



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. Section 17(2) of the Trade Marks Act 2002 (**the Act**) provides:

The Commissioner must not register a trade mark if the application is made in bad faith.

There is no general prohibition on registration of a foreign mark by another trader in New Zealand if there has been no prior use of that mark in New Zealand for similar goods and services. Therefore, whether an action is available under s 17(2) will depend on the circumstances in which Party A filed the application. For example, an action may be available if Party B has previously used the mark in New Zealand (but has not yet registered the mark), or Party A has no genuine intention to use the mark, or where Party A and Party B have a contractual relationship and Party A's application is not permitted under that contract.

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

Whether the application or registration is denoted as "bad faith" will depend on the circumstances in which the application is made.

3 Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

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

Please Explain

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

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B

Please Explain

4 Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.

No

Please Explain

No. The test for bad faith requires both a subjective and objective assessment. The Commissioner (or Court) must decide whether the knowledge of the applicant (subjective assessment) was such that its decision to apply for registration would be regarded as being in bad faith by persons adopting proper standards (objective assessment) (*Harrisons Trade Mark Application* [2005] FSR 177, applied in *Neumann v Sons of the Desert* (High Court, Auckland, CIV-2007-485-212, 5 November 2017, Andrews J)). This test requires consideration of all the material facts and surrounding circumstances.

5 Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

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

Please Explain

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

Please Explain

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

Please Explain

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

Yes

Please Explain

Yes, the degree of similarity between the signs is relevant, but not determinative. Section 17(2) does not require the marks to be identical or substantially similar (as is required for an ownership dispute under s 32(1)), however, a finding of bad faith is more likely to arise where the marks are identical or substantially similar.

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

Yes

Please Explain

Yes, the degree of similarity between the goods and services is relevant, but not determinative. Section 17(2) does not require the goods and services to be the same or virtually the same (as is required for an ownership dispute under s 32(1)), however, a finding of bad faith is more likely to arise where this is the case. The degree of similarity between the goods and services may be less relevant where Party A's mark is well-known in New Zealand.

Repeat filings

8 Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?

If yes, please answer questions 9) -11). If no, please go to question 12).

No

Please Explain

No, provided the applicant is using or intends to use the subsequent application. The fact of application is prima facie evidence of a genuine intention to use. Without any clear errors in the application, rebutting the presumption of genuine intention to use is difficult (see *Green & Good Company Limited v Monster Energy Company* [2016] NZIPOTM).

The issue of repeat filings in order to avoid the consequences of revocation for non-use of an earlier trade marks is yet be considered by New Zealand courts. In principle, there is no reason why s 17(2) would not be available in an opposition or invalidity action if it could be established that the repeated filing of the same mark for identical or similar goods and services was intended to artificially prolong the three year non-use grace period in the absence of a genuine intention to use the mark. However, in order to succeed under s 17(2) in these circumstances, the evidential burden is likely to be high. Allegations of bad faith in New Zealand must be distinctly proven, and this is rarely possible by a process of inference.

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).

No

Please Explain

No. Under s 32(1) of the Act, the Commissioner must not register a trade mark in respect of all goods and services included in a class, or a large variety of goods or services, unless the specification is justified by the use or intended use of the mark. There must be a genuine and present intention to use the mark as a trade mark. In *Lacoste v Crocodile International Pte Ltd* [2015] NZHC 2432, the New Zealand High Court held that the "use" requirement does not require actual use, but there must be an immediate intention to use the mark once the mark is registered. Intention to use should be interpreted broadly.

Regarding question 13, yes. An applicant must make a declaration of use or intention to use when applying for a trade mark in New Zealand. Failure to make the declaration will prevent an application from proceeding to registration. Alternatively, where an applicant makes a false statement of use or intention to use, the application will be deemed to have been made in bad faith.

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

Other

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

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

"Bad faith" is not defined in the Act and therefore encompasses a wide range of conduct. Section 17(2) is not being confined to dishonesty, and bad faith may be demonstrated by evidence of any conduct falling short of reasonable standards of commercial behaviour. Bad faith includes disputed ownership and dishonesty in making the application, such as a false statement or misrepresentation contained in an application, or any other underhanded dealings.

Type of proceedings

15 In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select either of the last two boxes, please describe further.

- ex officio by the trademark/IP office

Please Explain

however, it is unlikely there will be adequate, if any, evidence of bad faith clear to the Commissioner upon application to register a trade mark, the Commissioner is unlikely to raise an objection to registration under s 17(2).

- 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.

Yes

Please Explain

There is some uncertainty around spill over reputation, and what is required to establish awareness of a mark in New Zealand based on overseas use. In *Muzz Buzz Franchising Pty Limited v JB Holdings (2010) Limited* [2013] NZHC 1599 (28 June 2013) the Court commented that New Zealand and Australia may be regarded as one market for the purposes of enforcing intellectual property rights, suggesting a departure from the traditional approach of New Zealand goodwill being inferred as a result of spill over from the goodwill in Australia. There is some controversy over this position and further guidance from the New Zealand courts would be beneficial.

6.b

Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.c

Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.d

Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against other conduct as described in your response to question 14) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

17

Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

No

Proposals for harmonisation

18

Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

If yes, please respond to the following questions without regard to your Group's current law.

Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.

Yes

Please Explain

Possibly

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

Yes, it should be possible to take action where the application is made by a third party who is knowingly not the true proprietor of the trade mark and/or does not have a genuine intention to use that mark.

21 Which of the following should be relevant factors for proving an application or registration as described under question 20)?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

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

Please Explain

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

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

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

Please Explain

22 Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?

No, it should be dependent on the circumstances of each case.

23 Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

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

Please Explain

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

Please Explain

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

Please Explain

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

Yes

Please Explain

Yes, the degree of similarity between the signs should be relevant, we refer to our comments at 6.

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

Yes

Please Explain

Yes, the degree of similarity between the goods/services should be relevant, we refer to our comments at 7.

Repeat filings

26 Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?

If yes, please answer questions 27) – 28). If no, please go to question 29).

No

Please Explain

No, as the fact of application is prima facie evidence of a genuine intention to use. In order to refuse a subsequent application, failure to meet genuine intention to use needs to be specifically proven.

27 Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

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

Defensive marks

29 Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.

No. A trade mark owner should be using, or should have an intention to use, the mark at the point of application.

Other

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

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

Any conduct that falls short of reasonable standards of commercial behaviour should amount to bad faith. This includes fraud.

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, inasfar as they should be grounds for action in your view?

Please tick or fill in all boxes. If you select either of the last two boxes, please describe further

- ex officio by the trademark/IP office

Please Explain

- opposition proceedings (before the trademark/IP office)

Please Explain

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

Please Explain

- court proceedings concerning a bad faith application

Please Explain

- court proceedings concerning a bad faith registration

Please Explain

Other

32 Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.

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

IP firms

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.