enforcing it against a third party or with the intention of avoiding a trademark coexistence agreement entered into with a competitor may constitute 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.

Independently from the scenarios described in points 1), 8) and 12) above, under French law, there are other types of conduct that relate to trademark law that may characterise bad faith. This conduct most often falls within the qualification of fraud, with or without bad faith.

This qualification arises from the fact that such conduct is punished by the courts pursuant to the general legal principle that fraud corrupts all ("*fraus omnia corrumpit*") and the provisions of the French IP Code (Article L.712-6) which contemplate the situations in which proceedings to establish title with respect to a registration applied for "*fraudulently with respect to the rights of a third person*" may be brought.

When the disputed trademark relates to a European trademark, Article 52 of the European Union Trademark Regulation, which only refers to the concept of bad faith, is applied.

### 1. Registrations of trademarks infringing upon the general interests of third parties

Fraud can notably be invoked with respect to a trademark that was filed not for the purposes of harming a specific economic actor but, more generally, for the purpose of harming the interests of a group of economic operators in a single sector or in a commune or region.

This consists of filing a trademark which makes a sign unavailable to all those who may have a legitimate interest in using such sign, which is tantamount to subverting the purpose of trademark law.

The French courts therefore regularly sanction this type of conduct on the basis of a fraud theory.

The following may notably be considered as fraudulent and constituting a subversion of the purpose of trademark law:

- The registration of ordinary terms or terms taken from a foreign language with the purpose of allowing the applicant to block or disrupt competitors' activities (BB crème and Halloween).
- The registration of a geographic name as a trademark (Laguiole).

### 1. Fraudulent acquisition of a trademark

The acquisition of a registered trademark may be considered as made in bad faith and qualified as fraudulent if it was carried out for the sole purpose of enabling the assignee to harm a competitor or to attempt to oppose a third-party's legitimate claims.

Such an acquisition may be made offensively (in order to prevent third-party use) or defensively, to resist, for example, an infringement action or to circumvent such an action by acquiring a trademark that is older than the trademark being opposed in such action.

The acquisition may also be made with the purpose of avoiding a registration refusal and therefore to defend against an unfavourable INPI opposition decision.

### 1. Filing with a view of extorting an advantage from a third party



A trademark application made in view of obtaining a particular advantage or a sum of money from a third party also constitutes fraud.

- Such a filing may notably occur in the context of a commercial partnership.
- Fraud is also characterised when the filing was carried out for the purpose of forcing the victim of the fraud to grant advantages to the defrauding person, such as the execution of a distribution agreement.
- Fraud may also be found when the applicant's only aim is to make money out of transferring the fraudulently registered trademark back to the victim of the fraud.

## 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.**

- court proceedings concerning a bad faith application

Please Explain

The cases of bad faith or fraudulent applications discussed in the responses to questions 1), 8), 12), and 14) may only give rise to a judicial proceeding before the competent *Tribunal de Grande Instance* and not before the French Office (INPI).

At the option of the plaintiff, the proceeding may seek to obtain the cancellation of the fraudulent registration (nothing seems to prevent a proceeding from seeking to annul the simple filing of the registration application) or to obtain transfer of title to the trademark to the plaintiff.

If the action seeks to sanction the infringement of the prior rights of a third party, such third party may seek, at its option, the cancellation or transfer of title to the trademark to such third party.

If the fraud's victim seeks to obtain the transfer of title to the trademark for its benefit, such person will be required to demonstrate not only the applicant's bad faith but also his/her/its legitimate rights over the sign that was registered fraudulently with respect to his/her/its rights.

If the proceeding's purpose is to sanction the fraud resulting from the disregard of general interests, the proceeding may only result in the cancellation of the application or the registration.

- court proceedings concerning a bad faith registration

Please Explain

The cases of bad faith or fraudulent applications discussed in the responses to questions 1), 8), 12), and 14) may only give rise to a judicial proceeding before the competent *Tribunal de Grande Instance* and not before the French Office (INPI).

At the option of the plaintiff, the proceeding may seek to obtain the cancellation of the fraudulent registration (nothing seems to prevent a proceeding from seeking to annul the simple filing of the registration application) or to obtain transfer of title to the trademark to the plaintiff.

If the action seeks to sanction the infringement of the prior rights of a third party, such third party may seek, at its option, the cancellation or transfer of title to the trademark to such third party.

If the fraud's victim seeks to obtain the transfer of title to the trademark for its benefit, such person will be required to demonstrate not only the applicant's bad faith but also his/her/its legitimate rights over the sign that was registered fraudulently with respect to his/her/its rights.

If the proceeding's purpose is to sanction the fraud resulting from the disregard of general interests, the proceeding may only result in the cancellation of the application or the registration.

## 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

The change contained in the first sentence of Article 4.2 of Directive 2015/2436 – the transposition of which is mandatory – appears to us to be sufficient.

Such sentence provides that "A trade mark shall be liable to be declared invalid where the application for registration of the trade mark was made *in bad faith* by the applicant."

We agree that it is useful to clarify the basis on which a cancellation action may be brought against a trademark by referring to the concept of bad faith.

This provision will be a novelty in French law, since French law does not currently have any statutory provision relating to the invalidation of a bad faith registration. Today, such action would be based on the principle that "*Fraus omnia corrumpit*".

French courts will therefore interpret the "bad faith" introduced into the law in light of CJEU case law.

In addition, in Article 13, the Directive (whose transposition is mandatory) provides for another possible scenario, which is that of the agent or representative of the trademark owner who files the sign in its own name without the owner's consent.

In such a case, the trademark owner will have the option of doing either or both of the following:

- opposing the use of the trade mark by his/her/its agent or representative;
- claiming the trademark assignment to him/her/it.

This provision strikes us as being sufficient and as presenting an advantage in light of pre-existing legal provisions.

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

(Situation being focused upon: trademark that is identical or similar to a prior trademark that does not meet genuine use conditions).

1. On the possibility of acting against the registration of a trademark that is identical or similar to a prior trademark that does not meet genuine use conditions

As indicated in the response to question 8, in light of the current state of French law, such an application can be challenged before the courts and can lead to the cancellation of such trademark if the filing's only purpose is to impede the consequences of the forfeiture of the previous trademark.

The transposition of Directive 2015/2436 will soon introduce the ability to challenge such a filing before the industrial property office on the basis of bad faith (Articles 4.2 – 1<sup>st</sup> sentence – and 45).

In our view, the possibility for taking action against a registered trademark that is identical or similar to a previous trademark that does not meet the genuine use condition suffice under the current state of French law, and *a fortiori*, especially with the future transposition of Directive

2015/2436.

1. **On the possibility of refusing the filing of an application relating to a trademark that is identical or similar to a previous trademark that does not meet genuine use conditions**

As indicated in the response to question 8, under current French law, such an application will not face the INPI's refusal at the registration stage.

It seems preferable that the assessment of the validity of such trademark remains subject to the assessment of the courts in the framework of an adversarial debate only.

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.***

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.

We submit the following proposal to the French group:

In a case where:

- The owner of trademark A, which does not meet the conditions for genuine use and is liable to revocation, registers an identical trademark A'; and
- Such owner forms an opposition against a trademark B on the basis of its trademark A',

It might be desirable for the owner of the trademark B that is the subject of an opposition to be able to require that the owner of trademarks A/A' provide proof of genuine use during the last five years.

If the owner is unable to show such proof of use, the opposition based on trademark A' would not succeed against the filing of trademark B.

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

It should be possible to take action in the above-cited scenario on two bases, i.e.:

- A cancellation action;
- A claim action.

**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

Each of the above-mentioned factors is relevant to characterise bad faith at the time of the filing of the trademark application.

With regards to the first four factors, the applicant's knowledge of the use of identical or similar signs for identical or similar goods, be it with respect to the sought-after territory or another territory, is a significant piece of evidence to be taken into account in order to show that the trademark application was made in bad faith.

It must be noted that the fifth factor, which contemplates the scenario of a trademark application made for the purposes of preventing a third party from using a sign that is necessary to the conduct of such third-party's activity, is branded with bad intentions that are liable to

characterise bad faith. The same is true when the filing is made with a view of forcing a third party to enter into a license agreement in order to be able to use a provision that is necessary to the exercise of such third party's business.

The sixth factor contemplates the scenario where a sign is filed that is similar or identical to a sign that benefits from a certain amount of recognition. This factor is also an element to take into account in the analysis of bad faith, as the applicant filing the second sign could not have ignored the existence of the prior, well known sign, and as such the filing of the second sign was made in bad faith. Judges thus take into account the degree of well known when it is shown that Party A manifestly desired to take advantage of the notoriety of a previous sign.

We believe that another criterion is relevant to a showing that a trademark application is filed in bad faith. This is the scenario in which parties A and B have established business relationships or contact has been established between the parties, regardless of whether such contact was made in a professional context.

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

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Please Explain

Each of the above-mentioned factors is relevant to characterise bad faith at the time of the filing of the trademark application.

With regards to the first four factors, the applicant's knowledge of the use of identical or similar signs for identical or similar goods, be it with respect to the sought-after territory or another territory, is a significant piece of evidence to be taken into account in order to show that the trademark application was made in bad faith.

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We believe that another criterion is relevant to a showing that a trademark application is filed in bad faith. This is the scenario in which parties A and B have established business relationships or contact has been established between the parties, regardless of whether such contact was made in a professional context.

- 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

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Please Explain

Each of the above-mentioned factors is relevant to characterise bad faith at the time of the filing of the trademark application.

With regards to the first four factors, the applicant's knowledge of the use of identical or similar signs for identical or similar goods, be it with respect to the sought-after territory or another territory, is a significant piece of evidence to be taken into account in order to show that the trademark application was made in bad faith.

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We believe that another criterion is relevant to a showing that a trademark application is filed in bad faith. This is the scenario in which parties A and B have established business relationships or contact has been established between the parties, regardless of whether such contact was made in a professional context.

- 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

Each of the above-mentioned factors is relevant to characterise bad faith at the time of the filing of the trademark application.

With regards to the first four factors, the applicant's knowledge of the use of identical or similar signs for identical or similar goods, be it with respect to the sought-after territory or another territory, is a significant piece of evidence to be taken into account in order to show that the trademark application was made in bad faith.

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We believe that another criterion is relevant to a showing that a trademark application is filed in bad faith. This is the scenario in which parties A and B have established business relationships or contact has been established between the parties, regardless of whether such contact was made in a professional context.

- 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

Each of the above-mentioned factors is relevant to characterise bad faith at the time of the filing of the trademark application.

With regards to the first four factors, the applicant's knowledge of the use of identical or similar signs for identical or similar goods, be it with respect to the sought-after territory or another territory, is a significant piece of evidence to be taken into account in order to show that the trademark application was made in bad faith.

It must be noted that the fifth factor, which contemplates the scenario of a trademark application made for the purposes of preventing a third party from using a sign that is necessary to the conduct of such third-party's activity, is branded with bad intentions that are liable to characterise bad faith. The same is true when the filing is made with a view of forcing a third party to enter into a license agreement in order to be able to use a provision that is necessary to the exercise of such third party's business.

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We believe that another criterion is relevant to a showing that a trademark application is filed in bad faith. This is the scenario in which parties A and B have established business relationships or contact has been established between the parties, regardless of whether such contact was made in a professional context.

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

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Please Explain

Each of the above-mentioned factors is relevant to characterise bad faith at the time of the filing of the trademark application.

With regards to the first four factors, the applicant's knowledge of the use of identical or similar signs for identical or similar goods, be it with respect to the sought-after territory or another territory, is a significant piece of evidence to be taken into account in order to show that the trademark application was made in bad faith.

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into account the degree of well known when it is shown that Party A manifestly desired to take advantage of the notoriety of a previous sign.

We believe that another criterion is relevant to a showing that a trademark application is filed in bad faith. This is the scenario in which parties A and B have established business relationships or contact has been established between the parties, regardless of whether such contact was made in a professional context.

- other

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Please Explain

Each of the above-mentioned factors is relevant to characterise bad faith at the time of the filing of the trademark application.

With regards to the first four factors, the applicant's knowledge of the use of identical or similar signs for identical or similar goods, be it with respect to the sought-after territory or another territory, is a significant piece of evidence to be taken into account in order to show that the trademark application was made in bad faith.

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We believe that another criterion is relevant to a showing that a trademark application is filed in bad faith. This is the scenario in which parties A and B have established business relationships or contact has been established between the parties, regardless of whether such contact was made in a professional context.

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?**

None of the relevant criteria referred to above should, standing alone, suffice to establish that a trademark application was filed in bad faith.

Indeed, there is no doubt that knowledge of third-party conduct prior to the filing and the applicant's intent at the time of the filing are essential criteria. However, bad faith cannot be inferred from the simple existence of commercial relationships between the parties (except in the case of an agent/representative).

Moreover, simple knowledge of the use of the sign by a third party is insufficient to demonstrate bad faith, since the applicant's intent needs to be shown.

The assessment of a trademark applicant's bad faith must be made in light of all of the facts in the relevant case.

Furthermore, the analysis of bad faith is not limited to the moment of the application but may be characterised by factors that are relevant to the matter and that occurred after the filing.

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

Factor 1 undeniably constitutes evidence that shows Party A's knowledge of the previous sign, since the proximity of the domains of activity might suggest that Party A knew of the use made by Party B of the previous sign.

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

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Please Explain

Factor 2 should also be considered as being relevant to show knowledge of use of the previous sign since a sign that is known or that benefits from a certain level of recognition reaches, by definition, a wide audience and could as such cause a certain amount of envy.

- 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

As to factor 3, it should also be considered as relevant for assessing knowledge of use of the previous sign, since the existence of exchanges between the Parties, whether formal or informal, or whether they relate to the simple establishment of contact for either professional or personal reasons, makes it plausible that Party A knew of the use made by Party B of the previous sign.

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

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Yes

Please Explain

It is logical to consider the similarity between the signs. Indeed, bad faith often results from the intention to deprive a third party of a sign that is necessary to such person's activity. If the trademark being applied for is not similar to the one used by the third party, such third party's activity will not be hindered.

In addition, it is natural for similarity to be taken into account and not only identity between the signs. Indeed, a similar sign could hinder a third party's activity as much as an identical sign.

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

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Yes

Please Explain

Similarly, it is logical to take into account the similarity between the goods and services. Indeed, if the trademark being applied for does not cover goods or services that are similar to those that are used by the third party, his/her/its activity will not be impeded.

However, a reservation should nonetheless be made with respect to, in certain cases, well-known or recognised trademarks. Indeed, in such a case, the application could be considered to be fraudulent even with respect to goods or services that differ, since the third party could not ignore the attractiveness of the relevant mark and intended to take an advantage of its reputation.

## 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



A refusal to register the second trademark on the basis that the only reason it was filed was to interfere with the consequences of the revocation of the first trademark would require that the INPI carry out a more in-depth examination of the validity of the trademark, including an analysis of the reasons for the filing; we believe that such a review should be subject to – ex-post facto – the sovereign appraisal of the courts in the context of a debate with a conflicting views.

The courts must be able to pronounce the cancellation of the second trademark due to the fraudulent nature of its filing, subject to the above-mentioned factors having been taken into account.

**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

All of these factors should be taken into account in order to determine whether the filing responds to a true objective of using the trademark or, on the contrary, seeks to avoid the law; however, the most important factor for determining the fraudulent nature of an application should be the presence or absence of an intention to use the trademark.

- whether or not the signs are identical

Please Explain

All of these factors should be taken into account in order to determine whether the filing responds to a true objective of using the trademark or, on the contrary, seeks to avoid the law; however, the most important factor for determining the fraudulent nature of an application should be the presence or absence of an intention to use the trademark.

- if the signs are different, the degree of difference

Please Explain

All of these factors should be taken into account in order to determine whether the filing responds to a true objective of using the trademark or, on the contrary, seeks to avoid the law; however, the most important factor for determining the fraudulent nature of an application should be the presence or absence of an intention to use the trademark.

- absence or presence of intent to use

Please Explain

All of these factors should be taken into account in order to determine whether the filing responds to a true objective of using the trademark or, on the contrary, seeks to avoid the law; however, the most important factor for determining the fraudulent nature of an application should be the presence or absence of an intention to use the trademark.

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

Please Explain

All of these factors should be taken into account in order to determine whether the filing responds to a true objective of using the trademark or, on the contrary, seeks to avoid the law; however, the most important factor for determining the fraudulent nature of an application should be the presence or absence of an intention to use the trademark.

- number of goods/services

Please Explain

All of these factors should be taken into account in order to determine whether the filing responds to a true objective of using the trademark or, on the contrary, seeks to avoid the law; however, the most important factor for determining the fraudulent nature of an application should be the presence or absence of an intention to use the trademark.

- other

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

The filing of a second trademark made by the owner of a previous trademark – that does not meet the conditions on genuine use – after an annulment action against such owner should be considered as being a piece of evidence demonstrating the fraudulent character of the filing under certain circumstances.

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

The validity or invalidity of the previous trademark should not have a bearing on the assessment of the fraudulent nature of the application for the second trademark; however, the above-mentioned factors should be taken into account during the assessment of the fraudulent nature of the filing, and from among these factors, the presence or absence of an intention to use the second trademark should be a dominant criterion.

## 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.

So long as there are legal provisions that permit bad faith applications and fraudulent trademark use to be sanctioned, in our view, an applicant must be allowed to proceed with a trademark application even if such applicant does not, at the time of the filing, have an intention to use such trademark for some or all of the goods and services being applied for.

Such a filing may be perfectly made in good faith by an applicant who, at the time of the filing, has limited visibility on the type of goods and services it will come to sell.

In any event, setting aside situations in which the lack of intention to use a trademark could show (alone or along with adventitious circumstances) the applicant's bad faith, an owner of a sign that does not prove actual and genuine use of his/her/its trademark during an interrupted period of five years with respect to the goods and services referred to in the registration faces revocation of his/her/its rights (Article L. 714-5 of the French IP Code).

## 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.

The qualification of fraud is based upon a body of evidence showing the applicant's bad faith. Therefore, in our view it is difficult at first glance to autonomously devote an independent ground of action that, standing alone, could characterise the fraudulent nature of an application.

In our view, only particularly *extreme* circumstances could justify that conduct could, on its own, characterise an act of bad faith without taking in account the applicant's intent.

Such circumstances could be, for example, the filing of a sign as a trademark that is contrary to the public policy, a sign whose use would be legally prohibited, or a sign that would be likely to mislead the public.

However, independently of the applicant's good or bad faith in this kind of a such situation, such a trademark would in any event face an absolute grounds for a refusal under French law (see Article L. 711-3 of the French IP Code), such that it would not be useful in our view for it to also characterise an act of 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*

- court proceedings concerning a bad faith application

Please Explain

Given the diversity and complexity of the situations in which bad faith (or fraud) could be raised in the context of trademark law, in our view it would be preferable, as is currently the case under French law, for such situations to be decided by the courts instead of by the French Office (INPI) in the context administrative proceedings.

Regarding court proceedings against bad faith trademark applications and registrations, these can be made either on a principal basis or in a counterclaim.

In addition, these proceedings could seek to not only cancel such applications and registrations but also to seek title to a registration obtained in bad faith when the applicant meets the conditions set forth in Article L. 716-2 of the French IP Code.

- court proceedings concerning a bad faith registration

Please Explain

Given the diversity and complexity of the situations in which bad faith (or fraud) could be raised in the context of trademark law, in our view it would be preferable, as is currently the case under French law, for such situations to be decided by the courts instead of by the French Office (INPI) in the context administrative proceedings.

Regarding court proceedings against bad faith trademark applications and registrations, these can be made either on a principal basis or in a counterclaim.

In addition, these proceedings could seek to not only cancel such applications and registrations but also to seek title to a registration obtained in bad faith when the applicant meets the conditions set forth in Article L. 716-2 of the French IP Code.

## 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.

As mentioned above, bad faith in trademark law can manifest itself in various ways.

In the context of the control that it exercises over trademark applications that are filed before it, the French Office, INPI, is authorised to refuse the registration of signs that, without prejudiceto particular or collective interests, manifestly appear to be tinged with bad faith ( *Je suis Charlie* and *Les sans dents*).

Thus, while under current law INPI does not have the ability to refuse to register trademarks based on the applicant's bad faith, it can, by

using similar concepts, exercise effective control over applications that are, in fact, made in bad faith.

**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.

Emmanuel Larere