



Study Question

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Sarah MATHESON, Reporter General
Jonathan P. OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
Yusuke INUI, Ari LAAKKONEN and Ralph NACK, Assistants to the Reporter General

Bad faith trademarks

Responsible Reporter: Anne Marie VERSCHUUR

National/Regional Group	Paraguay
Contributors name(s)	Lorena Mersan
e-Mail contact	hugo@mersanlaw.com

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 the Paraguayan Trademark Law, there are two mechanisms by which a party may bring an action against an application or registration of a trademark utilized by PARTY A if it is already used or registered (or a similar sign is being used or registered) by PARTY B in another jurisdiction.

In effect, PARTY B may submit an opposition, if the trademark is an application, or a nullity action, if the trademark is a registration.

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

Yes, if the applicant, Party B knows or should have reasonably been aware of the fact that the trademark is already used, applied-for or registered in the name of Party A, then yes, it constitutes bad faith.

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

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

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

Please Explain

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

Please Explain

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

Please Explain

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

Please Explain

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

Please Explain

- the degree of legal protection enjoyed by Party B

Please Explain

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

Yes

Please Explain

The assessment will always take into consideration the specific circumstances of the case. However, one of the factors may be sufficient on its own.

In this sense, the Paraguayan Trademark Law establishes that signs which have been applied for or registered by persons who have no legitimate interest or who knew or should have known that the sign belonged to a third party may not be registered, so, for example, the mere fact that the sign was applied for or registered by a person who knew that the trademark belongs to a third party is a factor that may constitute the basis of an opposition or a nullity action on its own.

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

1) *Yes, extremely so, given that the trademark law prohibits the registration of signs identical or similar to a mark that is similar or identical to a mark that belongs to a third party in another jurisdiction, if such mark is well-known and may lead to confusion between the consumers.*

Although not specified by the law, the authorities, when assessing the merits of an opposition or a nullity action, shall take into account the degree of similarity and the risk of confusion that the applied-for or registered mark may pose within the consumers.

If the marks are identical or extremely similar and the risk of confusion is high, then the chances of a successful outcome as a result of the action (opposition, nullity) are also high.

If the similarity between the marks is only relative or even, irrelevant, then the chances of success are low.

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

Yes

Please Explain

Yes. Usually, only marks that refer to the same products or services or to inter-related products or services may be subject of an opposition or a nullity action, unless the trademark is a very famous or extremely well-known trademark.

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

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

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

No

It is called...

No. It is just a protective mark (although it is not exactly denominated protective mark.)

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.

No.

Type of proceedings

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

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

- opposition proceedings (before the trademark/IP office)

Please Explain

- 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.

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?

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.

No

Please Explain

19 Does your Group consider there should be a harmonised definition of bad faith?

Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.

No

Please Explain

given that the assessment carried out by the authorities should be performed case by case. An strict definition of what should be understood by bad faith would greatly constraint the authorities' scope of action and decision-making and possibly leave a lot of cases – where there is bad faith – outside of the scope of the legal definition and therefore "not punishable" or without merit.

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

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 assessment should take into consideration the specific circumstances of the case, however, one factor may be sufficient (such as the fact that Party A knows or should reasonably be aware of, the fact that the trademark is used or belong to Party B) should be sufficient on its own so as to give ample merit to an action.

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, it should. The greater the similarity, the higher the chances of success.

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

Yes

Please Explain

Yes, it should. In most cases, only where goods/services are related should an action be accepted.

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

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.

- other

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

Genuine use. A real interest demonstrated by the party bringing the cancellation action.

Intent to use should not constitute a factor for cancellation. However, genuine use as prescribed according to the terms of the Paraguayan trademark law should constitute the most important and relevant factor, given that it is our Group's opinion that only trademarks that are not genuinely used in the market (or nearby market) should be cancelled.

The interest of the other party in the cancellation of the trademark (e.g. it owns an identical or similar trademark) should not be very important and may even be absent in some cases.

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

Defensive marks

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

Yes, given the characteristics of the Paraguayan market (e.g. a small market constituted mainly of low to middle-class people) we think that it is very important that the filing and registration of trademarks that are not to be put to use right away is permissible, given that: a) it gives parties the chance to analyse the market and initiate the negotiations required so as to put the trademark into use; b) it protect trademark owners from "pirates" in Paraguay, especially where famous or well-known and highly-reputed trademarks are concerned.

Other

30 Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith¹⁷? If yes, please explain.

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

Type of proceedings

31 In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, insofar as they should be grounds for action in your view?

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

- ex officio by the trademark/IP office

Please Explain

- opposition proceedings (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.

In general, we consider that the Paraguayan Trademark Law grants sufficient protection to trademark owners and effective actions against bad faith Trademarks.

There are only two points we would like to highlight:

- *Jurisprudence in Paraguay with respect to bad faith trademarks is not harmonized and there have been completely opposite analysis and decisions issued by the authorities (administrative as well as judicial) for practically identical cases. We believe it is very important that the authorities manage a harmonized criterion for such types of cases. Whereas we do not think it advisable to modify the law, the issuance of a non-binding document or set of regulations, establishing a few parameters for the assessment of cases involving bad faith trademark applications or registrations is highly recommendable;*

- *Also, authorities should be allowed to be more "open-minded", that is to say, should be allow or should take into consideration, all elements submitted by the parties regarding a trademark application/registration and whether there has or hasn't been bad faith in the applicant's conduct/attitude. A broad scope of evidentiary material allowed and to be considered by the authorities is also highly recommendable.*

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.