Keeping the faith: dealing with bad faith registrations

Moderator: Sergio Barragan, PepsiCo, Inc.

Speakers: Mariangela Sampaio, Unilever Brasil Ltda
Tobias Cohen Jehoram, De Brauw Blackstone Westbroek
Danny Awdeh, Finnegan, Henderson, Farbow, Garrett & Dunner, LLP

October 13, 2015.
Companies regularly face use and/or registration of their trademarks by third parties in jurisdictions where the company does not have a relevant prior registration. In many jurisdictions, it is possible to oppose such use / registration if bad faith can be proved, but the criteria may be difficult to satisfy.

This panel session will deal with the requirements for invalidating trademarks and actions against their use based on bad faith, including the relevance of the third party's knowledge of the use of the trademark in the same versus any other jurisdiction. This session will also consider the issues that arise in seeking to prove the various elements of bad faith, such as how to prove the third party's awareness of prior use.

The aim of this panel session is to provide practical guidance as to the best practices for dealing with and preventing bad faith registrations, for example, filing strategy and alternative strategies such as invoking unregistered marks.
Speakers. Mariangela Sampaio

Bachelor in Law by São Paulo University Law School (USP) and has a Specialization in Civil Procedure Law by São Paulo Catholic University Law School. She has been in Unilever for over 20 years, and currently is Sr. Legal Manager for Marketing Brazil and for the Beverages and Ice Cream categories across LatAm. Mariangela is responsible for the Consumer Law and Intellectual Property areas. Associate member of INTA, ABPI and ASPI. Mariangela was co-coordinator of Trade Marks Commission of ABPI during the period of 2008-2009 as well an active member of ABPI’s Board of Directors. She have given lectures at seminars and conferences, such as the INTA International Congress, ABPI Seminar, ASPI Congress, EuroChamber, British Chamber, American Chamber, IBRAC, Fenalaw, among others.
Bad Faith in a company’s view

• Bad Faith: “dishonest intention”;

• A prior trademark registration filed by a third party company that correspond to a trademark of a foreign company (not registered in the concerned country yet);

• This concept is becoming more and more important, specially in a global environment where competition is very high;

• Most of time, these registrations are done with express intention of selling it back to the foreign company at an inflated price;

• This is also called “Trademark Squatting”.
The Protection of Trade Mark Rights in Brazil

• Article 5, Sections XXIX of the Brazilian Constitution

“The law shall ensure the authors of industrial inventions of a temporary privilege for their use, as well as protection of industrial creations, property of trademarks, name of companies and other distinctive signs taking into consideration the social interest and the technological and economic development of the country”

• Article 5, Sections XXXVI of the Brazilian Constitution

“The law shall not injure the vested right, the perfect juridical act and the res judicata right”
The Protection of Trade Mark Rights in Brazil

• The Industrial Property Law (9.279/1996), Article 129

“The property of a mark is acquired by means of registration, when validly granted pursuant to the provisions of this Law, and its exclusive use throughout the national territory is assured to the titleholder”

However, the same law also safeguards the first to use right by means of specific exceptions that balance the effects of the attributive system:

• Good-faith prior users are granted a priority right to acquire ownership of a trademark, as per the requirements set out in Article 129 (1): “Every person who, in good faith on the priority or filing date, has been using an identical or similar mark in this country for at least 6 months to distinguish or certify an identical, similar or alike product or service shall have the right of preference for the registration”
The Protection of Trade Mark Rights in Brazil

- The Industrial Property Law (9.279/1996), Article 124

  A fraudulent filing is expressly excluded from trademark protection under Article 124 (XXIII): “The following shall not be registered as trademarks...signs that imitate or reproduce, wholly or in part, a mark of which the applicant could not be unaware because of his activity, and whose titleholder is headquartered or domiciled in national territory or in a country with which Brazil has an agreement or that assures reciprocity of treatment, if mark is intended to distinguish an identical, similar or alike product or service likely to cause confusion or association with that other party’s mark.
The Protection of Trade Mark Rights in Brazil

• That Industrial Property Law, in its Article 174, brings the possibility of legal action in order to invalidate the administrative act that granted the registration of a trademark shall lapse after five years from the date of grant.

• Article 6 bis of the Paris Convention provides an exception: “Will not be fixed deadline for requesting the cancellation or the prohibition of use of trademarks used in bad faith.” There are positions that claim that Article 6 of the Convention only will apply to well-known marks but some also say that this Article may be applied to all cases.
Examples of “Alleged Bad Faith” Cases in Brazil

- SPEEDO
- IPHONE
- CARL CLOOS SCHWEISSTECHNIK GMBH
- WRANGLER APPAREL CORP
- VODAFONE
- COACH
SPEEDO CASE

• In 1964 the Australian company SPEEDO KNITTING MILLS registered its brand in Brazil, but in 1976 it was canceled for non-use of the trademark.

• In the same year, a Brazilian company (Multisport) registered the Speedo brand and obtained registration in 1983.

• The Australian company was not against this registration and began a partnership with the company Multisport involving initiatives and Multisport paid royalties for trade and manufacturing Speedo brand in Brazil.

• This partnership ended in 2006 and in 2010 the Speedo filed a lawsuit requiring the transfer of the brand or the cancellation of the registration. Speedo alleged that the Brazilian company was in bad faith because they knew the existence of the brand “Speedo” and knew it would be very known in Brazil as it was in Australia. Speedo also alleged unfair competition.

• In their defense, Multisport said its trademark registration was valid and that there is no evidence showing that Speedo was a known brand in Brazil in 1976 also that the behavior of the Australian company was contradictory in view of the case history.
SPEEDO CASE

• Sentence declared the nullity of the SPEEDO trademark registrations granted until 01/01/2007 by Multisport; determined INPI to not grant the registration requests that were being processed; ordered INPI to not renew SPEEDO trademark registrations already granted and ordered the defendants to refrain from using those trademarks that did not have their terms renewed, that is, from when the registers were extinct.

• Current status: Appeal pending of decision.
SPEEDO CASE

• Peculiar Decision: defendant would lose all of its rights, even those that are no longer subject to nullity claims and therefore raises questions, such as:

  a) Can regularly acquired rights in a sign be disregarded in order to allow the nullity of later registrations for the same sign?

  b) Do the courts have the authority to rule on renewal of a regularly acquired trademark right?

  c) Does renewal of a valid registration imply the new examination of registrability requirements and conditions?
IPHONE CASE

• In 2000 (seven years before the first sale or ad of Apple’s smartphone under the trademark IPHONE) a Brazilian company (IGB) registered the trademark “GRADIENTE IPHONE” to cover mobiles with, among other features, internet access.

• The registration process took 8 years: application opposed by third parties (owner of the trademark “E-FONE” and another owner of the trademark “Aiphone Co”);

• Apple never opposed the trademark “GRADIENTE IPHONE”;

• IGB ceased the manufacture and sale of its products due to financial difficulties;

• in 2012, IGB re-launched its product in Brazil;
IPHONE CASE

- Nullity lawsuit filed by APPLE to cancel the registration on the basis of:
  (i) lack of distinctiveness of the expression “iPhone” when considered in the context of IGB’s trademark as a whole;
  (ii) However, claimed that the same expression would be distinctive enough to be part of Apple’s trademark (secondary meaning acquired as a result of the broad success and ad of its product since 2007);

- IGB alleged that:
  i) the lack of distinctiveness claimed by Apple was inconsistent with Apple’s own attempts worldwide to register such expression as its exclusive and proprietary trademark;
  ii) when “GRADIENTE IPHONE” was registered in 2008 Apple’s smartphone had not even been launched in Brazil;
  iii) the use of the expression “iPhone” in association with the “GRADIENTE” trademark did not cause lack of distinctiveness, since the descriptive expression for a mobile phone connected to the Internet would be “smartphone”
IPHONE CASE

• In 1st instance, the judge ruled that the “GRADIENTE IPHONE” registration should be annulled and reissued by the Trademark Office with the disclaimer, “non-exclusive rights on the expression IPHONE isolated”, so that IGB’s rights to such trademark were limited accordingly;

• The Court of Appeals reporting judge and the 2nd appellate judge held the same understanding and confirmed the 1st instance. The 3rd appellate judge also confirmed the 1st instance concluding that “IPHONE” was a descriptive and generic expression which was not subject to exclusive ownership; thus, neither Apple nor IGB could prevent third parties use of the expression;

• In practice IGB could use “IPHONE” only as a compose trademark registration for “GRADIENTE IPHONE”, while Apple could only use “IPHONE” per se;

• This decision has been appealed and is pending before the Superior Court of Justice.
CARL CLOOS SCHWEISSTECHNIK GBMH CASE

• The German company CARL CLOOS SCHWEISSTECHNIK GBMH has filed a lawsuit against the Brazilian company, CD WELD BRASIL AUTOMAÇÃO E TECNOLOGIA EM SOLDAGEM LTDA, given that they registered the “CLOOS” expression as a trademark and business name with INPI (Brazilian body).

• CD WELD filed appeal and claimed that CARL CLOSS authorized the registration of the trademark, having also represented the German company in Brazil during years.

• It was proved that CLOSS CARL did not authorize the registration of the trademark, so the Brazilian company was considered in bad faith.

• CD WELD’s appeal was denied.
WRANGLER APPAREL CORP CASE

• The company WRANGLER APPAREL CORP has filed a lawsuit against EDIAIR FERREIRA DA SILVA - ME, because it registered in Brazil the trademark “WROLFFMANS SEVENTY X 70 X” under word and mixed form and this would cause confusion with Wrangler’s trademark “WRANGLER TWENTY X E 20 X”.

• It was decided in 2nd Instance that does not exist exclusive right regarding the use of this trademark only by its holder because “twenty x”, “20x”, “70x” and “seventy x” are common and generic terms so it is viable the both existence of these trademarks, but they need to have different sets, in other words, different color, font, terms and signs. Therefore, denied Wrangler’s appeal.
VODAFONE CASE (2013)

- The international company VODAFONE GROUP PUBLIC LIMITED COMPANY has filed a lawsuit against VODAFONE COMÉRCIO E SERVIÇOS DE COMUNICAÇÃO, requiring the nullity of the register of the trademark “VODAFONE.COM.BR” made by the Brazilian company also in INPI.

- In 1st Instance sentence, the requirement of VODAFONE GROUP has been granted. Therefore, against this decision VODAFONE COMÉRCIO filed an appeal to change this sentence.

- The appeal was denied because the judge understood that the Brazilian company was in bad faith giving that the company had a bad historic because they used to identify unregistered trademarks in Brazil that were well known abroad and held the register with intuit to get some agreement or financial advantage. Thus, the judge understood that the position of this company does not deserve to be covered up by the judiciary.
COACH CASE

- COACH INC. has filed a lawsuit against FASOLO ARTEFATOS DE COURO LTDA considering that they registered with INPI the trademark “COACH”. In 1st Instance it was accepted the requests of the international company COACH.

- Therefore, the Courts suspended the effects of the register held by the Brazilian company.

- FASOLO ARTEFATOS appealed against this sentence but its appeal was denied in view of:

  (i) huge reputation of the foreign brand both in the home market, the United States and in other countries like France (therefore supported by the Paris Convention and the Industry Property Brazilian Law 9279/1996);

  (ii) bad faith of the Brazilian company.
Example of “Bad Faith” Case in China

• Unilever filed a lawsuit against a Chinese company that registered the trademark “Knorr” based on the following arguments;

  (i) reproduction of “Knorr”, (ii) clearly a pirate application that would give rise to consumer confusion and dilute the distinctiveness of Unilever’s mark;

• The Court rejected the lawsuit, in first instance, alleging that the goods covered by the opposed mark are considered dissimilar to the goods for which Unilever’s mark is used and known in terms of sales channels, production field, etc.; and the co-existence of the marks is unlikely to cause confusion among consumers;

• In second instance, it was rejected Unilever’s appeal giving that: a) the goods covered by Knorr’s marks and the goods covered by the opposed mark fall within two different classes, therefore, the marks are not considered similar marks on similar goods; b) the evidences given by Unilever were insufficient to: support its claim of well-known status; to prove its enjoys prior copyright rights in the device forming the “Knorr & Device” mark; to prove that Knorr has used a mark identical or similar to the opposed mark and obtained a certain degree of influence on “foil” products; and to prove that the registration of the opposed mark will harm public interests.

• Therefore, Unilever’s claim was not supported by the Court.
Example of “Bad Faith” Case in Korea

- Unilever filed a lawsuit against a third party company that filed out the brand “BANGO” in Korea;

- The opposition has been found in Unilever’s favors giving that:
  a) the mark “BANGO” (stylized) and “BANGO” (Korean Characters) is aurally similar to your earlier trade mark;
  b) Unilever provided sufficient evidence to show that your earlier trade mark has been used in relation to “soy sauces” since 1928; and
  c) it is clear that the Applicant filed its trademark in bad faith with the intent to free-ride on the well-known status of your earlier trade mark, despite the fact that you did not have prior trade mark in South Korea

- Unilever won the case.
THANK YOU!

Mariangela Sampaio
mariangela.sampaio@unilever.com
Partner of De Brauw Blackstone Westbroek, in the Amsterdam office. He is a leading expert on the IP field, specially trademarks and designs, including copyrights, database and know-how protection. Tobias is a renowned litigator, appearing at courts of all levels, including the European Court of Justice. Tobias is admitted to the Supreme Court Bar. He has been involved in most of the Dutch landmark IP decisions of the past 5 years, which include the liability of auction sites for IP infringements and trademark protection sounds, among others. Tobias is the primary author of the handbook European Trademark Law and is professor of IP law at Erasmus University in Rotterdam. He is an active member BMM, INTA as a member of the editorial team of the Trademark Reporter, Marques and AIPPI in which Tobias represents the Dutch chapter in an advisory board.
'Like a banker, bad faith is no doubt easier to recognise than to define'

A-G Sharpston, Lindt &Sprüngli/Hauswirth, C- 529/07, § 35
Bad faith applications in the EU

Article 3(2) TMD:

Member States may provide that a trade mark ‘shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

‘the application for registration of the trade mark was made in bad faith by the applicant’

Article 52(1) (b) CTMR:

A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

‘where the applicant was acting in bad faith when he filed the application for the trade mark’
Bad faith applications in the EU

No definition of the concept 'bad faith' within TMD or CTMR but:

• an autonomous concept of European Union law;
• which must be given a uniform interpretation in the European Union.

CJEU, Malaysia Dairy, C-320/12
Good faith is presumed until the opposite is proven.

But what constitutes bad faith?
CJEU Lindt & Sprüngli/ Hauswirth
When determining bad faith:

• take into consideration all relevant factors;
• at time of filing.
All relevant factors, but in particular:

- Knowledge of the use of an identical or confusingly similar sign;
- the applicant’s intention to prevent that third party from continuing to use a sign he had been using; and
- the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.

NB. These factors are 'only examples drawn from a number of factors which can be taken into account in order to decide whether the applicant was acting in bad faith at the time of application'

*General Court EU, Bigab/Biga T-33/11, §20*
CJEU Lindt & Sprüngli/Hauswirth

Take into account the applicant's intention:

A-G Sharpston: A dishonest intention or 'sinister motive'

*Lindt &Sprüngli/Hauswirth, C- 529/07, §60*

- No intention to use the mark
  - sole objective preventing a third party from entering the market

- The fact that a third party has used a sign for a long time
  - for an identical or similar product;
  - capable of being confused with the mark applied for;
  - while that sign enjoys some degree of legal protection.
• The nature of the mark
  – the greater the freedom to choose the shape, the more readily bad faith can be established

• The extent of the reputation of the earlier sign
Legitimate reason

The applicant’s registration of the sign may be in pursuit of a legitimate objective:

- where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation

_Lindt & Sprüngli/Hauswirth, C- 529/07, §48 and 49_
Legitimate reason

- 'The Cancellation applicant’s interests and expectations cannot be regarded as legitimate: the adoption and use of the CHOOSI mark has been qualified as a means or manoeuvre conceived and used to carry on taking advantage of the reputation of the dominant part of JIMMI CHOO trademark'
Proving bad faith:

The burden of proof of *mala fides* is thrust upon the cancellation applicant.

- An allegation of bad faith is a serious allegation which must be distinctly proved;
- the standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation.
CJEU Malaysia Dairy
The fact that the applicant knew or should have known of a foreign mark at the time that it filed its application is in itself not sufficient for the conclusion of bad faith

CJEU, Malaysia Dairy, C-320/12

The presence or absence of bad faith must normally be inferred from all the relevant objective circumstances

- other than in the perhaps unlikely case of an admission of bad faith on the part of the trade mark proprietor;
- such as the 'Red Lobster' case in Denmark, in which the trade mark applicant subsequently confessed in a newspaper interview that he had been ‘strongly inspired by the American chain of RED LOBSTER. The Americans do a tremendous job and as they have protected neither the concept nor the name in Scandinavia I do not see any obstacle to my inspiration.’

A-G Sharpston, Lindt &Sprüngli/ Hauswirth, C- 529/07, §58
Knowledge – some examples

• Knowledge of prior use
  – the reputation of the sign is a well-known fact; obvious attempt to benefit from reputation (also in case of historic trademark; Simca)
  – a presumption of knowledge is less likely if the sign was registered in a non-EU country and there was only a short time between the application for registration in that non-EU country and an application for registration in an EU country

• Where parties have a business relationship with each other
  – 'could not ignore, and was probably aware that the invalidity applicant had been using the sign for a long time'
  – pre-contractual, contractual or post-contractual (residual) relationship
Dishonest intention

• No requirement of CTM system that owner must have an intention to use the mark, but: it could be seen as an indication of dishonest intention if it subsequently becomes apparent that the owner’s sole objective was to prevent a third party from entering the market
Dishonest intention - an example – MICHAEL JACKSON

Regarding the intentions of the CTM proprietor at the date of filing the contested CTM, initially it seems rather conspicuous that the CTM proprietor filed for the registration of the name Michael Jackson only one month and one day after the pop star’s much publicised death, in particular seeing that the registration as previously mentioned comprise goods and services at the very core of Michael Jackson’s success. In addition, the Cancellation Division notes that the CTM proprietor filed the CTM registration No 8 394 108 of the word mark ‘Michael Jackson’ three or four days after his death.
Dishonest intention— an example – DOT IMMO

- CTM proprietor filed the application for the wordmark registration DOT IMMO to obtain the gTLD .immo;
- CTM registration does not only hinder other applicants for the same gTLD .immo;
- but also restrain the free usage of the .immo gTLD
- the CTM was not filed to serve as an indication of origin, but rather as a tool for obtaining dishonest business advantage
Bad faith or not; that is the question

- Benelux trademark application (1994) by Mayfair for wordmark BEN&JERRY for bread, consumption-ice, candy
- BEN & JERRY'S not on the market in BNL and not a well known trademark (yet)
- No evidence that Mayfair knew the BEN & JERRY's trademark

BAD FAITH or NOT?
Bad faith or not; that is the question

Other facts that were not yet mentioned:

• Mayfair has applied for several trademarks that are used in the US
• Ben & Jerry's trademark known to a small part of the relevant public in the Benelux

Do these facts change your earlier answer?
RED BULL CTM registration in classes 1 through 42

Invalidity applicant:

• Proprietor's main activity is limited to sales of soft drinks and sport sponsorship

• Proprietor owns many national registrations for the same goods and/or services

• No intention to genuinely use the CTM

• Proprietor's intention is mainly to avoid a lack of protection in France since the sale of its drinks is legally prohibited

• Proprietor's intention is to avoid possible revocation actions on base of non-use

What do you think?
'Trade mark registers cannot simply be repositories for signs hidden away, lying in wait for the moment when an unsuspecting party might attempt to put them to use, only then to be brandished with an intent that is at best speculative. The opposite is true; they must faithfully reflect the reality of indications used by undertakings in the market to distinguish their goods and services. Only marks that are used in commercial life should be registered by offices with responsibility for industrial property matters. Defensive’ and strategic’ registrations must be refused.' (emphasis added)

AG Ruiz-Jabaro Colomer, Ansl/Ajax, §42
Rerpetitive filings- bad faith?

**Ratio bad faith:** Preventing abuse of the trademark system

'The applicant’s purpose is not to protect a trade mark according to its distinctive function but to wield the registration as a weapon or tool to reach an abusive or fraudulent end deviated from the legitimate functions of trade marks'¹

OHIM BoA, CHOOSI, §21
Repetitive filings - bad faith?

Repetitive filings:

Protecting his rights with the means provided by law

or

bad faith?

What do you think?
Bad faith or not; that is the question

- International device mark application 1998 for goods and services in classes 1 to 42 (see image left) designating, a.o., France
- New application (see image left): International device mark application 2008 for goods and services in all classes with the exception of classes 25, 28, 32, 41 and 43 designating, a.o., France
- Never used for, a.o., automobiles
- No intention to use for all goods and services

BAD FAITH?
Thank you for your attention!

Prof. Tobias Cohen Jehoram
De Brauw Blackstone Westbroek / EUR
tobias.cohenjehoram@debrauw.com
www.debrauw.com
Dealing with bad faith applications/registrations

Be aware:

• Bad faith is not a ground on which an opposition can be based;
  • Unless filing by an agent/representative in his own name, without permission of the trademark proprietor

• Keep a close eye on the application: file an invalidity request as soon as the application has become a registration
  • Proof has to be filed when filing the request for cancellation
Dealing with bad faith applications/registrations

• Make sure you have sufficient evidence: the threshold for proving bad faith is high
  • Keep in mind that the applicant's intention is a subjective factor that needs to be proven by means of objective evidence;
  • If possible: provide materials such as e-mails, other correspondence or witness statements that show the applicant knew or should have known of your mark and his (dishonest) intention at the time of filing;
  • It is impossible to prove beyond question that the CTM proprietor possessed the necessary mens rea when filing to register the contested mark, but the burden of proof can shift when enough probabilities are shown.
Speakers. Danny Awdeh

Partner of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP in the D.C. office. He is an experienced trademark lawyer with a focus on litigation, disputes, global portfolio management, and strategic counseling. Mr. Awdeh routinely represents some of the world’s most well-known brands in high-stakes litigations, disputes, and transactions. He has served as lead counsel on numerous high-profile global trademark portfolios; obtained important judgments around the world; launched global brands; and negotiated worldwide trademark license agreements. Danny has been described by in-house counsel and his peers as a “versatile rising star” who wins praise from clients for his “measured, commercially oriented approach.” Danny is the Chair of the Trademark Committee of the IP section of the District of Columbia Bar Association, member of the Advisory Board of Wake Forest Intellectual Property Journal, INTA, AIPLA, and the American Bar Association.
“Bad Faith” Filings: U.S. Law Overview

Presented by
Danny M. Awdeh
Donald Trump targets ‘bad faith’ website

24-09-2015

US presidential hopeful Donald Trump has asked for a website called stoptrump.us to be taken down on the grounds that it infringes his trademarks.

Other related
LVMH’s URS claim falls short at NAF
09-10-2015
Is the Concept of “Bad Faith” Recognized in the United States?
“Bad Faith” and “Fraud” Before the USPTO

• U.S. practitioners often refer to “bad faith” as “fraud”

• While “bad faith” and “fraud” overlap, they are different and distinct concepts
“Bad Faith” and “Fraud” Defined

• “Bad faith” defined:
  – Generally “bad faith” occurs where one intentionally selects a mark to trade off the goodwill associated with another’s mark. *McCarthy on Trademarks and Unfair Competition*, § 23:116.
  – Not an independent basis for seeking to oppose or cancel another’s application or registration

• “Fraud” defined:
  – Independent basis to oppose/cancel another’s application/registration
  – Applicant or registrant knowingly made a false, material representation with the intent to deceive the USPTO
“Bad faith” is relevant to the likelihood of confusion analysis.

The Trademark Trial & Appeal Board (TTAB) has considered “bad faith” under the “other probative facts” factor of the Federal Circuit’s *du Pont* likelihood of confusion analysis.

In a likelihood of confusion analysis, a party’s bad-faith conduct may be established through:
- Direct and/or circumstantial evidence of knowledge of the prior mark owner’s rights; and
- Intent to trade off those rights.

The party alleging “bad faith” bears the burden of proof.
Examples of “Bad Faith”
Examples of “Bad Faith” Cases

• L’Oréal S.A. v. Marcon (TTAB 2012)

• Telefonos De Mex., S.A.B. De C.V. v. Estrada (TTAB 2010)

• Edom Laboratories, Inc. v. Lichter (TTAB 2012)

• Taiwan Semiconductor Manufacturing Co. v. Semiconductor Manufacturing International Corp. (TTAB 2010)
L’Oréal S.A. v. Marcon (TTAB 2012)

- Applicant Marcon attempted to register L’ORÉAL PARIS for “aloe vera drinks”
- L’Oréal, the large cosmetic and personal care company, opposed Marcon’s registration
- L’Oréal argued that Marcon applied for the trademark in “bad faith” in an attempt to trade off of L’Oréal’s famous mark
Marcon had previously attempted to register 16 trademarks, including:

- HEINEKEN for meat juices
- BAYER for non-medicated mouthwash, gargle, and breath fresheners
- ABSOLUT and ABSOLUTE WATER for various beverages such as beer, water, and juices
- COORS for meat juices and meat juice concentrates
- DOM PERIGNON for meat juices and broth
- NESCAFÉ for alcoholic beverages
L’Oréal S.A. v. Marcon (TTAB 2012)

• The TTAB held that “Applicant’s demonstrated pattern of filing applications to register various well-known marks convinces us that applicant's adoption of the L’ORÉAL PARIS mark was in bad faith, with the intention to trade off of opposer’s famous L’ORÉAL and L’ORÉAL PARIS marks”

• The TTAB found it “highly unlikely that adoption of these marks was an unintended coincidence”

• “Such bad faith is strong evidence that confusion is likely”

• The TTAB sustained L’ORÉAL’s opposition and refused the application
Applicant Estrada alleged that he intended to use the mark AUDITORIO TELMEX on facilities for events, such as sports and concerts.

Opposer Telefonos de Mexico, a large, well-known Mexican telecommunications company, argued that it had common-law rights to the TELMEX mark in the United States.
• Estrada, a former resident of Mexico, claimed to have never heard of the TELMEX mark, despite living in Mexico for 30 years and living 10 miles away from the AUDITORIO TELMEX arena sponsored by Telefonos.

• When asked why he selected the mark AUDITORIO TELMEX, Estrada responded “[b]ecause AUDITORIO TELMEX sounds good for the services upon which it will be used. Is [sic] an easy listening phrase.”
• In view of Estrada’s “disingenuous” representations, the TTAB concluded that Estrada exhibited “not only bad faith but a general lack of respect for the application and opposition process”
• The Federal Circuit upheld this finding on appeal
Edom Laboratories, Inc. v. Lichter (TTAB 2012)

• Edom Labs owns the mark CHIRO-KLENZ for herbal tea; Lichter was its supplier.
• Once Edom Labs terminated the parties’ supply agreement, Lichter started selling the same tea under the mark SUPER CHIRO TEA.
• Lichter applied to register SUPER CHIRO TEA and Edom Labs opposed the registration.
• Evidence of Lichter’s bad faith included:
  – Using the following tagline on its packaging and promotional materials: “FROM THE ORIGINAL MAKERS OF CHIRO-KLENZ”
  – Registering and using the domain name “chiroklenzforless.com” to forward traffic to its SUPER CHIRO TEA website
  – Selling SUPER CHIRO TEA mislabeled on its website as CHIRO-KLENZ
  – Using similar trade dress, with similar fonts and wording on its packaging
• The Board sustained the opposition and refused to register the mark

• The Board held that Lichter:
  – Showed a pattern of “bad faith”
  – Took “affirmative steps to cause confusion and to associate SUPER CHIRO TEA with CHIRO-KLENZ tea”
• Applicant sought registration of the following mark for semiconductors

• Opposer asserted that the mark when used in connection with applicant’s goods/services resembled opposer’s previously used and registered marks
Board looked to applicant’s history with opposer to determine bad faith

- Opposer had previously filed four separate lawsuits against the applicant claiming unfair competition, trade secrets misappropriation, interference with business relationships, among other claims.
- As a part of a settlement, applicant agreed to pay opposer $175 million, and promised that it would cease from making statements to third parties that applicant’s processes were derived from or compatible with opposer’s technology.
- Applicant failed to fulfill its obligations under the agreement.
Taiwan Semiconductor Manufacturing Co. v. Semiconductor Manufacturing International Corp. (TTAB 2010)

• Board noted that evidence of applicant’s attempts to misappropriate and infringe opposer’s IP rights was admissible and relevant to determining likelihood of confusion

• Bad faith shown when during the course of unfair competition proceedings, applicant’s mark “moved inexorably closer to opposer’s long-established mark”:

  ![SMIC](image1) → ![SMIC](image2) → ![tsmc](image3)
Helpful Strategies
Helpful Strategies

• Bad-faith filings can be addressed through opposition/cancellation proceedings before the TTAB and litigation in federal court

• However, the TTAB only has the authority to decide registration issues, so if a trademark owner would like an injunction or damages, it will need to consider pursuing relief through the federal courts
Helpful Strategies

- The best evidence of “bad faith” or “fraud” usually comes from the applicant/registrant itself
- Trademark owners should take early discovery to obtain documents and written admissions surrounding the selection of the mark at issue
- A live deposition may reveal motives indicative of “bad faith” and/or “fraud”
Danny M. Awdeh
Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
901 New York Avenue, NW
Washington, DC 20001-4413
+1 202 408 4353
+1 202 408 4400 Fax
danny.awdeh@finnegan.com
Questions?
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