

Kluwer Trademark Blog

General Court: purely defensive registrations constitute bad faith!

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In its TARGET VENTURES decision of 28 October 2020 (T-273/19), the General Court stated that there could be bad faith when there were objective indicia of a dishonest intention of the trademark owner, not necessarily linked to causing damage to a third party, when it seeks to obtain an abusive exclusive right. The case is worth reporting because it shows a flexible understanding of the concept of bad faith that allows taking into account all circumstances of a case.

The case involved two competitors in the venture capital funds sector, namely, a German company Target Partners GmbH (“TP”), the owner of the EU trademark under attack, and a company based in the Virgin Islands called Target Ventures Group Ltd (“TV”), the invalidity applicant.

TP ever only used its core brand TARGET PARTNERS. Since as early as 2002, it had owned domain names including the term “targetventures” but those referred directly to its targetpartners.de website. In 2015, TP filed for registration of the EUTM TARGET VENTURES.

Meanwhile, TV had started operating in Europe in 2012 – first in Russia and as of March 2013 in the EU. TV showed that it provided financial services to at least five EU companies under the name TARGET VENTURES before TP filed for precisely this mark. Moreover, both companies had jointly attended a conference and there had been some email exchange between the parties. Details here were disputed.

The conflict started when TP sent TV a cease and desist letter after it had received an email from a client who confused them with TV. In reaction to that, TV started the invalidity action. The fact that TARGET VENTURES was not used by TP was not an argument because of course the five-year grace period for putting the EUTM to use had only just started. TV therefore could only invoke bad faith.

The invalidity action was rejected at first and second instance basically because TV had not proved that TP knew about TV’s use of TARGET VENTURES, nor that TP intended to prevent TV from entering the EU market. The Board concluded that TP had a legitimate interest in registering the mark (to expand its use of the sign TARGET VENTURES or to avoid confusion with third parties). TV filed an action before the GC.

The GC based its judgment primarily on the doctrine of the Koton case (C104/18 P) and Sky and Others (C-371/18) stating that bad faith applied when it was **apparent** from relevant and consistent

indicia that the owner of an EUTM filed its application with the intention of undermining the interests of third parties **or with the intention of obtaining (without targeting a third party) an exclusive right for purposes other than those falling within the functions of a trademark.**

According to the GC, the Board of Appeal interpreted bad faith too restrictively because it was not necessary to target a specific third party. For a finding of bad faith, it may indeed be sufficient to seek to obtain a trademark without intending to use it as such.

In the case at hand, the GC was indeed convinced, mainly based on statements at the oral hearing, that TP's intention at the time of filing TARGET VENTURES was not to use it as a trademark but to strengthen and prevent confusion with its mark TARGET PARTNERS. These, however, are not legitimate functions of an exclusive trademark right. On that basis, the GC held that the Board's interpretation, which had rejected bad faith primarily on the basis that it had not been proven that TP wanted to prevent TV's market entry or even positively knew of TV, was too narrow, and annulled the decision.

The takeaway lesson from this case, however, is an important one: **purely defensive registrations are (likely) not valid.**

For more information on bad faith, readers may wish to listen to the podcast published by Wolters Kluwer – link [here](#).

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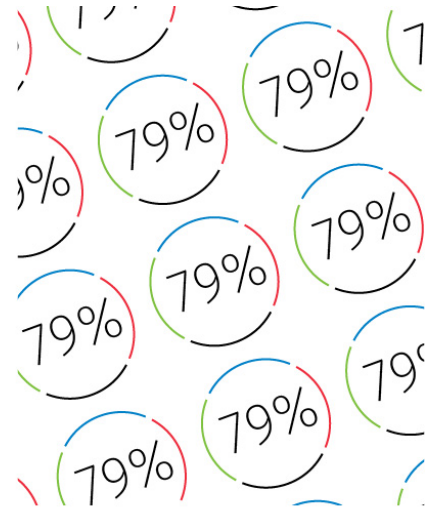
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“>General Court, [Germany](#)

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