Kluwer Trademark Blog

The bad faith conundrum in the EU continues – KOTON, SKY, ANN TAYLOR, NEYMAR, CAFÉ DEL MAR

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Bad faith is on the rise – whether in reality or as a useful weapon against trade marks is another question. Recently, both the General Court (GC) and the Court of Justice (CJEU) have had several opportunities to consider whether trade marks had been filed in bad faith. The tendency seems to become stricter and to focus more on balancing the interests of the trade mark owner and the competition in the market.

On 12 September 2019, the CJEU handed down its judgment in the KOTON case (C-104/18).

In a quest to clarify the bad faith concept, the CJEU concluded that for the application of the bad faith ground for invalidity, there is no need for a likelihood of confusion between the contested sign and the earlier sign. For more information on this case see the earlier blog – here.

Later, on 16 October 2019, the Advocate General (AG) at the CJEU delivered his much-awaited opinion in the matter Sky v. Skykick (C-371/18) – see the earlier blog here. The opinion originally expected for 5 September 2019 had been postponed – perhaps to allow KOTON to sink in?

Regarding the bad faith concept, the case concerns the question whether an absence of intention to use could be an indicator of bad faith. The AG thought so – although considering that this would only affect those goods and services for which there was no intention to use, and not the entire filing.

The AG's thoughts about the risks of an abuse of the EU trade mark system by obtaining monopolies for a five-year period without any use are valid. His opinion, however, would not be easy to apply in practice. It is clear from EUIPO and GC case law that an abuse of the system will

lead to a finding of bad faith (see e.g. T-82/14, LUCEO). Only recently did the BoA consider clearly that a re-filing that is only made to obtain administrative advantages, i.e. to avoid the need to prove use in inter partes cases, is made in bad faith (in MONOPOLY, R1849/2017-2, pending at the GC). However, it is also a fact that the EU trade mark law has no "intent to use" requirement, and the concept of bad faith must not be interpreted in a way that leads to a change of the system as such, as that would be for the legislator to do, and not for the judicative.

The criteria suggested by the AG for assessing bad faith highlight some of these difficulties: where the trade mark was filed "*not with the aim of engaging fairly in competition*" there is bad faith, but where there is a "*reasonable commercial rationale*" and "*commercial logic*" there is not (see paras. 109-110 and 103).

While awaiting the CJEU decision, is already clear that filing overly broadly is not (and has never been) a great idea, despite the five-year grace period under EU trade mark law.

Lately, also the GC has handed down a number of bad faith decisions. In the cases T-3/18 and T?4/18, Holzer y Cia SA de CV vs. EUIPO / Annco Inc concerning two ANN TAYLOR marks, the GC found that there was bad faith on account of blocking from the market when the expansion of a fashion designer brand to related market segments (i.e. jewellery and watches) was impeded as another party registered the same well-known fashion brand for those related goods.

Similarly, in the case T?795/17, Carlos Moreira vs. EUIPO/ Neymar Da Silva Santos Júnior, the GC concluded that there was dishonest intention at the moment of the application for registration the name NEYMAR as a trade mark. This finding was clearly supported by the fact that on the same day, the applicant had also applied for registration of IKER CASILLAS. For non-football fans: both Neymar and Casillas are or have been world-famous football (soccer) players.

Finally, in the cases T – 772/17, T – 773/17 and T-774/17, Café del Mar & others vs. EUIPO / Ramón Guiral Broto, the GC confirmed again that there was bad faith where a previous business partner filed the identical marks in his own name.

After years without much guidance other than by Lindt & Sprüngli (C?529/07), the concept of bad faith under EU law is maturing, and becoming a more realistic safety net where traditional "prior rights" claims won't work.

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“>General Court
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