



Study Question

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Bad faith trademarks

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I. Current law and practice

Bad faith - prior third party use or filing

1 Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 2) – 7). If no, please go to question 8).

Yes

Please Explain

The general rule is that mere knowledge of the foreign trademark before using or registering in the U.S., standing alone, is not bad faith. In the leading case of *Person's Co., Ltd. v Christman*, 900 F.2d 1565 (Fed Cir. 1990), <http://law.justia.com/cases/federal/appellate-courts/F2/900/1565/306178/> Christman, a U.S. citizen visiting Japan, saw the PERSON'S mark for clothing sold by the Japanese company Person's. Christman subsequently adopted and registered the mark in the U.S. Person's subsequently petitioned to cancel Christman's U.S. registration alleging Christman was guilty of bad faith. The court rejected the cancellation, on the ground that Christman was the prior user and applicant in the United States and had no indication that Person's operated in the U.S. or intended to expand to the U.S. The court stated: ". . . an inference of bad faith requires something more than mere knowledge of prior use of a similar mark in a foreign country."

However, exceptions to the general rule have been recognized if knowledge of the prior foreign mark is accompanied by additional facts, such as the mark being used or registered in the U.S. to create a false association, or misrepresent the source of the goods and services, or trade on the foreign company's goodwill in the U.S., or block the foreign trademark's expansion into the U.S. In *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697 (4th Cir. 2016), <http://www.ca4.uscourts.gov/Opinions/Published/151335.P.pdf>, Bayer had long used the FLANAX mark in Mexico, but not in the United States. Belmora later used and registered the FLANAX mark in the U.S. for identical products, simulated Bayer's packaging, and made statements that it was the FLANAX product known and sold in Mexico. These allegations were held to state valid claims of unfair competition, false association and false advertising, subject to trial and proof.

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

Possibly, but there is no common usage because these are fairly rare cases. It could also be described as an application or registration or use of a mark used to create a false association or misrepresent the source of the goods or services.

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

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

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services
-
- Please Explain
- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services
-
- Please Explain
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services
-
- Please Explain
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services
-
- Please Explain
- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)
-
- Please Explain
- the degree of legal protection enjoyed by Party B
-
- Please Explain
- other
-
- Please Explain
- Any other facts or circumstances that may be relevant, such as the relationship between the parties, Party A's knowledge of Party B's actual or imminent expansion into Party A's territory, direct or indirect competition between the parties, a prior history of disputes or litigation, Party A's acts of unfair competition using the mark in question, etc.

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 one factor is sufficient on its own. The assessment always takes the pertinent facts and circumstances into account.

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

- other

Please Explain

Any other relevant facts or circumstances, such as the common practice of competitive intelligence in the industry, the degree of international advertising under the earlier sign, etc.

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

Yes

Please Explain

The degree of similarity of marks is always relevant in trademark cases. With identical signs, innocent coincidence is less likely (unless the sign is a common or descriptive term).

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

Yes

Please Explain

The degree of similarity of goods is always relevant in trademark cases. With identical goods, innocent coincidence is less likely.

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

Theoretically yes, though this is uncommon. Also, in the U.S. registrations can always be cancelled if the registered mark has been abandoned.

9 Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?

No

It is called...

No, it would more likely be called lacking a *bona fide* intent to use the mark in U.S. commerce. Such an intent is always required to support a trademark application not based on pre-existing use in commerce. The existence of applicant's *bona fide* intent to use the mark can always be challenged, most commonly in an opposition proceeding, less commonly in a cancellation proceeding, and theoretically but practically never by the Examining Attorney. The key evidence to show *bona fide* intent to use the mark would be corroborating documentation and actions by the applicant showing plans and steps to use the mark. Other facts and circumstances could also be relevant, including the applicant's prior registration(s) of the same mark for the same goods but its abandonment of the mark by failure to use.

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

- whether or not the signs are identical

Please Explain

- if the signs are different, the degree of difference

Please Explain

- absence or presence of intent to use

Please Explain

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

Please Explain

- the number of goods/services

Please Explain

Lengthy lists are often suspect.

- other

Please explain how the above factors influence the assessment.

Any other relevant facts and circumstances, pro or con. Evidence or lack of evidence of *bona fide* intent to use the mark, and excuses or explanations of non-use (e.g., the factory burned down) are the key. Companies are not permitted to "warehouse" unused trademarks to keep competitors from using them. If a company goes long periods of time without using its registered or unregistered trademark, those facts, along with explanations of why that happened, would be relevant to the question of whether the company has and had a *bona fide* intent to use the mark.

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

No, the same factors would be applicable to the *bona fide* intent issue in opposing a new application.

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

To have a valid application, the applicant must have a *bona fide* intent to use the mark in U.S. commerce for all the goods/services claimed. The *bona fide* intent to use must exist at the time of filing and must continue; use does not need to commence at the time of filing but use would be expected to commence within a time frame consistent with general practices and experiences in the pertinent industry. Under the U.S. Trademark Act, use of the mark in U.S. commerce must commence within 36 months after approval, with *bona fide* intent to use reaffirmed in six-month intervals; otherwise, the application goes abandoned, but a new application can be filed if *bona fide* intent to use still exists.

"Bad faith" is not common terminology for applications in which the applicant lacks a *bona fide* intent to use the mark. There is no common name for such applications. They simply are challengeable on the ground of lacking a *bona fide* intent to use the mark, or possibly fraudulent applications if there is a deliberate intent to falsify the application or mislead the Trademark Office.

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.

See above for discussions of lack of *bona fide* intent, fraud, misrepresenting the source of goods and services, unfair competition, false association and false advertising.

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

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

Please Explain

- court proceedings concerning a bad faith application

Please Explain

- court proceedings concerning a bad faith registration

Please Explain

II. Policy considerations and proposals for improvements of your current law

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

The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark

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

No

Please Explain

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

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

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

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

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

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

Yes

Please Explain

A harmonized definition would increase the level of legal certainty; it could contain a list of factors to be considered, but it should not be an exhaustive definition because bad faith is a fluid concept and should always be judged in light of all the surrounding facts and circumstances.

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, but only as an exception to the general rule that mere knowledge of a prior foreign mark, standing alone, is not a sufficient basis for taking 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

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

Please Explain

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

Please Explain

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

Please Explain

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

Please Explain

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

Please Explain

- other

Please Explain

Any other facts or circumstances that may be relevant, such as the relationship between the parties, Party A's knowledge of Party B's actual or imminent expansion into Party A's territory, direct or indirect competition between the parties, a prior history of disputes or litigation, Party A's acts of unfair competition using the mark in question, etc.

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 always take the specific facts and circumstances into account. No one or more factors should be sufficient on their own.

23

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

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

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

Please Explain

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

Please Explain

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

Please Explain

- other

Please Explain

Any other relevant facts or circumstances, such as the common practice of competitive intelligence in the industry, the degree of international advertising under the earlier sign, etc.

24

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

Yes

Please Explain

Yes, this is always relevant in trademark cases.

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

Yes

Please Explain

Yes, this is always relevant in trademark cases.

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. The integrity of the register and the rights of adverse parties would be sufficiently protected by *bona fide* intent to use requirements and abandonment limitations. Repeated re-registrations of the same mark for the same goods by the same party should be taken into consideration, along with other relevant facts and circumstances, in determining whether the applicant has a *bona fide* intent to use if the application or registration is challenged. But it is possible there could be an honest or good faith explanation and repeated re-registrations should not be disqualifying or invalidating *per se*.

When the U.S. Congress adopted the intent-to-use system, it specifically considered – but rejected – a *per se* prohibition on repeated filings for a mark not in use. According to the Senate Report, such a prohibition was deemed unnecessary in light of the safeguards already built into the intent-to-use system. For example, an applicant who refiles would sacrifice the constructive use date of its earlier application. Moreover, the Senate Report explains, it would be undesirable "to prejudice an applicant, who, after investing in a mark, could not meet the [statement of use deadline] as a result of unforeseen circumstances."

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. The *bona fide* intent to use must exist at the time of filing and continue; use does not need to commence at the time of filing, but should be required to commence within a time frame consistent with general practices and experiences in the pertinent industry.

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.

Yes. See discussion of unfair competition by using a trademark to misrepresent the source of goods or services as in the *Bayer v. Belmora* case discussed in Question No. 1) 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

- 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:

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.

Dennis Prah