



Bad Faith Trade Mark Filings – An International Perspective

Report compiled by: Dr. Elizabeth Houlihan of [Houlihan²](#), Vice-Chair of the International Trade Marks Committee.

This paper was compiled for the Intellectual Property Owners Association International Trademark Law and Practice Committee to provide background to IPO members. It should not be construed as providing legal advice or as representing the views of IPO. Views expressed herein are those of the authors and are not to be attributed to their clients, their firms or their firms' clients.

2013 Copyright. Intellectual Property Owners Association

INTRODUCTION

The purpose of this White Paper is to review possible criteria guiding both OHIM and IP Offices from countries around the world particularly where bad faith is an *ex officio* ground for refusal. It is clear that, in asserting that a Trade Mark Application was made in bad faith, the onus should rest with the Applicant for cancellation/opposition to registration. However, this does not preclude the insertion of rebuttable presumptions. Proof of existing bad faith can be difficult if the Trade Mark Applicant acting in bad faith denies any knowledge of a prior Trade Mark, or can be more difficult if the Trade Mark applied for in bad faith is confusingly similar and not identical. The burden of proof of bad faith is usually shouldered by the person who contests the Trade Mark Registration. It is, however, to be underlined that any relevant circumstance should be considered and taken into account in determining whether the Applicant was acting in bad faith at the time that the Trade Mark Application was filed.

Lack of genuine use of the Trade Mark is not in itself sufficient to consider that the Applicant acted in bad faith. Under Article 15.3 of the TRIPS Agreement, Contracting Parties may consider use as a requirement for registration, but it is not a condition for filing an application. From the date of application, the Applicant counts on a period of 3 years for “intended use” to take place. Otherwise, the Application may be refused. Therefore, mere lack of use or intended use of the Trade Mark during the three year period cannot be considered as sufficient evidence of bad faith conduct. The aim of this provision is to avoid bad faith applicants securing a footing on the Trade Mark Register to protect unregistrable marks, which would then in fact not be used in trade. When the Trade Mark is filed by someone without any genuine business activity, it is more likely that the bad faith situation would exist and the registering of the mark was made merely for the purpose of stockpiling the mark with the expectation of eventually extracting money from the Trade Mark owner.

While the Paris Convention does not specifically contain a “bad faith” clause, Article 6*bis* of the Paris Convention reads in full:

1. The countries of the Union undertake, *ex officio* if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a Trade Mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.
2. A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

3. No time limit shall be fixed for requesting the cancellation or the prohibition of use of marks registered or used in bad faith.

Article 6*bis* of the Paris Convention is directly referred to in Article 16 of the TRIPS Agreement. The increasing internationalization and globalization of international trade has made it still more important to improve the protection for Trade Marks and hence the question of “bad faith” is of great importance.

Those countries, which have subsequently ratified the Paris Convention and/or the TRIPS Agreement, have undertaken to observe that no time limit shall be fixed for requesting the cancellation or the prohibition of use of marks registered or used in bad faith. However, a lack of definition for the term “bad faith” in both the Paris Convention and the TRIPS Agreement has resulted in various interpretations, causing variation from jurisdiction to jurisdiction.

The following paper has been compiled by Dr. Elizabeth Houlihan, Principal of **Houlihan²** Patent & Trade Mark Attorneys and Vice-Chair of the International Trade Marks Committee of the IPO and Danny Awdeh, Partner of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, for the purposes of bringing the position adopted by various countries, including the United States, on Bad Faith Filings to the attention of the IPO Membership. The paper was prepared following a survey of laws in developed and developing legal markets concerning bad faith and provides an overview of the current legal framework in each of those countries.

ARGENTINA

Contributor: Ms. Ivana Lauritsen

Lauritsen & Asociados
Piso
Buenos Aires
www.lauritsen.com.ar

Questions:

1. Is the concept of 'bad faith' recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **No.**

The Argentinian Trademark Office does not recognize the concept of bad faith. There is also no a definition of bad faith in the Argentinian legal system. However, Article 434 the Argentinian Civil Code states that where bad faith is asserted, it must be proven, as good faith is always assumed.

Argentina is a Member of the Paris Convention and the TRIPS Agreement and therefore protects famous marks from illegal misappropriation.

Therefore, the Argentinian Courts have applied a doctrine which cancels trademarks which have been applied for in bad faith. However, the bad faith must be proven, which is often difficult to do. *Argentinian National Trademark Law* no. 22362, without mentioning the words "bad faith" in its Article 24b), provides for the cancellation of the trademark obtained by the person who knows or must know that it belongs to another person. However, in this case revocation must be pursued in the Courts.

Also, the Argentinian Civil Code in its Article 953 states: "*The object of legal acts should be things that are in trade, or for special reason not been forbidden to be objects of any legal acts, or facts that are not impossible, illegal, contrary to morality, or prohibited by law or facts which oppose freedom of actions or consciousness, or prejudice the rights of a third party. Legal acts that are not available to confirm these are void as having no object*".

2. What are the consequences of bad faith in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith? **No.**

In the case of *Stanton & Cia v. National Institute of Industrial Property* (21 March 2002), the Trademark Office denied BRAHMA trademark to a Colombian textile company, because in Argentina, Brahma is a notorious beer trademark.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?

No. The Trademark Office has no authority to do so. It can only deny a trademark invoking the GATT TRIPS or Paris Convention, only if it is a famous mark, with or without a previous Office Action having been issued to the Applicant.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

No. The person would have to file an action with the Court.

- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?

If the person files an Opposition within 30 days from the date of publication of the trademark, it will be valid, because the Argentinian National Trademark Office is unable to prosecute the arguments filed in the Opposition, as it must be resolved at Court. However, if it is filed out of time, the submission will be considered as a “*call of attention*” to the Trademark Examiner and it will be unsuccessful. The Examiner is not obliged to respond.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

In Argentina, an Opposition can be based on any argument, as it will be resolved at Court. The Trademark Office just gives a one year period to settle the matter or initiate a trial. If neither of these actions is taken, the trademark will be abandoned.

- f. Other consequences?

As explained above, the Trademark Office cannot resolve a bad faith case. It will be necessary to go to Court. If bad faith is proven, then the loser will have to pay the legal costs and sometimes a little compensation.

3. Please give some examples of actual bad faith filings in your country.

- The leading case of bad faith was “*Le vache qui rit*”. An Argentinian business man had used the trademark for more than 30 years in local commerce, but it was the translation of a famous French trademark and the Supreme Court decided that it could not be a “miraculous coincidence”, to use the same trademark for the same products with the same logo. Accordingly, the trademark was declared invalid.

- Another case was *Christian Dior v. Mampar S.A.* In this case, an Argentinian company used the trademark Christian Dior in relation to bath screens. Even though Christian Dior did not have its trademark registered in Class 11, the Court decided that the trademark was so famous that it deserved a special treatment.
- In the case of *NBA Properties Inc v. Logical S.A* (8 June 1999), the Court resolved that publicity on TV and print media was not enough to prove the notoriety of the trademark.
- In *Calas, Rolando C v. Batalles S.A.* (2 March 2004), the Second Instance Court explained that it was not enough that the trademark was known by a specialized sector of the public. Rather, the mark must be known by a large sector of consumers.
- In *Sony Kabushi Kaisha v. Dirección de Tecnología, Calidad y Propiedad Industrial* (7 April 1998) and *Oltex S.A. v. Bentley Motors Limited* (8 Oct 2004), the Second Instance Court determined that the fact that the trademark could be notorious abroad does not invalidate a national registration, because the notoriety must be in the country, except if it is an exact copy.
- In *Grupo Anderson's S.A de CV v. Rico, Leonardo José* (2 March 2006), “it has been proved that the plaintiff did not have rights on SEÑOR FROGS in Argentina before the defendant registered it.” The first-to-file system plus the territorial limitation of the trademark law authorized the outcome of this case.
- In *Zoop Confecciones Ltda v. Soñora, Graciela Alejandra* (9 Dec 1997). “When it is about a foreign trademark that has not been used in Argentina, in order to consider bad faith in the previous registration, it must have a special singularity (so that the coincidence shows a miraculous chance). If these are not present, bad faith is not presumed and it requires the production of clear and convincing proof because – as a result of the jurisprudence - the commitment to the public interest must be very important to take such a serious measure as to invalidate a legal registered sign.”
- In a most recent case, the Second Instance Court determined in the case of *Alfa Parf Italia SRL v. Natura Cosméticos S.A.* 16/09/2010 that: “In this case, a high turnover and expense on publicity has been proved, which shows a strong market insertion in Argentina as a recognized brand in the industry of perfumery and cosmetics. However, it is not possible to attribute the notoriety which the defendant raises, because the knowledge in the relevant sector does not reach mass media popularity, however flexibly this concept is interpreted”.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

Article 24b) of the *National Trademark Law* provides the nullity of a trademark, which is applied by a person who knows or must have known that it belongs to a third party.

Article 24c) also censures the ability to speculate with registered trademarks.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

First, it is obligatory to call for a private audience in order to reach a settlement. If such an approach fails, Proceedings can be filed at the Civil Federal Court. Filing of the suit is notified and this will be the time to file evidence from the Opponent and evidence in response from the Applicant. Evidence must be presented during the trial and it will take about 4 years to obtain a sentence in a First Instance Court. The Decision at first instance will be appellable to the Second Instance Court and even to the Supreme Court.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

Remembering that *Argentinian Trademark Law* invalidates trademarks applied for by a person who knows or must know that the trademark belongs to another person, we would suggest conducting an investigation into the Applicant of the trademark in order to prove that he is speculating with it. For example, if the Applicant has another application in respect of other famous trademarks, this will be taken as proof that the Applicant is a pirate. If the Applicant has travelled to a country where the trademark is so famous that he could not possibly ignore its existence, or if he bought products carrying the trademark, sufficient proof will exist to convince him to desist from using the trademark or to win the case.

In order to win the case, the proof of bad faith is essential.

AUSTRALIA

Contributor: Dr. Elizabeth E. Houlihan
Vice-Chair of IPO Committee on International Trade Marks

Houlihan²
Melbourne
Australia
www.houlihan2.com

Questions:

1. Is the concept of 'bad faith' recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

- a. What is the definition of bad faith; what constitutes 'bad faith'?

Section 62A of the *Australian Trade Marks Act 1995* (Cth) (*"the Act"*), which was introduced on 23 October 2006, provides that the registration of a trade mark may be opposed on the ground that the application was made in "bad faith".

The Explanatory Memorandum to the *Trade Marks Amendment Act 2006*, (which introduced Section 62A), defines bad faith as "*instances in which a person has deliberately set out to gain registration of a trade mark, or adopted a trade mark in bad faith*". Although this is quite vague, it does give insight into the necessity for deliberate intention and dishonesty for the ground to be applicable.

The Explanatory Memorandum to *the Act* gives as examples of bad faith:

"a person who:

monitors new property developments, registers the name of the new property development as a trade mark for a number of services and then threatens the property developer with trade mark infringement unless they license or buy the trade mark; or

engages in a pattern of registering trade marks that are deliberate misspellings of other registered trade marks; and

business people who:

identify a trade mark overseas which has no market penetration in Australia, and then register that trade mark with no intention to use it in the Australian market for the express purpose of selling the mark to the overseas owner."

- b. What is required to prove 'bad faith'? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove bad faith?

In order to demonstrate “bad faith”, there needs to be:

- an element of intentional dishonesty; or
- a deliberate attempt to mislead the Registrar in some way by means of the application; or
- in circumstances where an Applicant claims that the application was not made in bad faith but, rather, as a result of its own ignorance or naivety, then the evidence would need to show that the circumstances were such that the “reasonable man” standing in the shoes of the Applicant, should be aware that he ought not to apply for Trade Mark Registration.

The onus of demonstrating “bad faith” falls squarely on the party making the allegation. If, however, the Opponent submits sufficient evidence to establish bad faith on the balance of probabilities, the onus shifts to the Applicant.

The Case Law suggests that for Opponents, it is important to present sufficient evidence to establish bad faith on the balance of probabilities, assessed by reference to a “reasonable person” test, so that the onus then shifts to the Applicant. For Applicants, it is important to respond to any evidence of “bad faith” or run the risk that silence may be construed as supporting the Opponent's case.

- c. What is required to prove that a submission was not made in bad faith? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove bad faith?

The Applicant’s ignorance of the facts may in some cases help establish that there was no “bad faith”, but the Court will also consider what the Applicant should be deemed to have known. If an Applicant claims that they were ignorant or unaware of the law surrounding bad faith and the circumstances surrounding the submission of the application, then the Court or relevant Hearing Officer will employ the reasonable person test. In this circumstance, it will be probed as to whether the “reasonable man” in the place of the Applicant should have been aware that he should not have applied for the trade mark registration in question. Since there is a subjective element in the combined test now adopted in the United Kingdom and Australia, it may be harder to prove that there was bad faith without knowledge.

Further, mere negligence or incompetence does not amount to bad faith. For bad faith to have occurred, there needs to have been an element of deceit.

2. What are the consequences of “bad faith” in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

No. In examination, the Trade Marks Office will simply confirm formal compliance with the requirements of *the Act*, which simply requires a statement that the Applicant is entitled to use the trade mark in Australia in association with the goods or services described in the application.

Applications that are proved during the course of an Opposition Proceeding to be made in bad faith will be removed from the Register.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?

A third party may oppose an application for registration of a trade mark, once it has been advertised as accepted in the Official Journal of Trade Marks, according to the process as outlined below. The Trade Marks Officer will not, however, investigate or take action if this notification comes in anything other than the prescribed form.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?
- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?
- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a trade mark registration?

Bad faith is a basis for opposition of an application which may result in the refusal of acceptance of a trade mark registration, rather than the removal, invalidation or cancellation.

Section 55 of *the Act* states that, unless the Opposition Proceedings are discontinued or dismissed, the Registrar must decide to refuse to register the trade mark (Section 55(1)(a)), or register the trade mark (with or without conditions or limitations) in respect of the goods and/or services then specified in the application (Section 55(1)(b)).

A condition to this section states that without limiting the operation of Section 55(1), if the application was opposed on Section 62A grounds (*i.e.* that the application, or a document filed in support of the application, was amended contrary to this act), the Registrar may revoke the acceptance of the application and examine the application again under Section 31 of *the Act*.

This means that if, during the Opposition Proceeding, the Registrar found that an application was made in bad faith, the application could then be taken back to the examination stage in order to try and overcome this, perhaps allowing another applicant to be successful in their application should it not be able to progress. In this way, there is a chance for recalling or correcting a submission made in bad faith.

An example here would be if the bad faith extends to only part of the application (for example, that the scope of the goods and services sought is too wide) the Applicant may, during the examination procedure, seek to narrow the specification of goods and services, thus effectively recalling (or at least ceasing to rely upon) statements about intended broader use, which were arguably made in bad faith.

Further, as recent decisions of the Registrar have shown, it appears as though Section 62A should be argued in conjunction with another ground of opposition. If proven by the Opponent that the opposed mark was, on the balance of probabilities, filed with an element of dishonesty and in possession of the knowledge that a reasonable man would have known otherwise, then the mark will be struck off the Register and damages may be awarded. It is clear that the way to avoid such occurrences is through the establishment of a *bona fide* relationship with previous commercial dealings and maintaining an honest use of the Trade Mark Register (see discussion on Oppositions below).

3. Please give some examples of actual bad faith filings in your country.

- In *DC Comics v Cheqout Pty Ltd* [2013] FCA 478, Cheqout Pty Limited (“Cheqout”) filed an Application on 2 June 2009 to register the Mark “superman workout” in Class 41 services of “conducting exercise classes; fitness and exercise clinics, clubs and salons; health club services (exercise)”. DC Comics had originally unsuccessfully opposed the Application before the Australian Trade Marks Office - *DC Comics v Cheqout Pty Ltd* [2012] ATMO 64. As the Opponent to the registration of the trade mark, DC Comics bore the onus of establishing a ground of opposition on the ordinary balance of probabilities.

Before the Office, the evidence indicated to the Registrar that the reputation of the Superman word mark is closely linked to the Superman character and to the indicia with which the character is associated. These indicia include the character’s strength, powers and the clothing that he wears, as well as the Superman Shield Device (**the S Shield Device**) as depicted below. He noted that the Superman word mark is ‘*intrinsically connected*’ to the S Shield Device that is also the subject of trade mark registration.

However, there was no evidence before the Registrar that DC Comics had ever itself, with respect to the Superman character, conducted exercise classes, operated fitness clinics or health clubs, or licensed or had plans to license others to do so. The Registrar described the Services covered by Cheqout’s proposed trade mark as ‘*rather different from the kind of services which one would usually expect to be provided by, or subject to the sponsorship or license of, an entity such as [DC Comics]*’.

Cheqout had used the trade mark together with the BG Shield Device (**the BG Shield Device**) as depicted below in relation to its personal training and film and entertainment services and in titles to video clips appearing on its website. However, the Registrar disregarded the presence of the BG Shield Device and considered only the use of the plain words “superman workout”.

The triangular shape of the BG Shield Device is of a similar shape and style of lettering to the S Shield Device in DC Comics’ trade marks, as can be seen through the side-by-side comparison of the two devices:



DC Comics submitted that the use of the trade mark together with the BG Shield Device depicted above which mimicked the S Shield Device, demonstrated that the trade mark application was made in bad faith.

However, the Delegate decided to register the trade mark “superman workout”. The Registrar had relied in his decision on the fact that at the date of the hearing Cheqout had removed the BG Shield Device from its website. The Registrar did not accept that the previous use of the BG Shield Device, together with the Superman word mark, amounted to bad faith. DC Comics appealed pressing the ground of Sections 62A pertaining to bad faith, among other grounds.

In the Federal Court Appeal Proceedings, Justice Bennett found that there was no dispute that Superman, his strength and the indicia with which he is associated, including the S Shield Device, were very well known. There was no dispute that DC Comics had licensed the use of its registered Superman marks in Australia in relation to an array of goods, but had not licensed the use of these marks with respect to gyms or personal training.

The evidence was clear that Cheqout’s website had originally displayed the BG Shield Device and that this was only removed after receipt of a “cease and desist” letter sent on behalf of DC Comics.

In evidence adduced before the Registrar, the Director of Cheqout, Mr Gabrielle had stated that the use of the words “superman workout” was designed to:

“... convey to potential users of my exercise program the potential of changing yourself into a muscularly powerful athletic superman ... not to associate my exercise program with the Opponent’s comic book character.”

However, it was held that Mr Gabrielle’s assertion was at odds with the use of the BG Shield Device. The inference was clear, from the immediate use of the trade mark together with the BG Shield Device that, in making the application to register the trade mark, Cheqout intended to use it in combination with the BG Shield Device in order to strengthen the allusion to Superman. The inference could also be drawn that this use was designed to gain a benefit by appropriating Superman indicia and the reputation of the DC Comics superhero, so as to further the viewer’s association between the trade mark and the Superman word mark.

This was considered to be a “relevant circumstance” in a consideration of bad faith for the purposes of Section 62A.

Her Honour stated that Section 62A was introduced into the Act as a separate ground of opposition to the registration of a trade mark. Evidence that the use of a mark is likely

to cause confusion or deception may be persuasive in considering whether the application to register a mark was in bad faith, but Section 62A does not require the Opponent to establish that the use of the trade mark would result in deception or confusion.

Bennett J found that DC Comics had established that Cheqout made the application for the trade mark in bad faith. This was evidenced by the use, soon after the application, of the word Superman together with the BG Shield Device, in the context of male fitness and strength. Her Honour noted also that the red, white and blue colours traditionally used in conjunction with the Superman character were used by Cheqout together with the BG Shield Device. The design of the BG Shield Device closely resembled the insignia closely associated with the DC Comics character and the DC Comics registered trade marks. Her Honour was satisfied that at the date of application for the trade mark, Cheqout's conduct fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons.

The appeal from the decision of the delegate of the Registrar was allowed and the application to register the trade mark was refused.

- ***Fry Consulting Pty Ltd v Sports Warehouse Inc*** (No.2) [2012] FCA 81 in a Judgment recently handed down by Dodds-Streeton J of the Federal Court of Australia.

Sports Warehouse, a US Corporation, sold tennis goods online under the trade mark TENNIS WAREHOUSE since 1994 primarily to the United States market, but later expanding to Australia. Fry Consulting, a local Australian company, sold the same types of products online in Australia via the domain name *www.tenniswarehouse.com.au* since 2004. Mr. Fry in full knowledge of the US business Sports Warehouse and its use of TENNIS WAREHOUSE in the United States and in Australia, applied to register the trade mark TENNIS WAREHOUSE AUSTRALIA in a stylized form, which action led to the Opposition Proceedings.

The parties were involved in negotiations in 2004, but further discussions were delayed for almost two years. Fry's business gradually increased in Australia and in 2006, he requested that Sports Warehouse stop using the name "TENNIS WAREHOUSE" in Australia.

This was met by Sports Warehouse opposing Fry's application for registration of TENNIS WAREHOUSE AUSTRALIA. The Trade Marks Office refused the Registration under Section 44, as it was deemed deceptively similar to Sports Warehouse's prior pending application for Tennis Warehouse, following which, Fry appealed to the Federal Court. At first instance, Kenny J rejected Sports Warehouse's application for TENNIS WAREHOUSE Mark, which meant that this application was no longer pending and therefore that the Section 44 ground was no longer available to Sports Warehouse. Accordingly, the Opposition was pressed in the Federal Court under Sections 41, 60 and 62A of *The Act*.

The pivotal point of the case was the fact that Sports Warehouse did not act sufficiently swiftly to prove its rights in its mark TENNIS WAREHOUSE. If Mr. Fry had

attempted to register the mark in 2004, the Court considered that it may have been in bad faith or may have counted as passing-off. However, as the TENNIS WAREHOUSE trade mark was not registered in Australia and the company could not prove any entitlement to it, this was not the case. In his mind, Fry was not doing anything wrong at the time that he applied to register the trade mark. He had conducted relevant searches and had offered to change names should Sports Warehouse prove entitlement to the mark. This was a consideration in the subjective part of the test for bad faith.

In her Judgment, Dodds-Streeton J stated:

“...in my view, mere negligence, incompetence or a lack of prudence to reasonable and experienced standards would not, in themselves, suffice, as the concept of bad faith imports conduct which, irrespective of the form it takes, is of an unscrupulous, underhand or unconscientious character.”

Important points to be taken from this case are that:

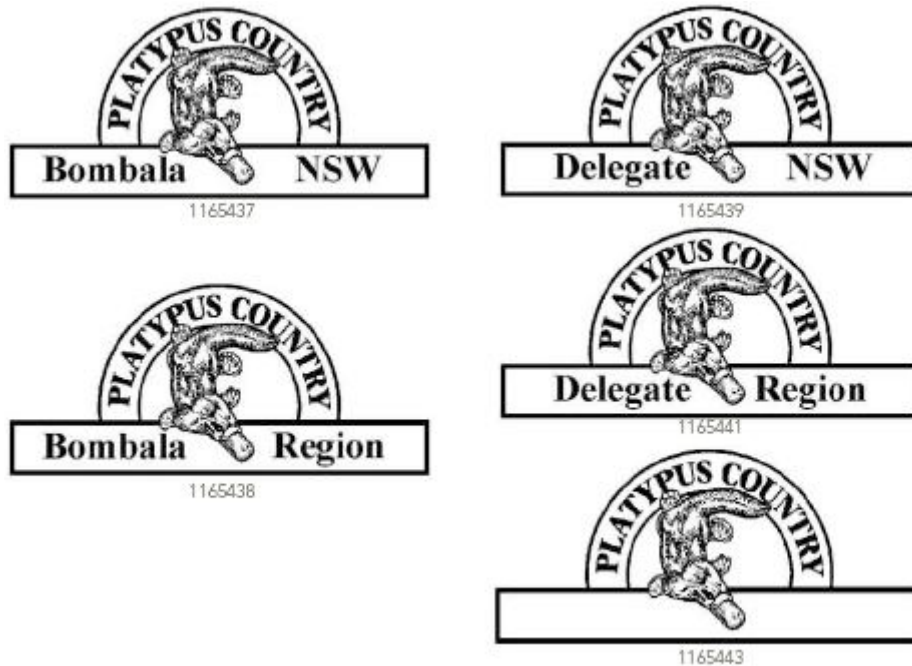
- bad faith must be at the time of filing the Application;
- the Opponent bears the onus, on the balance of probabilities, to prove that bad faith occurred;
- dishonesty and fraud are not required, although they are included; and
- bad faith is a wider notion and could potentially be applicable to diverse species of conduct.

Further, it is relevant to consider the Applicant’s subjective intentions and the standards of acceptable commercial behavior observed by reasonable and experiences persons in a particular area. Negligence or incompetence is not sufficient to prove bad faith on their own. The concept of bad faith imports conduct, which, irrespective of the form it takes, is of an unscrupulous, underhand or unconscientious character. Mere awareness of an overseas company owning a mark and using it or intending to use it in Australia, is insufficient to constitute bad faith.

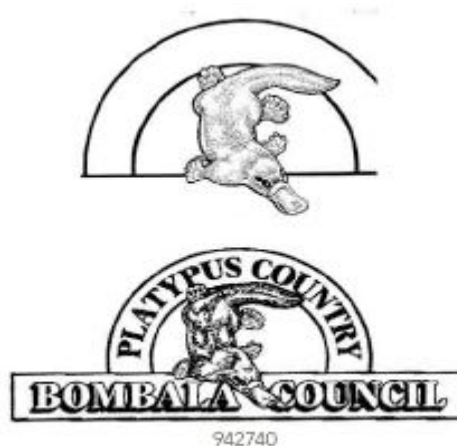
- In ***Hard Coffee Pty Limited v Hard Coffee Main Beach Pty Limited*** [2009] ATMO 26 (1 April 2009), Hard Coffee Pty Limited (hereinafter “Hard Coffee”) successfully opposed applications to register the trade marks HARDCOFFEE MAIN BEACH and HARDCOFFEE in Classes 30 and 43 covering “*coffee shop services, catering-related services, coffees and other beverages typically offered by coffee shops*”. Hard Coffee had sold one of its coffee shops to M.B Raymond & Co Pty Limited and the Director of this company, Mr. Raymond, was also the Director of the Applicant, Hard Coffee Main Beach Pty Limited. The contract of sale between Hard Coffee and M.B Raymond & Co Pty Limited expressly stated that Hard Coffee retained ownership of the intellectual property in the HARD COFFEE name.
The Hearing Officer was of the view that the trade mark applications were filed “*in the face of rights that Mr. Raymond had previously acknowledged*” and that, having signed the contract of sale, Mr. Raymond had a responsibility not to file the applications.

In this Trade Mark Opposition, the Applicant did not file any evidence or submissions in response to the Opponent's evidence in support of the Opposition. This failure to file evidence in answer was considered by the Hearing Officer to strengthen the Opponent's case of bad faith.

- In *Bombala Council v Peter Wilkshire* [2009] ATMO 33 (26 May 2009,) Peter Wilkshire (“Wilkshire”) filed applications on 11 March 2007 to register five Trade Marks all incorporating the term PLATYPUS COUNTRY, a platypus device under an arch together with the non-distinctive geographic words, for example, “Bombala”, see below:



The Opponent had developed a platypus logo in collaboration with Australian Geographic in 1997, which was identical to the platypus mark applied for by Wilkshire, see below:



The applications filed by Wilkshire in relation to “*retailing goods*” in Class 35 were opposed by Bombala Council, citing several Grounds of Opposition, including Section 62A.

At the Hearing, the Hearing Officer considered the chronology of events leading up to the Opposition, including the long history between the parties. Most notably, the parties were involved in Federal Court Proceedings in 2007, settlement of which resulted in Wilkshire agreeing “*not to threaten the Opponent or the Opponent’s licensee with any form of action in relation to the use of Bombala Council’s 942740 mark.*”

The Opponent submitted that the Applicant applied to register the series of PLATYPUS COUNTRY “*after agreeing to the terms of settlement with the Opponent but before the Federal Court had a chance to make the consent orders.*”

The Applicant maintained an unsupported claim that he created the platypus logo on a fishing trip in 1989. The Applicant also attacked the veracity of the Opponent’s evidence, which included third party declarations corroborating the Opponent’s development of the design.

Although the Hearing Officer found in favour of the Opponent in terms of Section 62A, he was not prepared to find that the Applicant had actually copied the Opponent’s mark, and did not accept that the adoption of an identical platypus device could be the product of coincidence. The Hearing Officer stated that “*on the balance of probabilities, it is more likely that the Applicant copied the Opponent’s marks than the reverse situation.*”

The Hearing Officer referred to two United Kingdom decisions noting that “*the Applicant has ‘applied to register a mark which he has previously recognized as the property of another with whom [he] has a course of dealing or some other relationship’*”, exemplifying bad faith as defined in *William Leith New Century Marquee’s*”.

In considering whether the Applicant’s conduct, including his prior dealings with the Opponent and knowledge of the mark, constituted ‘bad faith’ the Hearing Officer noted: “*the lodgment of the applications after the Applicant has agreed to terms of settlement with the Opponent but before the Federal Court has had an opportunity to issue consent orders, might in the circumstances also amount to an application made in bad faith.*”

The Hearing Officer concluded that: “*I am satisfied that the evidence shows that the circumstances were such that a ‘reasonable person’ standing in the shoes of the Applicant, would have been aware that he/she ought not to apply for trade mark registration.*”

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

Section 62 of *The Act* states that:

The registration of a trade mark may be opposed on the ground that:

- (b) the Registrar accepted the application for registration on the basis of evidence or representations that were false in material particulars.

Section 62A of *The Act* states that:

The registration of a trade mark may be opposed on the ground that the application was made in bad faith.

Section 92(4)(a) deals with removal of the trade mark from the Register:

In order for a "*non-use application*" for removal to succeed, two elements must be satisfied:

- there was no intention in good faith to use/authorise to use/assign to use, **and**
- there is no use in Australia, or there is no *bona fide* use in Australia.

A person whose interests are adversely affected by the fact that a trade mark is or may be registered may apply for the trade mark to be removed from the Register on one of the following grounds:

- The trade mark application was filed without the intention in good faith to use the trade mark in Australia in relation to the goods and/or services to which the non-use application relates, and the registered owner has not in fact used the trade mark in good faith in Australia; or
- the mark has not been used in Australia (in good faith) for a period of three years ending one month prior to the filing of the non-use removal application.

The registered owner can oppose the removal by filing a Notice of Opposition and the Registrar of Trade Marks decides on the evidence whether or not to remove the trade mark registration (in whole or in part) from the Register.

Under the Act, it had been assumed that where a "*non-use application*" is based on an allegation of bad faith, the burden of proof was on the Applicants. It now appears from a recent Decision that the registered owner must show that its intentions were bona fide in registering the mark initially, when raising an Opposition to a non-use application under Section 92 of the Act. Owners therefore bear the onus of showing good faith use, in addition to establishing a good faith intention.

5. Please describe the forum and procedure that must be followed in invalidation, cancellation and opposition proceedings regarding bad faith.

Trade Mark Opposition Proceedings

There are two new (*i.e. post-15 April 2013*) mandatory elements of the process relating to Trade Mark Oppositions in Australia:

1. A “Notice of Intention to Oppose” must be filed with the Trade Marks Office within 2 months of advertisement of acceptance in the Australian Official Journal of Trade Marks; and
2. A “Statement of Grounds and Particulars” setting out the grounds of opposition and the material facts which particularise each of those grounds must be filed with Trade Marks Office within 1 month of filing a Notice of Intention to Oppose.

The Statement of Grounds is a new procedural step implemented by the Act. The grounds claimed must be “adequate”. An application is treated as opposed only when both the Notice of Intention to Oppose and the Statement of Grounds are filed.

Amendments to the Statement of Grounds will be allowed only under tightly controlled circumstances. For example, new opposition grounds will only be permitted if the opponent could not reasonably have been aware of those grounds at the time of filing the Statement of Grounds.

Defending an Opposed Trade Mark Application

In order for an application to be maintained and the opposition to be defended, an Applicant must now defend their trade mark application through filing a “Notice of Intention to Defend”. This can only be filed after both the “Notice of Intention to Oppose” and the Statement of Grounds are filed by the opponent and accepted by the Registrar.

The “Notice of Intention to Defend” must be filed by the Applicant with the Trade Marks Office within 1 month from the day the Applicant is given a copy of the Statement of Grounds. If the Applicant fails to do this, the trade mark application will lapse. This deadline may be extended under certain circumstances.

The “Notice of Intention to Defend” must include an Australian Address for Service. This may be relevant for overseas Applicants who have not provided an Australian Address for Service when filing the trade mark.

Evidence

Once both the “Notice of Intention to Oppose” and “Notice of Intention to Defend” have been filed, the following procedure will now apply:

- the Opponent has three months to file its Evidence in Support;
- the Applicant then has three months to file its Evidence in Answer; and
- the Opponent then has two months (which was previously three months) to file its Evidence in Reply;
- It is no longer possible to file further evidence.

Extensions of Time

The Act has removed the “easy” (or automatic) extension of time periods that currently exist. It will now be at the Registrar’s discretion whether an extension of time will be granted to either party in Opposition Proceedings.

Extensions will only be allowed where:

The Registrar is satisfied that:

- The relevant party has made **all reasonable efforts to meet the deadline** and the failure to meet the deadline occurs despite the relevant party acting diligently and promptly in respect to filing the relevant document/evidence; or
- there are “exceptional circumstances”.

If allowed, the length of the extension will be at the Registrar’s discretion and may be for a period of less than one month, which is a dramatic change to the current procedure.

Cooling-off Period

With the consent of both parties, a “cooling-off period” can be requested, by application to the Registrar, at any time after Opposition Proceedings have commenced. This will allow parties to conduct negotiations and research with the objective of reaching a negotiated settlement. Proceedings can be suspended for an initial period of 6 months up to a maximum of 12 months, and all parties involved in the opposition must consent. The Registrar will only grant one cooling-off period.

Hearing

Either party may request a Hearing after the evidence is filed. The Registrar must convene a Hearing, if requested. The Registrar may also call for a Hearing. The Registrar has a discretion regarding whether or not to hold an oral Hearing, or to hear the matter based on written submissions.

If the Registrar decides to hear the matter in person, the Opponent must file a summary of submissions 10 business days before the Hearing and the Applicant must file its summary of submissions no later than 5 business days before the Hearing. Failure to comply with these deadlines can have adverse cost consequences.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

The recent Decisions relating to bad faith that have issued from the Trade Marks Office confirm that the onus of demonstrating “bad faith” falls on the Opponent and must be proven to the requisite standard of proof, namely on the balance of probabilities. It must be shown that the conduct in question involves a degree of dishonesty and that the Applicant, as a reasonable person, ought to have known that they should not have filed the Application.

Although these Decisions give some indication regarding the interpretation of Section 62A by the Trade Marks Office, the question as to whether bad faith will be found to

exist in a situation where an as yet unused overseas trade mark is appropriated by an Australian Applicant for the purposes of registration remains open. This practice has hitherto been considered by the Courts to amount to nothing more than “*sharp business practice*” and to therefore be acceptable. However, Section 62A may give rise to a challenge to this position, especially if registration in Australia is sought for the express purpose of selling the trade mark to the overseas owner.

BRAZIL

Contributor: Luiz Edgard Montauray Pimenta and Ana Paula Affonso Brito

Montauray Pimenta, Machado e Vieira de Mello

Rio de Janeiro

Brazil

www.montauray.com.br

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? Yes/No.

Yes. The “bad faith” concept is recognized in Brazil in connection with documents or statements submitted to the Trade Mark Office, as well as in connection with any other evidence, as Brazilian Civil Law admits all kinds of proofs, as long as they are not unlawful, giving them relative value.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

Brazilian Trade Mark Law, issued on May 14, 1996, has introduced a special Provision to recognize the concept of “bad faith” related to trade mark applications/registrations in Brazil.

The Section 124, XXIII, states that:

“shall not be registered as trade marks a sign that imitates or reproduces, either wholly or in part, a trade mark which the applicant clearly could not be unaware of as a result of his activity, in the name of a person established or domiciled in Brazilian territory or in a country that is bound to Brazil by agreement, or that assures reciprocity of treatment, if the mark is intended to identify identical, similar or related products or services liable to cause confusion or association with the other person’s mark”.

Accordingly, the definition of “bad faith”, not only takes into consideration the well-known status of a prior trade mark (Article 6*bis* of the Paris Convention applied), but also the analysis of the Applicant’s purpose/intent, which could not fail to have knowledge of a prior mark and its ownership.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

Bad-faith evidence cannot be listed, neither it is possible to indicate the required elements to attest to it in Brazil, since the Brazilian legal system considers all proper evidence: documentary, testimonial, expert evidence; which means that any demonstrative evidence, as long as convincing and well-supported, can be admitted.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

The burden of proof relies upon one who claims a third party bad faith attitude. Accordingly, the Applicant/Owner shall not be requested to prove negative evidence, neither shall he be requested to prove that a submission was not made in “bad faith”. Instead, one who claims the bad faith has to prove that a submission was made in bad faith. Notwithstanding this, in the Brazilian legal system, the ignorance of a law cannot be argued as an excuse not to comply with it, according to *Brazilian Civil Code Introduction Law*, Section 3.

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”? No.

Although the Brazilian Trade Mark Office, as a Federal Agency, could reverse its own decisions whenever attested any nullity/invalidity on its acts, experience has shown that identification of “bad faith” is very limited at the Administrative instance, and whenever Section 124, XXIII is argued on Oppositions or Administrative Cancellation Proceedings, unless there is an indisputable evidence about the knowledge of the prior mark (whether Registered or not in Brazil), the analysis of bad faith, in most cases, will need to be submitted to a judicial level, on the grounds of a Federal lawsuit proceeding.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

Please see answer above.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

The withdrawal of a trade mark application or the renouncing of a trade mark registration, which was possibly filed/registered in “bad faith” is possible, at any time. However, the filing/registration could itself be considered as an element to support a potential compensation lawsuit in the case where the prior mark owner has suffered damages in Brazilian market as a result of the infringement.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

The submission of a trade mark application in “bad faith” cannot be characterized as an invalid, void or voidable act, as Brazil adopts the attributive system of trade mark protection, that is, its property as well as its right of exclusive use in the national territory is only acquired with the registration validly issued by the Trade Mark Office. There are some exceptions to the general rule, such as:

- legitimate prior use rights (Section 129, § 1°);

- well-known trade mark rights (Section 126, harmonized with the Paris Convention, Article 6bis); as well as the
- the situation described in Article 124, XXIII of *Brazilian Law*.

However, even in such occasions, an Opposition, an Administrative Nullity or a Judicial Nullity shall not be taken into consideration when based on such exceptions, if there is failure to submit evidence within a period of 60 (sixty) days counted from the date on which the Actions are filed, that an application to register the trade mark was filed pursuant to the Brazilian Law.

On the other hand, the issuance of a “bad faith” trade mark registration by the Trade Mark Office is a void act. According to the Article 6bis (3) of the Paris Convention, which was internalized in the Brazilian Legal System by the issuance of Decree 75.572/1975, “no time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks Registered or used in bad faith”. Accordingly, as a void act, it has no validity *ab initio* and can be challenged by anyone at any time and its effect shall be retroactive in time.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

The “bad faith” concept can be a basis for filing Oppositions and Cancellation/Nullity administrative proceedings at the Trade Mark Office, and/or Trade Mark Cancellation/Nullity lawsuits against the Brazilian Trade Mark Office, and against the “bad faith” trade mark owner. It is important to keep in mind that in Brazil, it is not necessary to exhaust the steps of the administrative instance before filing a lawsuit at the Courts. Indeed, to claim a “bad faith” trade mark application/registration, the infringed party does not need to have a registered trade mark in Brazil, however, shall file its own trade mark application in Brazil within 60 (sixty) days of the filing of the administrative or judicial nullity proceeding.

- f. Any other consequences?

The “bad faith” concept can also be a basis for filing an infringement lawsuit against the trade mark Applicant/Owner, as losses and damages are not computed on Cancellation/Nullity lawsuits filed also against the Trade Mark Office.

3. Please give some examples of actual “bad faith” filings in your country.

Some examples of “bad faith” registrations (see answer 2, “d”) which were cancelled, in view of Cancellation/Nullity lawsuits, or even awarded in view of Divestiture of title actions are the following:

- “TASCO” - *In Re* Tasco Worldwide Inc. v. BPTO and BMA Ind. Com. Ltda.– Appeal nr 200151015318359. Registration nr. 817264280 cancelled. Decision published on Sept. 14, 2006.

- “COACH” - Coach Inc. v. BPTO and Fasolo Artefatos de Couto Ltda. – Appeal nr 2005.02.01.004470-4. Registrations nrs. 811.811.174 and 810.892.480 suspended. Decision published on Feb. 27, 2007.
 - “TÔNICO FONTANA” - *In Re* D.M Ind. Farmacêutica v. BPTO and Balladanassi Ind. e Com. de Produtos Farmacêuticos Ltda. – Appeal nr. 2002.02010002009. Registration nr. 817.115.757 cancelled. Decision published on March 12, 2007 (on the grounds of “BIOTÔNICO FONTOURA”).
 - “SHARP” - *In Re* Sharp Corp v. BPTO and Sharp S/A Equipamentos Eletrônicos. – Appeal nr. 2003.5101.5007405. Registration nr. 003.501.876 awarded by the Plaintiff. Decision published on August 2nd, 2006.
 - “TROUSSEAUD YATCHING”, *In Re* Trousseau Ind. e Com. Ltda. v. BPTO and Romaria Empreendimentos Ltda. Appeal nr. 2006.51015379401. Registration nr. 821.206.222 cancelled. Decision published on Dec. 06, 2011.
4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.
- Please, see answer above.
5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.
- Please, see answer 2 d. and e.
6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

The best strategy that could be adopted to minimize the risks of “bad faith” filings is the pursuit by the legitimate owner of its trade mark protection in Brazil by filing trade mark applications, prior to starting negotiations with a Brazilian company or Distributor.

As attested to in our case law, most of the “bad faith” filings are a consequence of business or distribution contractual terminations, as the previously authorized “licensed” company takes advantage of the original Trade Mark Owner’s lack of protection in Brazil.

Any license/distribution agreement must have a provision stating that the licensee or local distributor recognizes that the licensor or supplier is the legitimate owner of the trade mark rights related to the licensed mark, and that it is agreed that licensee/local distributor will not file the licensed mark for registration in Brazil in its own name, and not file non-use cancellation actions against the corresponding registration(s).

CANADA

Contributor: Douglas G. W. Fyfe

GOWLINGS

Ottawa

Canada

www.gowlings.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

The concept has been present in Canadian Trade Mark law for many years, particularly in the context of opposition proceedings, but until very recently had never been substantively expounded upon. Two recent Trade Marks Opposition Board decisions have specifically touched on the notion of “bad faith” and provided some guidance as to what may be considered “bad faith”. However, the state of the law on this subject is still essentially undeveloped.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

There is no statutory definition of “bad faith” in the *Trade Marks Act* (the “*Act*”) or any other statutes touching on Trade Mark law. The case law on the subject is limited and a clear definition of what constitutes “bad faith” has yet to be developed.

To date the concept of “bad faith” has been addressed in a limited manner on a case-by-case basis, typically in Trade Mark Opposition Proceedings and has generally been characterized as the absence of “good faith”. The jumping-off point for discussing “bad faith” in the context of Trade Mark Opposition Proceedings to date has by and large been the statutory requirement set out in Section 30(i) of the Act that an Applicant must include in its application a statement that “*the Applicant is satisfied that he is entitled to use the trade mark in Canada in association with the wares or services described in the application.*”

This required statement is generally considered to represent an agreement “*between the Applicant and the public, establishing that all information and supporting evidence, including revisions or additions of same, have been submitted in good faith, and that the application as it stands is approved by the Applicant.*”

The statement provided by an Applicant pursuant to Section 30(i) purports to show the Applicant’s good faith in submitting its application. Where an Applicant has provided the statement required by Section 30(i), an opposition based on this ground will only succeed in exceptional cases, such as where there is evidence of “bad faith” on the part of the Applicant.

In the context of challenging trade mark registrations on the basis of misstatements made in the course of prosecuting the application, although not necessarily approached

through the prism of “bad faith”, the case law has established that a misstatement may invalidate a registration if: (1) the statement is fraudulent and intentional; or (2) the statement is innocent, but without it the barriers to the registrability of the mark would be insurmountable. For instance, a registration may be found invalid if the Applicant had not actually used the trade mark prior to the registration in a prior use application, or where the Applicant had not actually used the mark contrary to a signed declaration of use in a proposed use application.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

In Trade Mark Opposition Proceedings, the evidentiary burden on the opponent alleging “bad faith” only requires sufficient evidence from which it could reasonably be concluded that the facts alleged to support the issue exist. If the opponent meets this initial evidentiary burden, the issue is in play and the legal burden then shifts to the Applicant to show on a balance of probabilities that the application formally and substantively complies with the requirements of Section 30(i). It should be noted that it is well-established that an opposition on the basis of non-compliance with Section 30(i) will only succeed in exceptional circumstances.

In the decided cases, “bad faith”, or more precisely, the lack of good faith, has been inferred from the surrounding circumstances resulting in a finding that the Applicant had not substantively complied with the statement required under Section 30(i) regarding its entitlement to use the mark.

The case of *Cerverceria Modelo, SA de CV v Marcon* (2008), 70 CPR (4th) 355, is the first case decided by the Trade Marks Opposition Board that allowed an opposition, in part, on the basis that the Applicant did not file an application in good faith. The circumstances of the case are somewhat unique. The Applicant, an individual, filed an application to register the trade mark CORONA in association with a variety of beverages and beverage bottling services. The Opponent, the owner of the well-known trade mark CORONA for beer, filed evidence which included cross-examination transcripts of the Applicant, establishing that: (1) the applicant Marcon had filed at least 18 applications for other arguably well-known marks for arguably related wares including: HEINEKEN, BUDWEISER, JACK DANIEL’S, DOM PERIGNON, EVIAN, CHANEL, BAYER and L’OREAL PARIS among others; and, (2) the application as initially filed included “beer” and the Applicant’s testimony in cross-examination established that he understood that it was inappropriate for the application to cover “beer” (these goods were later deleted from the application). The Opposition Board found that these facts qualified the case as “exceptional” and put the good faith “entitlement” issue into question shifting the legal burden to the Applicant to establish grounds for his belief in his entitlement. The Applicant was unable to convince the Opposition Board of his good faith belief in entitlement, despite filing evidence purporting to establish that he had a genuine interest in using the marks in association with the claimed goods and services.

In a more recent case, *FreemantleMedia North America Inc v Wright Alternative Advertising Inc*, 77 C.P.R. (4th) 311 at para 18, the Opposition Board confirmed that “Section 30(i) ground should only succeed in exceptional cases, such as when there is evidence of bad faith on the part of the applicant.” In this case, the Applicant filed an application to register the trade mark CANADIAN IDOL in association with television talent show services. The application was opposed by Fremantle Media, an affiliate of the company behind the British POP IDOL series, as well as AMERICAN IDOL and CANADIAN IDOL television singing competitions. Although the application contained the required Section 30(i) statement regarding entitlement and, therefore, formally complied with the requirements of that section, the Opposition Board found that the facts of the case were exceptional allowing the Board to look behind formal compliance to determine whether the application was, in fact, filed in good faith. The Board held that the testimony of the Applicant’s representative raised “suspicion” about the Applicant’s good faith in submitting the application. The testimony in question showed that the Applicant “did not fully understand what services she was filing her CANADIAN IDOL trade mark application for”. The Opposition Board found that the evidence met the Opponent’s initial evidential burden and the burden then shifted to the Applicant to show, on a balance of probabilities that the application was filed in good faith. The Applicant failed to convince the Board of its good faith belief in its entitlement to use the CANADIAN IDOL mark in Canada in association with the claimed services and its application was rejected.

In the context of court proceedings seeking to invalidate a trade mark registration, a misstatement made during the prosecution of the application may invalidate a registration if: (1) the statement is fraudulent and intentional; or (2) the statement is innocent, but without it the barriers to the registrability of the mark would be insurmountable. In order to establish a fraudulent statement, it must be shown that the party making the statement intended to deceive the Registrar, a high burden. If the registration contains material false statements, the registration may be found to be invalid, even if there was no intention on the part of the Applicant to mislead the Registrar. However, not every material misstatement made in the processing of a registration necessarily renders the entire resulting registration void; the registrant may have the opportunity to amend the registration to correct a misstatement.

A good example of a registrant’s ability to correct a misstatement arose in the 2009 decision of the Federal Court in *Parfums de Coeur v Christopher Asta* (2009) 71 CPR (4th) 82, 339 FTR 146. This case involved a challenge to a trade mark registration, pursuant to Section 57 of the Act, on the basis that the registration was obtained by means of a declaration of use that contained a materially false statement. In this case, the trade mark owner obtained a trade mark registration by filing a declaration of use for a broad list of wares, despite only having used the trade mark on a limited number of items, on the honest but mistaken belief that he was entitled to do so. The registration issued for the broad statement of wares. The registered owner was subsequently contacted by Parfums de Coeur, who advised that it intended to commence a proceeding to cancel the registration based on the false declaration of use. However, before the proceeding was initiated, the registered owner voluntarily amended its registration to remove all of the items for which it had improperly claimed use in the declaration of

use. The only items that remained in the registration were those that had actually been used and were properly identified in the declaration of use. The registration was ultimately upheld, since at the time of the proceeding challenging the validity of the registration it did not contain any false statements. This case underscores the fact that under Canadian law, an innocent material statement does not necessarily render the entire registration void *ab initio*, and a registrant may have the opportunity to amend the registration to correct a good faith misstatement.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

The law in this area is relatively underdeveloped since there have been very few cases where the matter of “bad faith” was actually in issue requiring a response from a trade mark applicant to show that its application was not made in “bad faith”.

One of the primary allegations of “bad faith” typically raised in the context of Trade Mark Opposition Proceedings is that the applicant could not in good faith make the “entitlement” statement required under Section 30(i) of the Act, since the applicant was aware of the Opponent’s prior confusing marks. However, the mere knowledge of the Opponent’s rights is not sufficient to maintain a ground of opposition under Section 30(i) of the Act. Moreover, *“the fact that the Applicant might have been aware of the Opponent’s registrations does not prevent it from making the statement required under Section 30 (i) of the Act.”*

In *Cerverceria Modelo, SA de CV v Marcon*, the applicant’s testimony showed that he believed that consumers would not be confused as to the source of the CORONA water and juice products that he would offer. Based on his testimony, it would appear that the applicant did turn his mind to the entitlement issue and came to an apparently genuine but (arguably) incorrect conclusion on whether he would be entitled to use the mark as applied for. Nevertheless, the Opposition Board found that the applicant’s actions brought his good faith into question.

In Court proceedings seeking to invalidate a trade mark registration, showing that the misstatement was innocent will not necessarily save the registration. If the misstatement is not corrected by an owner and was material in the sense that without the misstatement the barriers to registration would have been insurmountable, then the registration could be found invalid, in whole or in part.

2. What are the consequences of “bad faith” in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

No. In examination, the Trade Marks Office will simply confirm formal compliance with the requirements of the Act, including Section 30(i), which simply requires a statement that the applicant is satisfied “that he is entitled to use the trade mark in Canada in association with the wares or services described in the application.”

The Trade Marks Office will not investigate dates of first use or confirm the claims made in a declaration of use.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

There is no mechanism outside of Trade Mark Opposition or Court Proceedings for a third party to take action against “bad faith” filings or claims made during prosecution of an application at the Trade Marks Office.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Where a good faith material misstatement is made, the applicant/registrant may have the opportunity to correct the misstatement with the Trade Marks Office and the registration may not be considered invalid. See, for example the discussion above at 2(b) regarding the *Parfums de Coeur v Christopher Asta* case. However, it must be noted that innocent or good faith misstatements may not always be curable. For instance, where a trade mark has not been used at all at the time a declaration of use was filed, the registrant will not have the ability to remedy this defect and the registration could be found to be invalid if challenged in a court proceeding.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

A material misstatement is not necessarily, invalid, void or voidable. As noted above, where a good faith material misstatement is made, the applicant/registrant may have the opportunity to correct the misstatement with the Trade Marks Office and the registration may not be considered void *ab initio* or invalid. However, innocent or good faith misstatements made in the prosecution of an application may not always be curable. For instance, where a trade mark has not been used at all at the time a declaration of use was filed, the registrant will not have the ability to remedy this defect and the registration could be found to be invalid if challenged in a court proceeding.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes, “bad faith”, or more accurately, a lack of “good faith” is an element upon which a ground of opposition may be founded. To date, the concept of “bad faith” has not been applied to challenge the validity of trade marks beyond opposition proceedings.

While the validity of a trade mark registration can be challenged in court on the basis of material misrepresentations, such cases have not framed the analysis in terms of “bad faith” *per se*, but rather whether there were material misstatement made during the prosecution of the application.

- 3. Please give some examples of actual “bad faith” filings in your country.

Cerverceria Modelo, SA de CV v Marcon, FremantleMedia North America Inc v Wright Alternative Advertising, discussed in detail above in response to question 2(b), are two recent cases touching on the issue of “bad faith” filings in Canada.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

There is no statutory definition of “bad faith” in the Act, nor in any other statute in relation to trade marks. To date, the concept of “bad faith” has only been explored in a very limited number of Trade Mark Opposition Board decisions and no substantive definition has yet emerged. The relevant case law on the issue of “bad faith” stemming primarily from the Trade Mark Opposition Board is discussed in detail above. The *Trade Marks Act* is the statute that sets out the relevant provisions related to trade marks. In the context of challenging a trade mark application on “bad faith” grounds, Opponents typically invoke Section 30(i) of the Act as the basis for this ground of opposition. Section 57 of the Act provides the Federal Court of Canada with exclusive jurisdiction over proceedings challenging the validity of trade mark registrations.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

Section 57 of the Act allows an interested party to challenge the validity of a trade mark registration by way of an application to the Federal Court of Canada, in part, on the basis that the registration was obtained by way of a material misstatement that was fundamental to the registration.

The other form to contest “bad faith” filings arises prior to registration and is brought by way of an Opposition to a trade mark application. Such a proceeding must be initiated within a two-month window immediately following the advertisement of the impugned application. The allegation that an application was not filed in good faith is raised before the Opposition Board by claiming in a Statement of Opposition that the application does not comply with the requirements of Section 30(i) of the Act.

As noted above, before the issue may be considered by the Opposition Board, the Opponent raising such an allegation has an initial evidential burden to file sufficient evidence from which it could reasonably be concluded that the facts alleged to support the issue exist. If the Opponent meets this initial evidentiary burden, the issue is in play and the legal burden then shifts to the applicant to show that, on a balance of probabilities, the application formally and substantively complies with the requirements of Section 30(i) of the Act.

If the Opponent fails to file sufficient evidence to put the matter in issue, the ground of opposition will be rejected. This is typically the case. However, if the Opponent is able to put the matter in issue by filing sufficient evidence and the applicant fails to persuade the Opposition Board of its good faith claim to “entitlement”, the application will be rejected.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

Since the concept of “bad faith” filings in Canada is relatively undeveloped, it can be difficult to identify and challenge such filings. Also, since the mechanism through which a “bad faith” filing can be challenged in opposition essentially requires the Opponent to file evidence shedding light on the Applicant’s intention behind filing the application, it can be even more difficult for an Opponent to meet its evidential burden to get the matter of “bad faith” in issue. The case law would suggest that diligence by brand owners in identifying Applicants that demonstrate a pattern of behavior suggestive of “bad faith” filings (*i.e.* applications riding on the coattails of well-known brands) would be a recommended strategy.

Also, brand owners would be wise to keep a watchful eye out for registrations obtained on the basis of declarations of use which are suspiciously broad. If the claims made in a Declaration of Use do not accord with the reality of the extent of use in the marketplace, the registration may have been obtained through a material misstatement and its validity could be challenged on this basis.

CHINA

Contributor: Dr. Qiang Ma

JUN HE

Beijing

China

www.junhe.com

Questions:

1. Is the concept of ‘bad faith’ recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

- a. What is the definition of bad faith; what constitutes ‘bad faith’?

The concept of “bad faith” is not defined in Chinese laws and regulations. According to a senior official of the Trademark Review and Adjudication Board (“TRAB”): “*Bad faith is a mental state of a person in that he knew or should have known that the trademark in question originated from a third party.*”

In the Trademark Adjudication Guidelines issued by the China Trademark Office (“CTMO”) and TRAB to decide the existence of “bad faith” in the context of Article 13 of the Trademark Law concerning protection of well-known trademarks, the following factors need to be taken into consideration:

- a) The Applicant and the prior user of the trademark have had business contacts or cooperation;
- b) the Applicant and the prior user are in the same area or both goods/ services have same distribution channel and territorial scope;
- c) the Applicant and the prior user have had other disputes to let the applicant become aware of prior user’s trademark;
- d) the Applicant and the prior user have had internal personnel exchanges;
- e) upon the registration of the trademark, the Applicant, with the purpose to seek unfair benefit, uses the reputation and influence of the prior user’s influential trademark to mislead the public, forces the prior user to do business with the applicant, or demands high transfer fee, royalty fee or infringement compensation from the prior user or others;
- f) the other’s trademark has high originality; and

g) other situations indicating the existence of bad faith.

The above identified circumstances justify the definition given by the TRAB official, regarding the mental state of a person clearly knowing or should know that the trademark is a third party.

b. What is required to prove ‘bad faith’? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove bad faith?

There is no such degree of proof of bad faith, only several situations are listed to be taken into consideration in deciding the existence of bad faith. Intent to deceive is not required to prove bad faith.

To determine whether the applicant of the disputed trademark is of bad faith, the CTMO and TRAB Examiner will consider the above-identified circumstances. If the evidential facts clearly show the situation, a CTMO or TRAB Examiner will be likely to decide the existence of “bad faith”.

c. What is required to prove that a submission was not made in bad faith? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove bad faith?

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

It is true that the applicant of a “bad faith” trademark may seek to establish “innocence” for adopting the trademark. However, as long as the well-known trademark owner can submit sufficient evidence and file argument to show the contrary scenario, the CTMO or TRAB Examiner will not believe the false or misleading information submitted.

As an example, the applicant may defend that the opposed or petitioned trademark was filed on reasonable ground claiming that it is an existing meaningful English word and any third party can adopt it under the fair use doctrine of “freedom of expression”. However, in the situation where the prior trademark owner shows the clear knowledge of the applicant of the trademark due to an existing cooperative relationship, such defense would be futile.

2. What are the consequences of bad faith in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith? **Yes.**
- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith? **No.**

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

A person making a false submission can recall or correct the submission that was made in bad faith.

- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?

Voidable.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration? Yes.

Actually “bad faith” as a doctrine existed in the articles of the *Trademark Law* for opposing an application or invalidating, removing or cancelling a registration, including Article 13, which is directed to “*well-known mark protection*”; Article 15 which is directed to where “*a representative hijacks the trademark of its partner*”; Article 31 which is directed to “*protection of an influential unregistered mark or earlier civil rights*”; and Article 41-1 which is directed to “*registration easily to deceive and mislead*”.

- f. Other consequences?

In a case where an applicant seeks registration of many trademarks simultaneously, assuming the marks are identical or similar to many earlier famous marks, it is considered by the Court to be “phenomenal hijacking” and the applicant of each trademark will easily fall within of regimen of “bad faith”.

- 3. Please give some examples of actual bad faith filings in your country.

A. LAUREN HUTTON in Class 3

B. FRANK SINATRA in Class 25

C. PHILIMP LIM in Class 18

D. DONALD TRUMP in Class 36









E. JOHNNY CASH in Class 25

F. DR.DRE in Class 25

G. SCOTT KAY in Class 14

Type 2: Prior copyrighted trademarks

- * COILCRAFT in Class 9
- * HOWE in Class 25
- * HOT TOPIC in Class 35
- * MILBANK in Class 9
- * UPS Device in Class 9
- * Tree Design in Class 36
- * BURPEE in Class 31
- * Crane Device in Class 11

- Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

As provided in Article 31 of the *Trademark Law*, in applying for the registration of a trademark, neither the existing prior rights of another party shall be damaged, nor shall any trademark that has been used by such party and has become influential be preemptively registered by any improper means.

As provided in Paragraph 1 of Article 41 of the *Trademark Law*, if a trademark that has been registered violates the provisions of Article 10, Article 11, and Article 12 of this Law, or the registration of the trademark is obtained by deceitful means or other illicit means, the Trademark Office shall cancel that registered trademark; and other units or individuals may request the TRAB to cancel that registered trademark.

The Paragraph 2 accompanying Article 13 provides that within five years of the registration of a trademark that involves the copying, imitation or translation of a well-known trademark, the owner of the well-known trademark or an interested party may apply to a TRAB for the cancellation of the registration of the trademark; however, such applications are not subject to the five-year time limit in case of trademark registration in bad faith.

Article 15 provides that a trademark shall not be registered and its use shall be prohibited if the agent or representative of the person who is the owner of a trademark applies, without authorization, for the registration of the trademark in his own name and if the owner raises an opposition.

In a recent appeal case heard by the Beijing Higher People's Court, the judges clearly

noticed that the Applicant sought registration of many famous trademarks owned by others. The judges then conclude the existence of “bad faith”, pointing out that this was “phenomenal hijacking”, and sustained the petitioner’s opposition request.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

- 1) Opposition: CTMO; Opposition Appeal: TRAB
- 2) Cancellation – TRAB
- 3) Cancellation, Opposition Appeal – open hearing - TRAB
- 4) Appeals in three judicial levels:
 - i. Beijing No.1 Intermediate People’s Court
 - ii. Beijing Higher People’s Court
 - iii. Supreme Court of China (retrial proceeding) - Retrial Forum

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

➤ **Emphasis on bad faith in the arguments:**

- 1) Absence of reply.
- 2) High reputation of earlier trademark.
- 3) Finding the Actual use intention of the applicant. In most cases of “bad faith”, the applicant has no intention to use, which can be evidenced by conducting an on-line search.
- 4) High quotation of applicant in selling the mark. Such evidence should be notarized in a well-arranged investigation.
- 5) Copy of identical copyrighted design.
- 6) Simultaneous filings of famous trademarks, etc.

➤ **Lobbying activities in opposition review/cancellation:**

- 1) Embassy's letter seeking fair examination of the cases.
- 2) Visit of senior officials of well-known trademark owner to the Trade Mark Office: CTMO and TRAB.
- 3) Attorney's meeting with re-examiners and examination directors clarifying the arguments.
- 4) Supplementation of similar TRAB and Court decisions during the Proceeding.
- 5) Following-up of the internal flow of the Opposition and cancellation cases.

EUROPEAN COMMUNITY TRADE MARK

Contributor: Ms. Karla Hughes

Hogan Lovells (Alicante) S.L. & Cia.

Alicante

Spain

www.hoganlovells.com

Questions:

1. Is the concept of 'bad faith' recognized in your country in connection with documents or statements submitted to the Trade Marks Office?

No – except to the extent that a CTM filed in bad faith can be cancelled.

- a. What is the definition of bad faith; what constitutes 'bad faith'?

CTM law (the *Community Trade Mark Regulation*) does not define bad faith. However, OHIM (in its Manual of Trade Mark Practice) defines it as:

"...can be considered to mean 'dishonesty which would fall short of the standards of acceptable commercial behaviour', but this is not a comprehensive definition. Other behaviour may be considered to demonstrate bad faith. Conceptually, bad faith can be understood as 'dishonest intention'..."

In addition, in a recent case before OHIM's Fourth Board of Appeal (see AERMACCHI cited below under item 3), bad faith was defined as:

"tantamount to manifestly dishonest business intentions and comprises situations where reputed trade marks of third parties were filed with which the filer has no connection".

- b. What is required to prove 'bad faith'? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove bad faith?

Various factors will be taken into account in determining whether a CTM was filed in bad faith including: (i) knowledge of a third party's prior right, including business relations with the third party; (ii) intention to misappropriate the reputation of a third party's prior right; (iii) intention to prevent a third party's entry onto the market in the EU; and (iv) intention to circumvent the use requirement (repeat filings).

- c. What is required to prove that a submission was not made in bad faith? For example: Does 'innocent' misunderstanding or ignorance of the law or facts disprove bad faith?

The burden of proof is on the cancellation Applicant.

2. What are the consequences of bad faith in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith?
No.
 - b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?
No - it is up to the party seeking cancellation to prove that the CTM was filed in bad faith.
 - c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?
No, aside from withdrawal of the CTM filed in bad faith.
 - d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?
No, except to the extent that a CTM filed in bad faith can be cancelled.
 - e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?
It is a basis for cancelling a CTM Registration, but it cannot be invoked as a basis for opposing a CTM Application (aside from under the very limited circumstances of where the CTM Application has been filed by an "unfaithful agent" under Article 8 (3) CTMR.
 - f. Other consequences?
There is no equivalent to "fraud on the USPTO" before OHIM.

OHIM will not take documents of dubious veracity into account when deciding the outcome of a proceeding. A clear-cut case of attempt at fraud may trigger penal consequences under the laws of the individual EU member states; however, we have never seen a case of this.
3. Please give some examples of actual bad faith filings in your country.



(Cancelled following the decision of 25 February 2013 of OHIM's Fourth Board of Appeal in Case R2448/2010-4, *Finmeccanica S.p.A. v. Gruppo Canosci, s.l.*);

TONY MONTANA (Cancelled following the decision of 31 October 2012 of OHIM's First Board of Appeal in Case R1163/2011-1, *TURKUAZ KONFEKSIYON YAN ÜRÜNLERİ İMALAT SANAYİ VE DİŞ TİCARET LİMİTED SİRKETİ v. UNIVERSAL CITY STUDIOS LLLP*).

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

Article 52(1)(b) CTMR; and

Article 8(3) CTMR ("unfaithful agent").

In addition, the Court of Justice of the EU has set out factors which may be taken into account in determining whether a CTM was filed in bad faith. See the 11 June 2009 judgment of the Court of Justice in Case C-529/07, *Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH*, ECR 2009 I-04893.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

An invalidity cancellation action or an Opposition (if the CTM application was filed by an "unfaithful agent") must be filed before OHIM. Both procedures are administrative in nature. A Cancellation Action is a post-registration procedure, whereas an Opposition is a pre-registration procedure and must be filed within three-months from the publication of the CTM Application.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

The CTM is a "first to file" system and it is therefore vital for Trade Mark holders to seek CTM protection as soon as possible. The General Court of the EU has adopted a strict approach when considering whether CTMs have been filed in bad faith under Article 52(1)(b) CTMR. As a result, it is not advisable to rely on this provision as the sole means of defeating trade mark hijackers; it should rather be viewed as a last resort.

FINLAND

Contributor: Joose Kilpimaa

KOLSTER OY AB

Helsinki

Finland

www.kolster.fi

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office?

Yes, but not explicitly mentioned in legislation. The concept of “bad faith” only refers to “bad faith” trade mark applications.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

The Section 14 of the *Finnish Trade Marks Act* states:

“A trade mark shall not be registered:

if it is liable to be confused with a trade symbol being used by another party for his goods at the time of the application, and if the applicant was aware of that use at the time of his application and had not used his own mark before the other trade symbol came into use; ...”

The said section is the only one concerning “bad faith” registrations, but there is no actual definition of “bad faith”.

In accordance with the above legislation, filing a trade mark application in the Finnish TMO while knowing that the said mark is being used at the time as a trade mark by another party constitutes “bad faith”. Thus, mere use of a trade mark can provide protection against “bad faith” applications.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

All proof is examined *ex officio* by the TMO. The Office may be notified of any false or misleading information.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

The types of proof regarding a submission are not restricted. “Misunderstanding” may disprove “bad faith” if the earlier trade mark is not particularly well-known. However, it is generally accepted that the later party to enter the market has to make sure that the trade mark applied for is not already in use.

2. What are the consequences of “bad faith” in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”? **Yes.**
 - b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”? **Yes.**
 - c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”? **Normally, yes.**
 - d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

If considered filed in “bad faith” (*i.e.* knowledge of the earlier trade mark in use), an application will be rejected.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes, if the above legislation (Section 14) applies.

3. Please give some examples of actual “bad faith” filings in your country.

Please see above.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

From the beginning of 2013, all Intellectual Property Rights-related appeals and legal proceedings will be dealt in the Market Court. Thus, for example, appeals regarding bad faith trade mark applications will be handled in the Market Court.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

Diligent documentation of all use of a trade mark in Finland should be ensured, especially if the mark is not registered in the Finnish Trade Marks Office. Also, active screening of new Finnish Trade Mark Applications helps in taking actions against possible “bad faith” applications.

FRANCE

Contributor: Mr. Marc-Roger Hirsch

HIRSCH & ASSOCIÉS

Paris
France

www.cabinet-hirsch.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office?

Unlike some countries, the French PTO does not deal with questions of the intentions of Applicants and issues of bad faith and bad faith cannot be raised as an absolute ground of objection, such matters being of necessity the subject of Court Proceedings rather than Registry Proceedings.

There is no definition of “bad faith” in the French Intellectual Property Code (“IPC”). We consequently need to look at case law for examples. Note that, in France, issues of bad faith are generally deemed to be issues of “fraud” considered in its widest sense of some willful device, resorted to with the intent of depriving another of its rights, or in some manner to do it an injury. Thus, in questions of trade mark filings, the view of the French Supreme Court in Commercial Division April 25, 2006, Appeal No. 04-15.641, is that *"a trade mark application is tainted by fraud when it is done with the sole intention of depriving another of a sign required for its activity"*. At the origin of fraudulently-obtained trade mark rights of this type, is knowledge or willful blindness or contrived ignorance on the part of the applicant filing a trade mark in bad faith, or prior use by a third party of the same sign or of a need for this third party to use the sign. In some cases, the existence of such knowledge can be deduced from the fact that such use or potential use is something which is public knowledge. In other cases, it will suffice to demonstrate that the party filing a trade mark in bad faith was perfectly aware of certain circumstances, while in other cases, it is required to demonstrate that the particular circumstances of the matter allow it to be deduced that the party filing a trade mark in bad faith was aware of the rights it was attempting to misappropriate.

Awareness of the rights owned by another can be accompanied by malicious intent, this being most frequently designed to take advantage of commercial efforts made by the victim of fraudulently-obtained trade mark rights (to reap the benefits of a good reputation reflected in the form of valuable property rights which the latter has acquired through its own efforts, for example) or to prevent a competitor using a sign (for example, to set up a monopoly on a market).

In all cases, the result is a misuse of the trade mark system, since the trade mark was filed as a way of getting round the true purpose of the trade mark system, the intention being to deprive competitors or all economic operators in the same field of business of a

sign necessary to their activity rather than to fulfill the true purpose of the trade mark system, that of distinguishing goods and services by identifying their trade origin.

The burden of proving bad faith is on the person alleging it. As said, the French PTO plays no part in this. Before the Courts, the party claiming fraudulently-obtained trade mark rights can in some cases claim ownership of the trade mark filed in bad faith while in other cases, only cancellation of the trade mark is granted.

We examine below the situations that are most frequently encountered and the means in law available:

- Trade mark rights obtained in bad faith
- Trade mark filing to the detriment of third parties or the interests of a profession.

In many cases, French Courts infer the knowledge that the party filing a trade mark in bad faith had of existing rights, or of the existence of contractual relations. This contractual context can take many forms: a commercial partnership, negotiations to sell or sale of a business, a distribution contract, an employment contract or even the existence of pre-contractual discussions: thus, it was held in Supreme Court, Commercial division, January 15, 2002 published in PIBD 2002, No. 738, III, page 133, that a trade mark filed by a party, which had broken off discussions with a company and which was perfectly aware of the latter's plans to set up business in France via a franchise network as had been proposed to that party, was filed fraudulently.

Courts frequently determine that rights were obtained fraudulently simply in view of the degree or scale of use of the rights or reputation from which it was attempted to gain benefit. For example, in a typical case, in Paris Appeal Court, 5th Section, 2nd Chamber, November 16 2012, the Court of Appeal ruled that *"at the time of filing the trade mark at issue, the KKR brand name was well known to a significant part of the relevant public, both in France and abroad, and that when filing a French trade mark for KKR & PE to identify goods and services identical or similar to those of the respondent company, they could not be unaware of the attractiveness attached to the sign in the relevant field; furthermore the prejudice to the well-known mark can result not only from registration of a trade mark which is identical thereto, but also similar"*.

Whether or not the relevant public will be deceived as to the origin of the goods or services is also a criterion. Thus, the ECJ has explicitly indicated in *Adidas*, ECJ, October 20 2003, PIBD 781, 111-128, that there is no need to examine whether there is a risk of confusion between the signs. What counts is to ascertain whether the relevant public, *i.e.*, the consumer for the goods or services, will establish a link between the opposing signs even though he or she does not confuse them.

The notion of fraudulently-obtained trade mark rights may also be invoked when a trade mark is likely to be detrimental to the interests of a particular profession. Thus, the filing of a trade mark for HALLOWEEN to designate sweets and confectionery products without any pre-existing use on the part of the applicant for the trade mark was held to

be fraudulent. According to *Halloween*, Appeal Court of Paris, December 13 2002, PIBD 762/2003, III, p. 216, the Court of Appeal stated that: "*such filing clearly had the intention not of designating a product or a service, but only that of trying to prevent confectionery professionals from freely using the name of this popular feast.*"

- Fraudulent acquisition

Acquisition is fraudulent when the purchase is not done with the aim of consolidating existing rights, but rather with intent to paralyze the activities of a competitor in the process of launching a product with similar qualities, as was reported in Appeal Court of Paris, December 1 2000, PIBD 2001, No. 790, III, p. 237.

If acquisition occurs before or during an infringement action is launched, indications of malicious intent may be inferred from the date on which the sale occurred, as well as from the use (or the absence of use) of the mark assigned. Indeed, buying a trade mark before or after an action is launched, to consolidate an uncontested prior use, is generally considered as a valid act. However, launching an action on the basis of the acquired trade mark against a later filed trade mark is considered a reflection of a malicious intent.

The acquisition of a trade mark, after an action for infringement is launched, as a way of combating an infringement action is also held to be fraudulent. In *Apple v. Circus*, Appeal Court of Paris, September 12 2012, Section 1, 2nd Chamber, the Court held that "*the acquisition of a trade mark during the course of court proceedings, for the sole purpose of defeating an infringement action, characterizes a fraudulent riposte.*"

In another case, reported in First Instance Court of Paris, March 2, 2006, PID de 2006, No. 832, III, p. 438, the Court considered that the strategy consisting in purchasing an older trade mark as a way of getting around the obstacle posed by another earlier trade mark, but more recent, was also held to be fraudulent. The Court held that this acquisition was fraudulent, because it was not done for the purpose of consolidating commercial operations, but rather in an attempt to overcome the obstacle posed by the second earlier trade mark, the existence of which could not be ignored since its owner had refused a coexistence agreement. The assignment of the older trade mark, considered as having been fraudulently entered into, was held not to be enforceable against the owner of the second earlier trade mark.

The fact that a trade mark which has been purchased is not being used is frequently a pointer to the fraudulent nature of the sale to the extent that such a circumstance shows that the purchase of the trade mark had no other purpose than that of allowing the purchaser to oppose possible claims brought by trade mark owners whose rights were known to the purchaser.

- Unjustified keeping of rights in force (as a way of escaping their forfeiture)

It can so happen that, while being perfectly aware that its mark is likely to be forfeited through lack of use, a defendant in an action for forfeiture proceeds with a new filing thereof or the acquisition of a trade mark for the same or a similar sign.

Thus, the fresh filing of a trade mark application subsequent to receiving a summons for Revocation Proceedings was deemed fraudulent.

The First Instance Court of Paris in *Moulin Rouge et al v. DPH Lingerie*, November 30 2012, 3rd Chamber, 3rd Division, has also held that the re-filing of a Community Trade Mark for the same goods as those covered by an earlier Community Trade Mark, which was not being used and was in danger of forfeiture, was fraudulent because "*it allowed the holder to avoid the sanction of revocation thereby depriving the defendant in the Action for infringement of the opportunity of defending itself. To hold otherwise would be to allow, given the successive filings, the owner never to use its trade mark, which is contrary to trade mark law.*"

In another case, *Lamborghini Holding v. Red Bull*, First Instance Court of Paris, November 30 2012, 3rd Chamber, 3rd Division, the Red Bull company had successively filed two signs, one in 1998 for all Classes 1 to 42 and a second one in 2008 to protect the same Classes of Goods and Services with the exception of Classes 25, 28, 32 and 41, but with the addition of Classes 44 and 45. The First Instance Court of Paris considered "*while covering either goods and services already protected by another trade mark or goods and services for which it is neither alleged nor established that it has the intention of using said mark (medical services, funeral services, door lock opening services ...) Red Bull has clearly deviated from the true purpose of trade mark law in order to enjoy a total monopoly on a sign that it is using for very limited goods and services. The trade mark was filed in bad faith and will be cancelled.*"

It was, on the other hand, held in *Dyptique v. JAS Hennessy I Co*, Appeal court of Paris, Pole 5, 1st Chamber, October 26 2011, that the filing of a Community Trade Mark for goods identical to those covered by an earlier French trade mark, even though this trade mark has not been used, does not of itself characterize fraud. Indeed, the Court of Appeal of Paris considered that a Community Trade Mark has a different scope to that of a French trade mark, which it is not intended to replace, and therefore a claim for invalidity of the Community Trade Mark should be rejected ".

Possible actions against trade marks obtained fraudulently in France

As said, bad faith is never taken into consideration by the French Trade Mark Office whether in connection with the filing, transfer of ownership of, or opposition against a trade mark. Even where an Examiner had grounds for believing that a trade mark had been filed in bad faith, this would not stand in the way of the trade mark proceeding to registration. Rights obtained fraudulently can only be contested through the Courts.

Two means in law are available:

- Action to claim ownership

According to Article L 712-6 of the *French Intellectual Property Code*:

“Where registration has been applied for, either fraudulently with respect to the rights of another person or in violation of a statutory or contractual obligation, any person who believes he has a right in the mark may claim ownership by legal proceedings. Except where the applicant has acted in bad faith, such action claiming ownership shall be barred three years after publication of the application for registration”.

Unlike an action for invalidity, the mere use of an earlier sign or mark can be invoked to support an action claiming ownership provided that it is significant enough for the party filing the trade mark in bad faith to have known of, or could not be unaware of, its existence. This action is designed for owners of identical or almost identical trade marks; in all other cases of trade marks filed in bad faith, only invalidation actions are possible.

The success of this action is explained by the fact that it allows the victim of fraudulent acquisition of rights to take advantage of the filing as originally made and possible renewals thereof by the usurper, rather than being obliged once cancellation has been achieved of once again making a first filing of the trade mark, which might in the meantime have become anticipated by a third party.

The party which obtained the trade mark in bad faith is obliged to hand over revenue achieved through use of the trade mark, as reported in First Instance Court of Grenoble, September 20 2000, PIBD 2001, No.714, III, p. 85.

Contracts, authorizations and, generally speaking, all legal acts which the party may have accomplished, and of which registration was the cause, are cancelled.

- Action for invalidity

The French Supreme Court, Commercial Division, June 1, 1999, PIBD 2000, No. 691, III, p. 61, has stated that the victim of fraudulently-obtained trade mark rights can always choose between an action for invalidity and an action to claim ownership in these terms: *"Article L 712-6 of the French IPC does not stand in the way of the victim of fraudulently-obtained trade mark rights simply limiting itself to obtaining invalidity of the trade mark obtained fraudulently"*.

The victim of fraudulently-obtained trade mark rights may still bring an action for invalidity based on the general principle of law *"fraus corrumpit omnia"* (fraud corrupts everything). This may be initiated by any third party. It is not necessary to prove the existence of trade mark ownership rights. Third parties who have a legitimate interest may challenge the fraudulently-obtained trade mark rights, specifically, to take an example, those obtained with the sole purpose of preventing the use of some term or expression, while this use is legitimate, without this being necessitated by an intention to use the sign in its initial function, that of distinguishing the goods and services of an enterprise from those of others. Thus, in the HALLOWEEN trade mark case discussed

above, the cancellation action was brought by an Employer's Federation of confectionery businesses on behalf of one of its members, as existence of the trade mark was standing in the way of its use by all confectionery businesses.

Invalidity for reasons of fraud thus supplements those grounds for invalidity particularly envisaged by the French IPC, when a trade mark does not fulfill the conditions for validity, or is infringing on earlier rights.

An accusation that rights were obtained fraudulently is consequently an essential means of redress, and, for this reason, is widely employed to challenge trade marks the filing of which was motivated by considerations foreign to the vocation of distinctive signs. The fraudulently-obtained trade mark rights are effectively canceled. The decision to cancel the trade mark has an absolute effect.

In conclusion, the choice of one or the other of these two actions depends primarily on purpose - transfer of the trade mark to its rightful owner, or simply cancellation of the mark. In some cases, it may be that the victim of fraudulently-obtained trade mark rights does not wish to become the owner of the challenged trade mark. This is the case for example if there is damage to another's interests, or if the party challenging the trade mark is not interested in the form in which the trade mark was filed.

GERMANY

Contributor: Ms. Michaela Ring

H O F F M A N N • E I T L E

Munich

Germany

www.HoffmannEitle.com

Questions:

1. Is the concept of ‘bad faith’ recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**
 - a. What is the definition of “bad faith”; what constitutes “bad faith”?

Whether a trade mark has been filed in bad faith, within the meaning of Section 8(2) no. 10 of the *German Trade Mark Act*, must be the subject of an overall assessment taking into account all the factors relevant to the particular case. The relevant factors are:

- The fact that the Applicant knows or must know that a third party is using an identical/similar sign for identical/similar products/services capable of being confused with the sign for which registration is sought and that this third party has acquired a degree of legal protection on this sign through use.
- A presumption of knowledge by the Applicant of the use by a third party of a confusingly similar sign may arise from general knowledge in the economic sector concerned with such use or from the duration of such use. The more that use is long-standing, the more probable it is that the Applicant had knowledge of that use when it filed its application.
- The fact that the third party has acquired a degree of legal protection through use of the sign. It is required in this regard that the sign is known in the relevant sector of the public. Evidence that the sign has renown is the extent of use, the duration of its use, the annual turnover, the annual marketing expenditures, the market share, etc.
- However, the mere fact that the Applicant knows or must know that a third party has long been using a confusingly similar sign is not alone sufficient to permit the conclusion that the Applicant was acting in bad faith. To determine whether there was bad faith, consideration must also be given to the Applicant’s intention when he filed the application for registration. Bad faith is assumed in cases where the Applicant filed the application without having any justification, but only with the intention to prevent a third party from continuing to use such sign or to disrupt the protection. That is particularly the case when it becomes apparent that the Applicant applied for registration of the sign without intending to use it. Further,

bad faith is assumed in cases where a third party's sign has long been used and where the Applicant's sole aim lies in taking advantage of the reputation of the sign of the third party and competing unfairly with the third party on the market.

b. What is required to prove bad faith?

It has to be proven that:

- The third party has acquired a degree of legal protection through use of the relevant sign. Proof of use should be submitted to the Office or the Court, *i.e.* documenting the extent and long duration of use of the sign, the annual turnover and marketing expenditures, the market share, the reputation of the sign on the market, *etc.*.
- The Applicant had knowledge or at least must have had knowledge of this of the third party's sign.
- The Applicant primarily filed the trade mark application with the intention to prevent the third party from continuing to use its sign or with the intention to disrupt the protection. Since the Applicant's intention is a subjective factor, it must be determined by reference to the objective circumstances surrounding the particular case. If it can be proven that the Applicant does not use the trade mark in the course of trade, this might be good evidence to document its intention to only disrupt the use of this sign by the third party. The same applies to cases where the Applicant is already using another trade mark for the very product on the market. In those cases there is no need for a new trade mark and thus this fact can also be sufficient evidence that the Applicant has no intention to seriously use the new trade mark, but only has the intention to prevent the third party from continuing to use its sign. In some cases disputes or competitive relationships between the Applicant and the third party might lead to the assumption that only those disputes, or the fact that the parties are serious competitors, were the reason for filing the trade mark application, particularly to damage the third party.

c. What is required to prove that a submission was not made in bad faith?

The Applicant has to prove:

- that the third party's sign had not acquired a certain degree of legal protection, or
- that he did not know or did not have knowledge of the use of the third party' sign, or
- that he filed the trade mark application with good reason, in particular, to use it in the course of trade. In this respect, the Applicant might submit substantial proof of

use of the mark to the Office or the Court in order to document the use of its trade mark.

2. What are the consequences of bad faith in your country?

- a. Does the Trade Mark Office on its own initiative look for or take action to identify bad faith?

The Office may on its own initiative within the application proceedings reject a trade mark application on absolute grounds of non-registrability due to bad faith (Section 8(2) no. 10 of the *German Trade Mark Act*) or request cancellation of the trade mark registration on the basis of bad faith before the German Trade Mark and Patent Office (Section 50 (3) of the *German Trade Mark Act*). Both options, however, are restricted to cases in which the fact that the trade mark has been filed in bad faith is obvious.

- b. If a third party notifies the Trade Mark Office, will the Office investigate or take action to identify bad faith?

Upon request of a third party according to Section 50 (1) in connection with Section 8 no. 10 of the *German Trade Mark Act*, the Office has to examine whether a trade mark has to be struck off the Register due to absolute grounds of non-registrability, in particular, because the trade mark has been filed in bad faith.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

If the application is filed in bad faith, this cannot be subsequently altered either by a later assignment or any other act. There is no provision to remedy a bad faith application. Therefore, if the bad faith that existed at the time of application should be subsequently removed, this will not prevent cancellation of the trade mark.

- d. Is a submission made to the Trade Mark Office in bad faith invalid, void or voidable?

Trade marks that have been filed in bad faith are void.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Bad faith is a basis for either rejecting a trade mark application due to absolute grounds of non-registrability (Section 8(2), no. 10 of the *German Trade Mark Act*) or cancelling a trade mark registration due to absolute grounds of non-

registrability (Section 50(1) or (3) in connection with Section 8(2), no. 10 of the *German Trade Mark Act*).

f. Other consequences?

In trade mark infringement proceedings, the defendant can, according to Section 4, no. 10 of the *Unfair Competition Act*, proceed against claims asserted by an Applicant under the *Trade Mark Act* by pleading abuse of the law and can assert that the trade mark that is the basis for the proceedings had been filed in bad faith and that therefore no rights may arise from said trade mark. The defendant can also file as a counter claim a request for cancellation pursuant to Sections 3 and 4, no. 10 of the *Unfair Competition Act* on the basis of bad faith. Accordingly, it is possible to have the ordinary Courts cancel a trade mark filed in bad faith as part of a cancellation suit in accordance with Sections 3 and 4, no. 10 of the *Unfair Competition Act*. Although the *German Trade Mark Act* in Section 8(2), no. 10, 50(1), 54, provides provisions for cancellation if a trade mark has been filed in bad faith, there is unfortunately still competition as to claims in this area.

3. Please give some examples of actual bad faith filings in your country.

ECJ, judgment of July 11, 2009 – Lindt & Sprüngli/Franz Hauswirth

Federal Court of Justice, judgment of April 2, 2009 – Ivadal.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

Section 8(2), no. 10 of the *German Trade Mark Act* (absolute grounds of non-registrability) determines that a trade mark which has been filed in bad faith is not registrable. Moreover, according to Section 50(1), 54, 8(2), no. 10 of the *German Trade Mark Act*, upon request of a third party a trade mark registration will be cancelled if the mark has been filed in bad faith. According to Section 50(3), 8(2), no. 10, *German Trade Mark Act*, also upon request of the Office itself a trade mark will be cancelled if it was obviously filed in bad faith. Further, according to Section 3, 4, no. 10, of the Law of Unfair Competition, there is, as said above, the possibility to file a cancellation action against a trade mark registration that was filed in bad faith.

5. Please describe the form and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

Any third party has the possibility to file a request for cancellation of a trade mark registration if the trade mark has been filed in bad faith (Sections 50 (1), 54, 8(2), no. 10

of the *German Trade Mark Act*). The request has to be filed before the German Patent and Trade Mark Office, in written form and can be filed any time. There is no deadline within which the request has to be filed. With receipt of the cancellation request, the Office then informs the owner of the trade mark accordingly. If the owner of the trade mark does not oppose the request for cancellation within two months after receipt of the official notice, the trade mark will be cancelled directly. If the owner of the trade mark opposes the cancellation request, according to Section 54 (2), sentence 3 of the *German Trade Mark Act*, the cancellation proceedings will be carried out. These proceedings are subject to the principle of *ex officio* examination. However, the petitioner is still subject to the burden of presentation and proof as part of its obligations with regard to whether the trade mark may be cancelled if the facts regarding bad faith are not available to the Office. Any remaining questions as to whether an application was filed in bad faith must be removed by the petition.

If, according to Section 3 *Unfair Competition Act*, a cancellation action is filed before the ordinary Courts, the plaintiff has to substantiate and to prove that the trade mark has been filed in bad faith. He should therefore submit substantial documents that underline and prove that the mark has been filed in bad faith.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

The main problem with bad faith is finding and providing proof. It is therefore necessary to have sufficient facts at hand that can be presented, and these must then be proven using irrefutable evidence.

INDIA

Contribution: Ms. Swati Sharma

Anand & Anand
Nizamuddin East
New Delhi
www.anandandanand.com

Questions:

1. Is the concept of ‘bad faith’ recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

a. What is the definition of bad faith; what constitutes ‘bad faith’?

The Trademarks Act, 1999 (“the Act”), does not define bad faith, but finds mention under various provisions of the Act, such as under Section 11 (10) (ii), while considering an application for registration of a trademark and Opposition filed in respect thereof, the Registrar shall take into consideration the bad faith involved either of the Applicant or the Opponent affecting the right relating to the trademark.

b. What is required to prove ‘bad faith’? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove bad faith?

If a person registers a trademark wrongfully and in bad faith, such registration is liable to be expunged under Section 57 (2) of the Act. The Registrar would require constructive proof of the submission or omission of false or misleading information. For e.g., under a partnership, if the trademarks belonging in the name of the Partnership are filed erroneously in the name of one of the partners, the remaining partners, alleging bad faith will be required to furnish proof of the Partnership Deed.

c. What is required to prove that a submission was not made in bad faith? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove bad faith? **No.**

If 'no,' then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

Section 18 of *the Act* states that: “Any person claiming to be the proprietor of a trademark used or proposed to be used by him, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his trademark.” For example, a person applies for a variety of Goods and Services to be claimed under the trademark on which the Applicant does not hold proprietorship as a whole, the Applicant must immediately, upon the discovery of such facts, apply for an amendment of Goods and Services/or any other wrong or misleading information submitted at the time of filing of the trademark application.

2. What are the consequences of bad faith in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith? **No.**
- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?

The Trademark Office will take cognizance of bad faith on the part of an Applicant/Registered Proprietor, only if it is made a ground of Opposition or Rectification Petition.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

For example, in an Opposition or Rectification Petition, if it is alleged that the Applicant/Registered Proprietor cannot claim Proprietorship over all the Goods and Services applied for in the registration, the Registrar of Trademarks may cancel the description of such Goods and Services, which have been applied for in bad faith.

- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?

Voidable.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes. Section 11 (10) (ii) of *the Act* states that while considering an application for registration of a trademark and Opposition filed in respect thereof, the Registrar shall take into consideration the bad faith involved either of the Applicant or the Opponent affecting the right relating to the trademark.

3. Please give some examples of actual bad faith filings in your country.

A few examples of bad faith filings are as follows:

- (i) Filing of a trademark application in wrong name;
- (ii) covering the description of Goods and Services under a mark over which an Applicant has no claim of proprietorship;
- (iii) giving false date of user in a trademark application; and
- (iv) making false submissions regarding use of a trademark in response to the Office Action.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

No statute defines “bad faith” in India. Bad faith has been interpreted in several case laws to mean dishonest/fraudulent information. No standards of adjudging bad faith have been laid out, but bad faith is to be judged having regard to all the material surrounding circumstances. The plea of bad faith will not be upheld unless distinctly proven.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

In an Opposition Proceeding or a Rectification Proceeding before the Trademarks Office or in a Rectification Proceeding/Appeal from the Order of the Registrar before the Intellectual Property Appellate Board, a plea of bad faith may be taken. *The Act* clearly states that while considering an application for registration of a trademark and Opposition filed in respect thereof, the Registrar shall take into consideration the bad faith involved either of the Applicant or the Opponent affecting the right relating to the trademark. The Notice of Opposition or the Rectification Petition must clearly take the plea that there was bad faith involved on the part of the Applicant/Registered Proprietor in applying for or registering a trademark. Such plea of bad faith must be proved by way of documentary evidence.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

The plea of bad faith can only subsist if the same is substantiated by way of documentary evidence. Therefore, one must document the use of rights in Intellectual Property. Also, legal due diligence must be ensured on a regular basis to prevent third parties from filing identical or deceptively similar marks. This would include regular trademark searches, issuing caution notices, etc. Overall, one must remember acquiescence is one of the most common reasons why registered proprietors lose their rights in trademarks.

INDONESIA

Contributor: Mr. Estu Indrajaya

Estu & Lury

Jakarta

Indonesia

www.estumark.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

A trade mark shall not be registered on an application made by an Applicant with bad faith. An Applicant with good faith shall be the Applicant who registers his or her trade mark properly and fairly, without any intentions to get a free ride, imitate or copy the fame of other's trade mark for his or her business that causes a loss to the other party, or that creates the condition of unfair competition, deceiving and misleading consumers. For example, the “A” trade mark that has become widely well known to the public for many years, is imitated in such a way that it has a similarity in principle or in entirety to the “A trade mark. This is an example of bad faith of the imitator, as it at least indicates an element of deliberateness in imitating such a well-known trade mark.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

The similarity of a trade mark (both in filing of the trade mark application and/or in use for same kind of goods/service) with the original trade mark are sufficient to prove the bad faith.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

To determine whether or not there is bad faith, we first have to also conduct a comparison between between the infringer's mark and the original trade mark. We can only say that there is bad faith, if the infringer's trade mark has a similar meaning in Indonesian to the English, and if there is sufficient similarity, such as the font style when compared to the original trade mark.

For example:

Original Trade Mark	Infringer's Trade Mark	Bad Faith or not?
SUNWAY	SUNWAY	Not
SUNWAY	SUNWAY	Yes

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”? Yes/No

The Trade Mark Office will never refuse the bad faith mark as long as :

- a. the original trade mark has not yet been registered; and
b. there is no any opposition from the third party in the publication period.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

The Trade Mark Office will never do the investigation or take action against the bad faith trade mark filing. However, the Trade Mark Office will send the third party's objection to the Applicant of the bad faith mark and ask to them to file the rebuttal and clarify/prove that the their trade mark application was made by an Applicant in good faith.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

There is no any submission or opportunity to recall, correct or cure a submission made in “bad faith”.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

Please see above answer.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Bad faith is a legal reason which is always used by the third party or owner of original trade mark for Opposition and Cancellation of the trade mark registration.

3. Please give some examples of actual “bad faith” filings in your country.

Please see the answer for item 1c. above.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

Another case for Registered Trade Marks, but similarity in use in the market

Original Trade Mark	Infringer's Trade Mark	In Use	Bad Faith or not?
GS	GOSO	G.S.	Yes

The infringer said that use of ■ (dot) means letter "O", but, in use in the market, the mark

G.S. is deemed as being similar to the mark **GS**.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

As we advised above, to determine bad faith or not, we have to first compare the infringer's mark with the original trade mark. We have to study the similarity between them from a sign in the form of a picture, name, word, letters, figures, composition of colors, or a combination of said elements which used in the activities of trade in Goods or Services by the infringer.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

The answer is same as for point 5 above.

Similar to other countries, Indonesia has also included in its Trade Mark laws, a regulation by which the Registrar of the Indonesian Trade Mark Office or any third party may file a petition for the cancellation of a trade mark registration based on non-use. Unlike infringement, non-use of a mark is not a criminal offense.

Briefly reviewing the protection period of trade mark registration pursuant to *Indonesian Trade Mark Law* that a registered mark shall have legal protection for a period of 10 (ten) years from the Filing Date. The proprietor of a registered mark may extend the registration of the same protection period of 10 (ten) years, within a period of not more than 12 months before the expiry of the protection period.

Concerning the use of a mark, according to the Law No. 15 of 2001 on mark article 61 paragraph 2 point (a) that the deletion of a registered mark on the initiative of the

Directorate General may be made if the mark has not been used for 3 (three) consecutive years in trade of Goods and/or Services from the date of registration or of the last use, except if there is an excuse, which is acceptable to the Directorate General. In this case, any third party shall also be able to file a petition for the deletion against the registration of a mark on the grounds of non-use in the form of claim filed at the Commercial Court.

Pursuant to the above-mentioned provision, the cancellation provision of *Indonesian Trade Mark Law* is straightforward. A third party may request cancellation of a registration by filing a claim in the Commercial Court on the ground that the mark has not been used during the three-year vulnerability period. In order to avoid cancellation, the registrant may supply the Court with a valid excuse for such non-use. The petitioner bears the burden of proving non-use; however, the petitioner also has the specific burden of proving when the mark was last used in Indonesia. The petitioner must not only prove non-use, but must also specify the date on which use of the mark ceased.

In practice, ascertaining whether or not the cited registered mark is vulnerable to be canceled based on non-use, is hard to prove, because there is no legitimate institution to watch or monitor the use of a mark in the actual market in Indonesia. Otherwise, it would be easier for the owner of the registered mark to prove that his mark is used. Therefore, this action is not effective, since the chances of success cannot be guaranteed.

Concerning the rarity of a successful non-use cancellation action, in many cases in Indonesia, cancellation actions based on confusing similarity or bad faith seem to have a higher chance of success than cancellation actions based on non-use. It is ironic for whatever the purpose or aim behind this hurdle.

The above case shows that the controlling and monitoring of a registered mark should be increased. It is hoped that in the future, the Indonesian Trade Mark Office will have a legal institution to control and monitor the use of registered marks in the actual marketplace.

IRELAND

Contributor: Ms. Carole Gormley and Ms. Shauna Tilley

FR Kelly

Dublin

Ireland

www.frkelly.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

Section 8(4) (b) of the *Irish Trade Marks Act 1996* (“the Act”) states that: *"A Trade Mark shall not be registered if or to the extent that the application for registration is made in bad faith by the Applicant"*.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

The *Act* does not define what is meant by “bad faith” in the making of an application for registration. However, case law has indicated that the test is whether the conduct could be said to *fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men*.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

Bad faith is considered on a case-by-case basis and there is no set formula for proving its existence. In order for bad faith to be proven, the specific misconduct on the part of an applicant must either be shown by evidence adduced by an opponent or it must be the inescapable inference to be drawn from the circumstances of the application.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

As mentioned above, bad faith is considered on a case-by-case basis. Therefore, whether proof of innocent misunderstanding or ignorance of the law would disprove bad faith, will depend upon the specific facts of the case. However, even if the Applicant thought that there was nothing wrong with his behaviour, if objectively it fell short of the ‘bad

faith' standard, the application is likely to be refused. The Irish Patents Office has held that the question of whether or not an application for registration is made in bad faith must be judged objectively and measured against the behaviour that would be expected of any responsible person acting in a fair and honest manner.

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

No.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

If an opposition or invalidity action is based upon bad faith, the Irish Patents Office does not conduct independent investigations into the alleged bad faith. Rather, the Applicant/Proprietor will be afforded an opportunity to respond to the allegation of bad faith by way of written submissions. The Office will issue a decision on the allegation of bad based upon the evidence filed by both parties.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

If bad faith is found, the application will be refused (or registration cancelled). The application cannot be amended.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

Voidable.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

All of the above.

3. Please give some examples of actual “bad faith” filings in your country.

- i. Marks registered simply to block a competitor
- ii. Marks registered to secure a footing on the Register to protect an unregistrable mark.
- iii. Applications made by an agent or representative of a trade mark proprietor without their consent or knowledge.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

The following sections of the *Act* relate to bad faith:

Section 8(4) (b) states that:

"A trade mark shall not be registered if or to the extent that the application for registration is made in bad faith by the applicant ".

Section 37(2) - *Bona fide* intention to use:-

"The application shall state that the trade mark is being used, by or with the consent of the applicant, in relation to the goods or services specified in the application, or that the applicant has a bona fide intention that it should be so used."

Section 61(2) - Well-known marks under the Paris Convention:-

"Subject to Section 53, the proprietor of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark shall be entitled to restrain by injunction the use in that State of a trade mark which, or the essential part of which, is identical or similar to the proprietor's mark, in relation to identical or similar goods or services where such use is likely to cause confusion'.

Section 65 – Applications made by agents or representatives without the trade mark owner's knowledge/consent.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

When basing Opposition or invalidity proceedings on bad faith, the relevant section of the *Act* being relied upon must be stated in the formal Notice of Opposition or Application for Invalidation document(s).

At the appropriate juncture, the Opponent will be required to substantiate the claim of bad faith by way of evidence. The Applicant/Proprietor will then be afforded an opportunity to rebut the allegations of bad faith during the course of the proceedings.

Once all formalities have been met and evidence filed, a decision will issue on all grounds relied upon, including bad faith. If the Opponent is successful, the application/registration will be refused/cancelled insofar as it was applied for or registered in bad faith. For example, if an Applicant is found to have no *bona fide* intention to use the mark on particular Goods/Services applied for, the application may be refused in respect of those Goods/Services only.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

Oppositions and invalidity actions where bad faith is relied upon, in general, turn on the precise facts of the case. For this reason, it is difficult to set down an effective generic strategy to fit all scenarios.

However, as practitioners, we highly recommend that thorough investigations be carried out prior to filing an Opposition or Invalidity Action based upon bad faith. As bad faith is a serious ground upon which to base an Opposition or Invalidity Action, it is not a ground generally relied upon unless there is evidence to substantiate the claim. Thorough investigations prior to such proceedings will avoid frivolous bad faith claims.

Where bad faith can be demonstrated, the actions available are: (1) filing a formal Notice of Opposition against the application; (2) applying for the invalidation of a registration; or (3) applying to rectify the Register. An application to rectify any registered mark can be filed where the applicant has sufficient 'interest' in the mark in order to seek rectification. This is most likely to occur when a licensee has registered the mark of the proprietor for whom they are the licensee or where an employee has registered the mark in their own name rather than the company name.

Prior to initiating formal proceedings on the basis of bad faith, it is also advisable to issue a letter to the Applicant/Proprietor requesting the withdrawal or assignment of the application/registration. Following such a course of action may lead to an amicable settlement between the parties and may avoid the need for formal proceedings.

ITALY

Contributor: Massimo Gori

Società Italiana Brevetti S.p.A.

Corso dei Tintori, 25

Firenze

www.sib.it

Questions:

1. Is the concept of 'bad faith' recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **No.**
2. What are the consequences of bad faith in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith? **No.**
 - b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith? **N/A**
 - c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith? **N/A**
 - d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable? **N/A**
 - e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration? **Yes.**
3. Please give some examples of actual bad faith filings in your country.

In general, bad faith is found when:

 - (a) a trade mark application is filed in order to precede third parties who have a legitimate expectation of protection on that sign (although no rights on it in Italy), thus profiting by using the mark in such third party's place or selling the relevant registration to them; or
 - (b) where the filing amounts to a mere anti-competitive practice meant to hamper the ability of third parties to select trademarks and/or expand their existing business.
4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

According to Article 19.2 of the Code of Intellectual Property (D. Lgs. 10 February 2005, No. 30), “*no trademark registration shall be granted to anyone who has applied for it in bad faith*”.

Bad faith was found, for example, in the following cases:

- filing by a third party of an unregistered trade mark, which was building a reputation so as to profit by selling the registration to the legitimate owner of the mark (Court of Appeal of Venice, 06.17.2002);
- filing by a third party of trade mark already registered abroad, when the legitimate owner of the mark is about to file it in Italy (Tribunal of Milan, 12.23.1999);
- filing of a trade mark by a third party that has become aware that the same mark is about to be filed by someone else who is engaging in preparatory activities to launch the mark even if he has not yet arranged for its filing (Tribunal of Milan, 02.01.2008).
- filing of a trade mark in violation of trust or collaborative relations, for example by a member of an association or by an employee (Court of Appeal of Bologna, 06. 28 2002; Tribunal of Milan, 07.08.2008);
- filing of a trade mark (with no intention to use it) only in order to prevent its use by third parties (Tribunal of Rome, 05.17.2005).

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

In order to challenge a bad faith trade mark application, a Court action must be brought before the competent Specialized Division in Business Matters (*Sezioni specializzate in materia di impresa*), in the form of an ordinary litigation. Appeal against judgments given in first instance can be brought before the Specialized Divisions set up at Courts of Appeal (*Corte di Appello*). The judgments of the *Corte di Appello* may be appealed before the Supreme Court (*Corte di Cassazione*), but its sole function is to ensure that the law is applied correctly by the judges deciding on the merits. Therefore, appeals on matter of mere facts before the Supreme Court will be dismissed.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

Please refer to answer No. 5.

JAPAN

Contributor: Mr. Tomoya Kurokawa

SOEI PATENT & LAW FIRM

Tokyo

Japan

www.soei.com/english

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **No.**

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

In general, there are no specific procedures for correcting or taking action against false or misleading information submitted to the Japanese Trade Marks Office. However, a counterpart can submit information showing that a trade mark should not be registered during the prosecution of the application, or, after registration, can argue that a trade mark should be cancelled in opposition or invalidation proceedings.

2. What are the consequences of “bad faith” in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”? Yes/No

Not directly. However, Examiners in the Japanese Trade Marks Office will evaluate the strength of the evidence in the documents submitted to the Office by applicant and third parties. Further, examiners may apply their personal knowledge in the examination of the mark.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

Not directly. However, Examiners in the Japanese Trade Marks Office will evaluate the strength of the evidence in the documents submitted to the Office by third parties.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Yes. Since the Japanese Trade Marks Office has no “bad faith” standard, the Applicant has the same opportunity to argue against the Examiner’s objections as any other Applicant.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

Since “bad faith” is not recognized *per se*, a submission is not *prima facie* invalid or void. However, it is voidable because Examiners in the Trade Marks Office will evaluate the strength of the evidence in the documents submitted to the Office.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Not in general. However, the mark in the application will be rejected during prosecution or cancelled after registration, if Article 4(1)(xix) of the *Japanese Trade Mark Law* applies to it:

Article 4: Notwithstanding the preceding Article, no trade mark shall be registered if the trade mark:

- (xix) *is identical with, or similar to, a trade mark which is well-known among consumers in Japan or abroad as that indicating goods or services pertaining to a business of another person, if such trade mark is used for unfair purposes (referring to the purpose of gaining unfair profits, the purpose of causing damage to the other person, or any other unfair purposes).*

3. Please give some examples of actual “bad faith” filings in your country.

Company A (a company based in the US) was using the mark “Manhattan Portage” with a building device for bags in the United States, and this mark has become well known among the consumers in the United States. Company B (a company based in Japan) contacted to the Company A and tried to obtain an exclusive license to import and sell Company A’s bags in Japan, but failed. Then, Company B filed a trade mark application for “Manhattan Portage” with a building device for bags in Japan without permission from Company A and obtained registration for the mark. Then, Company A filed an invalidation trial against Company B. Both the Japanese Trade Marks Office and the High Court found this registration should be invalidated based on the *Japanese Trade Mark Law*, Article 4(1)(xix).

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

The *Japanese Trade Mark Law*, Article 4(1)(xix), as mentioned above.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

There is no special procedure. The procedures used to file Information as a third party, to oppose an application or to cancel or invalidate a registration are the same as when these procedures are used on other grounds.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

Nothing special. Evidence that the mark is well-known in Japan and elsewhere should be collected.

KOREA

Contributor: Mr. John D. Ro, Dong Oh Hong, Chang Woo Lee and Yoori Choi

Yoon & Yang LLC
Seoul
www.yonnyang.com

Questions:

1. Is the concept of 'bad faith' recognized in your country in connection with documents or statements submitted to the Trade Marks Office? Yes/No

In Korea, for a trademark application, the following documents should be submitted to the Korean Intellectual Property Office (the "KIPO") pursuant to Article 9 of the *Trademark Act*:

- (a) an application stating the name and address of the applicant (including the name of an executive officer, if the applicant is a company), the trademark, the designated goods and applicable class, the date of submission, and, if the priority is claimed, the country and date of the priority filing;
- (b) 10 specimens of the trademark;
- (c) the priority document if the priority is claimed; and
- (d) a power of attorney, if applicable.

An applicant is not required to submit documents or statements regarding the current or intended use of the trademark in commerce or submit any documents or statements that need to be verified. In this regard, we believe that this question as to whether "bad faith" would be recognized is not applicable in Korea because, as past use is not a requirement for a registration of trademark in Korea, there is generally no motive or intent on the part of an applicant to lie or mislead the contents of documents or statements to be submitted to the KIPO, with which a bad faith claim could be asserted.

However, trademarks filed or registered in bad faith, such as an application of a trademark that is similar or identical to another person's mark, are subject to certain restrictions. For questions 2 to 6 below, our response will focus on the trademarks filed or registered in bad faith, rather than documents or statements submitted to the KIPO in bad faith. Please refer to our response to question 4 regarding what constitutes bad faith for trademark applications and registrations.

2. What are the consequences of bad faith in your country? For example:
- a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith? Yes/No

In reviewing the trademark applications, the KIPO examiner may conduct his or her independent investigation to identify whether a trademark application was filed in bad faith.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?

Yes.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

Yes. The Applicant who filed a trademark application in bad faith may withdraw the application.

- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?

A trademark application filed in bad faith can only be rejected, and the fact that it was filed would still remain in record.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes. Please refer to our response to question 4 below.

- f. Other consequences?

Not applicable.

3. Please give some examples of actual bad faith filings in your country.

The Korean Supreme Court found that the following applications should not be registered because they fall under Article 7(1)(xii) of the Trademarks Act, which generally prohibits registration of trademarks that are similar or identical to another's trademark in Korea or in a foreign country and are filed in bad faith.

Case	Application	Mark	Designating Goods
------	-------------	------	-------------------

Number	Number		or Services
2008 Hu 3124	40-2004- 0048087	나트라 케어 <i>Natracare</i>	Mensturation bandages, mensturation tampons, etc.
2010 Hu 807	40-2005- 0036530	BUTTERFLY 버터플라이	Sportswear, sports shoes, etc.
2008 Hu 3131	41-2001- 0013125	BELLAGIO	Hotels, etc.
2011 Hu 736	40-2003- 0012382	BLUGIRL	Shoes, neckties, scarves, etc.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

Statute

The *Trademark Act* prohibits registration of the following trademarks:

Article 7(1)(ix). Trademarks which are identical with or similar to another person's trademark that is well known among consumers as indicating the goods of such person and which are to be used on goods identical with or similar to the goods of such person.

Article 7(1)(x). Trademarks which may cause confusion with goods or services of another person because the trademark is recognized among consumers as designating the goods or services of such person.

Article 7(1)(xi). Trademarks which may mislead or deceive consumers as to the quality of the goods.

Article 7(1)(xii). Trademarks which are identical or similar to any trademark recognized as indicating the goods of a particular person by consumers in Korea or in foreign countries, and which are used for unjust purposes, such as obtaining unjust profits or inflicting harm to the particular person.

Please note that, according to case law, only Article 7(1)(xii) among other provisions in the *Trademark Act* is generally applicable to a well-known mark in a foreign country.

Case Law

The Supreme Court rendered many decisions discussing the bad faith element. For example, the Supreme Court Decision No. 2012Hu672, rendered on June 28, 2012, explained the bad faith element in Article 7(1)(xii) of the *Trademark Act* in detail as follows:

*. . . Article 7(1)(xii) of the Trademark Act prescribes that trademarks which are identical or similar to any trademark recognized as indicating the goods of a particular person by consumers in Korea or in foreign countries, and which are used for unjust purposes, such as **obtaining unjust profits or inflicting harm on the particular person**, shall not be registered. The intent of this provision is to prohibit the registration of a trademark that a third party copied from an original trademark that is not registered in Korea but known as indicating a particular person's goods in Korea or in foreign countries and that such **third party uses for the purpose of inflicting harm on the original trademark owner by gaining unfair profits using the goodwill that the original trademark acquired, damaging the value of the original trademark or interfering with the original trademark owner's business in Korea**. Therefore, for a trademark to fall under this provision, . . . (ii) whether unjust purposes existed shall be determined based on the totality of circumstances, considering the degree of the original trademark's fame and creativity, the similarity between the original trademark and the copied mark, the existence of the negotiations between the owner of the original trademark and the copied mark, and the economic proximity and the trade practices of the designated goods of the original trademark and the copied mark*

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

Opposition

Once a trademark application is published in the "Trademark Publication Gazette," which is the official gazette from the KIPO, any person may file an opposition with the KIPO within two months. In general, the KIPO does not grant an extension of the deadline, and at least the Notice of Opposition containing a brief statement on the grounds for opposition must be submitted within the two months from the date of the

publication. Thereafter, the opposing party may amend or supplement the grounds for opposition within the next thirty days. (Articles 25 to 27 of the Trademark Act)

Neither party can file an appeal to oppose the KIPO's decision with the KIPO. If the KIPO renders a decision denying the Opposition, the opposing party, provided that such opposing party qualifies as an interested party, can wait until the trademark becomes registered and then challenge the registration of the trademark by filing an Invalidation Action as described below.

Invalidation Action

In the event that a trademark application made in bad faith has been registered despite its violation of the relevant provisions of the *Trademark Act*, an interested party may file an invalidation action with the Korean Intellectual Property Tribunal (KIPT) at any time. If the KIPT renders a decision invalidating the trademark registration, the decision applies retroactively and the trademark registration and the rights attached to it shall be deemed to have not existed from the beginning. (Article 71 of the *Trademark Act*).

An appeal of the KIPT's decision can be filed with the Korean Patent Court. An appeal of the Korean Patent Court's decision can be filed with the Korean Supreme Court, which is the Court of last resort.

Cancellation

In the event that an owner or licensee of a trademark that is similar to the existing registered trademark intentionally uses such trademark to cause confusion to consumers as to the quality or source of goods, any person may file an action with the KIPT to cancel the registration of such trademark. In addition, an interested party may file a cancellation action with the KIPT seeking cancellation of a registered trademark if such mark has not been used for three or more consecutive years before the filing of such cancellation action. (Article 73 of the Trademark Act)

As to the appeals process, please refer to the second paragraph in the Invalidation section above.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

A trademark owner may prevent bad faith registrations by regularly monitoring applications for trademarks in all classes that are similar or identical to his or her trademark and take an action at an early stage. In many cases, early actions on bad faith

filings substantially save time and money. In addition, the trademark owner should try to file applications for his or her trademark as soon as possible, covering all designating goods or services as much as possible, especially since Korea's trademark registration system is based on "first-to-file" rather than "first-to-use." Lastly, a trademark owner should maintain records of any communication with the owner of the trademark registered in bad faith, including any initiation of settlement for money or exclusive distributorship, to preserve evidence of bad faith.

MALAYSIA

Contributor: Mr. Kim Tean Ng

NANYANG LAW-H²
Kuala Lumpur
www.houlihan2.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

The Malaysian Trade Marks Act 1976 (“the Act”) does not specifically define “bad faith”. However, Section 25 provides that an Applicant cannot claim to be the proprietor of a mark if the mark belongs to third party. Apart from that, Section 46 also provides for this, whereby registration is made without an intention to use but merely to prevent others from registering a mark.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

Generally, bad faith is defined as an intention to deceive or represent something that is founded on falsehood. Therefore, burden of proof in respect of a bad faith allegation is on the balance of probabilities. Mere knowledge is not sufficient.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

Please see above.

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

Section 45 provides that any person who is aggrieved by an entry in the Register may apply to have the Register rectified of that entry. This usually means complete or partial cancellation of the entry, or the substitution of his name for that of the registered proprietor.

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

In most circumstances, no, but Section 45(1)(c) provides that in case of fraud in the registration, assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

No, the Trade Marks Office only acts as a body which Registers and maintains a public record. The aggrieved parties can seek relief from the Courts through Section 45.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Yes.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

Voidable.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes.

3. Please give some examples of actual “bad faith” filings in your country.

Local distributors filing a trade mark which belongs to a foreign company and eventually placing the logo on their products made in Malaysia.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

Statute - Section 25 of the *Malaysian Trade Marks Act 1976*

Case Law - *Jost Cranes GMBH & Co KG v Jost Cranes Sdn Bhd* [2010] 4 MLJ 191

5. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

Brand owners are advised to conduct Gazette watches to prevent a bad faith filing from proceeding through to registration. This is because, once the application is registered, the only option available is to file an application in Court to have the mark cancelled/removed. Furthermore, the cost for an Opposition Proceeding is much lower compared to a Court action.

MEXICO

Contributor: Mr. Juan Carlos Amaro

BECERRIL, COCA & BECERRIL, S.C.

Mexico City

Mexico

www.bcb.com.mx

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office?

In Mexico, although the concept of bad faith is as a matter of law foreseen in the *Mexican Industrial Property Law* (“MIPL”), it is not in connection with documents or statements submitted to the Trade Marks Office.

According to the MIPL, a trade mark registration shall be invalid if the agent, representative, licensee or distributor of the owner of a mark registered abroad applies for and obtains the registration of the said mark or of a confusingly similar mark in his own name without the express consent of the owner of the foreign mark, in which case the registration shall be regarded as having been effected in bad faith.

In this kind of action, the plaintiff has the burden of proving the ownership of the mark challenged abroad and also, that its business relation with the owner of the registered mark in Mexico initiated before the filing date of the trade mark challenged.

Therefore, the plaintiff must demonstrate the relation sustained with its agent, representative, licensee or distributor, through the proper evidence, such as contracts, distribution agreements, invoices between the plaintiff and the defendant etc., in order that the authorities evaluate if the trade mark registration challenged was registered in Mexico in bad faith.

A cancellation action grounded on bad faith can be exercised against a trade mark registration at any time.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

According to the provisions of the *IPL Mexican IP Law*, bad faith will only be understood as when the agent, representative, distributor or user of a trade mark registration abroad, applies and obtain the registration of said trade mark on his name, and without the consent of the owner abroad.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

To prove bad faith within a cancellation action, it can be used all sorts of evidence that demonstrate that the plaintiff is the owner of any trade mark registration abroad, which is confusingly similar to the challenged trade mark, and that the Distribution Agreement was signed before the filing date of the application filed in bad faith.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

As mentioned above, there are no further cases of bad faith contemplated in the MIPL other than that related to the conduct of the agent, representative, distributor or user of a trade mark registration abroad, considering that, in the case that the Mexican company registers a trade mark that is owned by the foreign company worldwide without the consent of the latter, the MIPL clearly establishes that a cancellation action could be filed against the trade mark registration.

In case that the foreign company decides to file the Cancellation Action based on bad faith, the Mexican company could not argue that the registration was filed due to a misunderstanding or ignorance of the law.

Nevertheless, in order to solve the dispute, it could be negotiated the assignment of the trade mark registration in favor of the foreign company in exchange of desisting the cancellation action.

2. What are the consequences of “bad faith” in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”? Yes/No

Although the MIPL establishes that cancellation action proceedings (*including that grounded on bad faith*) can be taken by the Trade Mark Office *ex officio* or by a third party having a legal standing, in the case of bad faith it is unlikely that the Trade Mark Office initiate a cancellation action, since the owner of a trade mark registration abroad (eventual *plaintiff*) is the only one that can demonstrate the relationship with the owner of the challenged trade mark registration, and, thus, the one that has the burden of the proof.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

No, as mentioned above, it is very unlikely that the Trade Mark Office will investigate or takes action to identify bad faith, since the burden of proof rests with the plaintiff.

The Trade Marks Office usually takes action to decide if bad faith exists or not, only when the affected party (with legal standing) formally complains through a cancellation action proceeding.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Considering that aside from the mentioned conduct (*agent, representative, distributor or user of a trade mark registration abroad*) there are no additional forms of conduct that can be sanctioned under a bad faith basis, it could be possible to recall, correct or cure a submission made in “bad faith” if the ordinary proceeding allows modifications despite reasons of the same.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

Only those related to the above explained conduct (*agent, representative, distributor or user of a trade mark registration abroad*), and following the cancellation action proceeding previously explained.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

The Mexican IPL does not foresee an “*opposition*” proceeding against a trade mark application. However, once the trade mark application has matured into a trade mark registration, it is feasible to explore the possibility of challenging said registration throughout a cancellation action grounded on a bad faith basis, if the conduct explained in previous answers is configured.

- 3. Please give some examples of actual “bad faith” filings in your country.

The typical example occurs when the agent, representative or distributor of a foreign company, registers a similar or identical trade mark without the consent of the owner of the foreign company. At the moment that the foreign company and the Mexican distributor end their commercial relationship, the trade mark registration on behalf of the Mexican company constitutes an obstacle to the use and registration of the mark of the foreign company.

- 4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

The MIPL establishes the following:

Article 151. *The registration of a mark shall be invalid when:*

V. the agent, representative, licensee or distributor of the owner of a mark registered abroad applies for and secures the registration of the said mark or of a confusingly similar mark in his own name without the express consent of the owner of the foreign mark, in which case the registration shall be regarded as having been effected in bad faith.

Invalidation Proceedings under this Article may be instituted within a period of five years from the date on which the publication of the registration in the Gazette becomes effective, with the exception of actions under subparagraphs I and V, which may be instituted at any time, and under subparagraph II, which may be exercised within a period of three years.”

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

Please find below a general scenario of a common Cancellation Action grounded on bad faith proceeding:

(i) Requirements

The Cancellation Action grounded on a bad faith trade mark registration starts with the filling of the initial brief before the Mexican Institute of Industrial Property (MIIP) enclosing: **(i)** the proper evidence in which will support the Action, and **(ii)** the Power of Attorney for litigation purposes granted in order to represent the Client in the mentioned action.

Once the MIIP admits the claim, the defendant will be served with notice of the cancellation action’s complaint, and granted with a term of one month to file his corresponding response *(if any)*.

Following the admission of the brief of response, the MIIP will require both parties to file their final pleadings, and then the MIIP will render its final decision, in which said authority will either declare or deny the cancellation of the challenged trade mark.

(ii) Timeframe and likelihood of success

The estimated time frame for obtaining a definitive decision in this kind of proceedings is from ten months to one year, approximately, and said decision can be appealed by the affected party within two subsequent stages of appeal *(approximately 10 months per instance of appeal)*.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

The best strategy to be adopted in order take action against bad faith filings is that the owner of the trade mark abroad always secures any documentation which demonstrates the business relationship with its agent, representative, licensee or distributor, such as contracts, Distribution Agreements, invoices between the plaintiff and the defendant, purchase orders or the like, so that in an eventual litigation, the plaintiff can prove the bad faith of the other party.

NEW ZEALAND

Contributor: Dr. Elizabeth E. Houlihan

Houlihan²

Queenstown

New Zealand

www.houlihan2.com

Questions:

1. If the concept of “bad faith” is recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

The Trade Marks Act 2002 (NZ) (“the Act”) does not directly specify what constitutes bad faith. However, the Courts have read it as including an Applicant who is not the true owner of the mark or an application that is not made with genuine intention to use the mark.

Bad faith finds its main authority in that section of the Act, which outlines absolute grounds for not registering a trade mark. It provides that: “*the Commissioner must not register a trade mark if the application is made in bad faith*” (Section 17(2)).

Sections 41(1) and 73(1) refer back to this section, using it as a ground for Opposition, as well as a possible ground for an application for invalidity.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

Initially, in New Zealand, the test used was that provided by the United Kingdom case *Gromax Plasticulture Ltd v Don and Lowe Non-Wovens Ltd* [1999] RPC 367, per 379 which provided that bad faith includes dishonesty and dealings that “*fall short of the standards of acceptable commercial behavior observed by reasonable and experienced men*”. This is achieved by examination of all the surrounding circumstances and interpreting the relevant legislation. This test implied an objective standard and has since been developed in the United Kingdom case *Chinawhite*, which combined an objective and a subjective standard. This was later affirmed by the High Court of New Zealand in *Herbert Neumann*, which stated that what must be determined is:

“whether the knowledge of the applicant (a subjective element) was such that its decision to apply for registration would be regarded as being in bad faith by

persons adopting proper standards (an objective element)...” *Herbert Neumann v Sons of the Desert, S.L.* (CIV 2007-485-212, Andrews J, 5 November 2007 at paragraph 33).

From subsequent case law, subjective knowledge has been derived from the relevant circumstances, earlier rights or the use of the mark, transactions relevant to the mark, and contractual or fiduciary obligations surrounding the mark. Therefore, if someone was equipped with this knowledge, they would then be held to the standard of “the reasonable person” as to whether or not their actions in applying for the mark should be considered to have been done in bad faith.

It is clear from New Zealand case law that the Register is in place to “*enable bona fide proprietors to protect their proprietary rights without having to prove unfair trading*”. Therefore, the test will most likely encompass circumstances in which there is an element of dishonesty and when reasonable commercial standards are not upheld.

Furthermore, bad faith does not equate to a breach of a legal obligation, as outlined in *Demon Ale Trade Mark* [2000] RPC 345. In addition, the Court has applied *Kundry SA’s Application: Opposition by the President and Fellows of Harvard College* [1998] ETMR 178 as authority for the type of proof required to show bad faith, asserting that an application would indeed be tainted should the Applicant be aware of the Opponent and their concern regarding any confusion and not respond to this fact.

While in the United Kingdom and in Australia, an Applicant who is applying to register a trade mark must have a *bona fide* intention to use this mark, there is no requirement in New Zealand for there to be *bona fide* use.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

It was found by the Assistant Commissioner in the IPONZ Opposition Hearing of *Chinese Business Yearbook* (see below) that bad faith occurred when an Applicant applied for a nearly identical mark having prior knowledge of that mark, despite the applicant honestly believing that he was the owner of the trade mark.

- 2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

Yes. As bad faith is an absolute ground of rejection under Section 17 of *the Act*, it can be raised as an objection at the examination stage by an Officer of the Trade Marks Office.

However, contrary to practice in the UK, “bad faith” is rarely raised in Examination Reports. The IPONZ Practice Guidelines, a manual that all Examiners follow during the registration process, is quite directive on this topic. It

provides that “‘bad faith’ is likely to cover issues of ownership and intention to use the mark. Both of these issues are more likely to be raised by a third party in Opposition Proceedings than by an examiner in the course of examining the application. As the expression ‘bad faith’ has ethical overtones and implies dealings that fall short of accepted business practice, IPONZ would only raise concerns under Section 17(2) of the Act in exceptional circumstances. Examiners may raise concerns that a mark is not registrable under Section 17(2) of the Act if it seems very likely that the applicant is not the owner of the trade mark that is the subject of the application. This situation would usually only arise where the trade mark concerned is well-known as being the trade mark of a particular company or individual, and where there is no apparent relationship between the applicant and the known owner of the trade mark.”

Thus, although the Trade Marks Office is able to use its own initiative to identify bad faith, it appears as though Examiners have tended to leave the issue for relevant third parties at the Opposition stage.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

A third party may undertake Opposition Proceedings against an application for a trade mark once it is advertised in the Official Journal, as outlined below and as stated in Section 47(1) of *the Act*. The Trade Marks Officer will not, however, investigate or take action if this notification comes in anything other than the prescribed form.

A third party can also make an application for a trade mark to be declared invalid under Section 73(1) of *the Act* as outlined below. This person must be a “person aggrieved” to make such an application.

Please also see question 5.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Further, Section 38(1) of *the Act* gives the Commissioner or the Court the general power to amend an application at any time, including before and after acceptance, to the extent of any error in connection with the application. This may be used in the case where a condition of the registration was not upheld.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

An application will be deemed invalid under Section 73(1) of *the Act* if it is successfully proven, through an application for a declaration of invalidity, that it was not registrable at the time of registration (*i.e.* it was applied for in bad faith). This will effectively treat the registration as if it has never been registered, as per Section 74(1) of *the Act*.

Please also see question 5.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes. Section 47(1) of *the Act* states that: “a person may, within the prescribed time and in the prescribed manner, give the Commissioner written notice of opposition to an application.” A relevant ground for Opposition is anything in Section 17 of *the Act*, which is used by the Examiner to reject applications at the examination stage. If this is done correctly, the mark may not be allowed to be registered, or be registered subject to certain conditions (Section 49(c) of *The Act*).

Please also see question 5.

3. Please give some examples of actual “bad faith” filings in your country.

- Neumann v Sons of the Desert SL

Neumann v Sons of the Desert SL (“*Neumann*”) (CIV 2007-485-212, November 5 2007) was the first case to be heard in the New Zealand High Court that provided a decision and some context on the ground of bad faith. In this case, it was determined that if two parties co-own a trade mark and one applies for it in a jurisdiction individually and without the knowledge of the other co-owner, this will be classified as being done in bad faith.

The situation arose when a company, named Sons of the Desert and owned by a Mr. Galdeano, applied for a trade mark application in New Zealand for a cartoon encompassing the words EL NINO TARIFA. Mr. Galdeano had previously been in contractual arrangements with Mr. Neumann in Spain and the two incorporated a company for the purposes of marketing clothing using the above mark. The two men (as well as other parties whom they eventually bought out) had orally agreed to jointly own the trade mark. However, Mr. Galdeano applied for the mark individually in New Zealand and Mr. Neumann opposed it on the grounds of bad faith.

At the Opposition level, the Assistant Commissioner found that bad faith did not exist. On appeal to the High Court, particular weight was placed on the previous relationship of the parties. The Court adopted the test for bad faith as previously used in the famous *Chinawhite* UK case, with Andrews J questioning: “*whether the knowledge of the applicant (a subjective element) was such that its decision to apply for registration would be regarded as bad faith by persons adopting proper standard (objective element).*” It was held that such an attempt to register a mark without a co-owner would dispossess the other co-owner of the benefits and thus was considered to be in bad faith. In this instance, the appeal was allowed and the application was cancelled.

From this case, it is apparent that the following is enough to prove the subjective element of bad faith:

A transaction relevant to the right to the mark;
a contractual or fiduciary relationship that runs counter to the Applicant or Owner claiming rights to the mark;
earlier rights to the mark in New Zealand or another jurisdiction; and

the relevant circumstances relied on by the opposing party as proving bad faith.

It is also evident that New Zealand law seems to be following the path of the United Kingdom concerning bad faith. Due to their very similarly worded Acts and this early tendency, it is likely this area of law will continue to develop in the same way.

- Chinese Business Yearbook

In an Opposition Hearing before IPONZ in July 2007, the Assistant Commissioner seemingly widened the meaning of bad faith to include when it may have occurred by mistake. Steven Wong attempted to register CHINESE BUSINESS YEARBOOK and Chinese characters in Class 35 for the advertising and publishing of business directories. This was opposed by Ms. Catherine Kwok on the grounds of bad faith, as there was an almost identical mark being used for the same services already on the market.

Ms. Kwok claimed that Mr. Wong did not own the trade mark and thus it was being applied for in bad faith. To determine this, the Assistant Commissioner outlined that bad faith was not only for dishonest actions, but was directed to conduct that fell short of the reasonable standards of commercial behaviour. It became apparent that Mr. Wong thought the mark had been transferred to another company of which he was the only Director and thus he was applying on its behalf. There was insufficient evidence to prove this. He had known the person who had designed it at the original company. Mr. Wong admitted he was not the owner of the mark and it was found that his conduct had fallen short of this standard of commercial behavior and that he had applied for it in bad faith in contravention of Section 17(2) of *the Act*.

It was apparent that Mr. Wong was honestly mistaken in applying for the mark, however this, in combination of the knowledge of the mark in New Zealand, was enough to constitute bad faith, lowering the standard needed. It remains to be seen what will happen to a company that deliberately and knowingly applies for an identical mark, however, it would be most likely that it would face a similar outcome.

- Zespri Group Ltd v Enza Ltd

Zespri Group Ltd v Enza Ltd (HC Wellington, CIV-2008-485-1072, 18 September 2008, Simon France J) considered bad faith at close hand, although it was not proven in this case. Here Enza Ltd, formerly part of the New Zealand Apple & Pear Marketing Board, entered the New Zealand domestic kiwifruit market and applied to register the trade mark ENZA in respect of kiwifruit. This was opposed by Zespri Group Ltd, the trading and marketing arm of the former Kiwifruit Marketing Board, which had an established brand ZESPRI also in a logo form.

One of the grounds of Opposition was that the Application had been made in bad faith.

The Opponent, Zespri Group Ltd, contended that bad faith here was a combination of:

- a) the alleged similarities in the trade marks with the consequent potential for confusion;

- b) the significant unexplained departure by Enza Ltd from its usual logo; and
- c) those two features assessed against the background of a dominant Zespri market position into which Enza Ltd was seeking to enter.

However, Simon France J held that the Zespri case fell well short of bad faith. Enza Ltd's mark was quite different and it was entitled to register a mark that it considered to be appropriately stylized for its intended market of kiwifruit.

- Turners & Growers Pty Ltd

In the case of *Turners & Growers Pty Ltd (T&G) v J.S. Ewers Ltd* [2012] NZIPOTM 24, the Opponent claimed that the Application by T&G was “*contrary to Section 17 of the Act because by seeking to secure a monopoly in relation to a generic and non-distinctive term, the application is made in bad faith.*” Because an earlier ground under Section 18(1)(d) had not been proven, namely that the mark was generic, bad faith could not be proven in this instance.

However, it can be seen from the Commissioner’s reasons in the Hearing that the strong United Kingdom law is now deeply rooted into New Zealand law, and the following will be the process followed to determine bad faith.

The Commissioner said:

“I consider that an allegation of bad faith should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference; and I also consider that this ground should not be relied on as an adjunct to a case raised under another section of the Act.[38] However, I consider that it is quite proper to draw inferences, as long as these are not simply the result of conjecture or guess work.[39]

I note that bad faith is not confined to dishonesty and may be demonstrated by evidence of conduct falling short of reasonable standards of commercial behaviour.[40]

In determining whether there has been an appropriate standard of commercial behaviour, I must apply the “combined” test in Harrison’s Trade Mark Application[41], which was considered by the High Court in Herbert Neumann v Sons of the Desert, S.L.[42] to be appropriate:

...the Commissioner (or Court) must decide whether the knowledge of the applicant (a subjective element) was such that its decision to apply for registration would be regarded as being in bad faith by persons adopting proper standards (an objective element)...”

Other examples of bad faith include:

Registering a mark that is owned by an overseas proprietor:

The idea of “*sharp business practice*” of using an otherwise unused overseas trade mark in New Zealand may change in the near future. It is unclear as of yet whether the Court will consider such actions as constituting bad faith.

Domain names:

Since 2006, there has been a division of InternetNZ, which is the controller of all domain names ending with the “.nz” suffix, for Dispute Resolution (“DRS”) regarding domain names. Through this service, policies have emerged that mimic the United Kingdom System rather than that adopted by WIPO and others, and prohibits “unfair” registrations, very similar to bad faith.

Here, if it can be proven that the complainant has certain rights pertaining to a name or names that are identical or similar to the domain name, and the domain name in the hands of the respondent is an unfair registration, then the domain name will be deemed to be unfairly registered. Unfair registration in the policy is defined, in Rule 3 as:

“A Domain Name which either:

- i. was registered or otherwise acquired in a manner which, at the time when the registration took place, took unfair advantage of or was unfairly detrimental to the Complainant’s rights; or*
- ii. has been, or is likely to be, used in a manner which took unfair advantage of or was unfairly detrimental to the complainant’s rights.”*

Examples of unfair registration include instances of cyber squatting and misappropriation of a trade mark.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

Bad faith is found in *the Act*, under absolute grounds for not registering a trade mark. It provides that: *“the Commissioner must not register a trade mark if the application is made in bad faith”* (Section 17(2)).

Sections 41(1) and 73(1) refer back to this section, using it as a ground for Opposition as well as a possible ground for an application for invalidity.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

In New Zealand, there is the potential for bad faith to be raised at three different stages of the registration process:

- Examination

Section 17(2) of *the Act* provides that *“the Commissioner must not register a trade mark if the application is made in bad faith.”* This is an absolute ground for rejection.

The placement of the bad faith clause within New Zealand legislation is somewhat different to other jurisdictions, as it provides the New Zealand Commissioner with an

avenue to quash applications in the Examination stage and maintain the overall integrity and intended nature of the register itself.

It is rare, however, for Examiners to raise this as an objection at the Examination stage (see discussion above).

- Opposition

In the event that the Commissioner does not reject the mark in the examination process and it proceeds to acceptance, anyone can oppose its registration by filing the required Notice of Opposition with IPONZ within three months of the mark being advertised in the Official Journal.

Section 47(1) of *the Act* states that: “*a person may, within the prescribed time and in the prescribed manner, give the Commissioner written notice of opposition to an application.*” This must contain a statement of grounds of opposition and any other prescribed matters under Section 47(2), meaning that those applying for opposition can use the same grounds in Section 17, including bad faith. It is worthwhile noting that the onus lies on the Applicant to prove the application should be registered.

Once this notice is filed, it is sent by the Commissioner to the Applicant, and two months from this date, a Counterstatement must be filed. This Counterstatement contains any facts accepted by the Applicant and is sent to the Opposing party (s 48). Within two months of this date, Evidence-in-Support of the Opposition must be filed, usually taking the form of Affidavits or Statutory Declarations. Evidence-in-Reply can be filed, strictly covering the matters raised by the applicant, within one month of the submission of the supporting evidence. If at any time submissions are not filed within the prescribed timeframe and whereby an Extension of Time has not been granted under Regulation 75, the Opposition, or indeed the Application, will be deemed to be abandoned.

Once the filing of evidence has finished, the Commissioner will hold a Hearing for the matter. A fee is required for parties to be heard, and this can be done in written form, orally by Counsel, or a combination of the two. Once the Hearing has concluded, Section 49 dictates that the Commissioner must determine the outcome of the Opposition, and, upon the evidence, determine if the trade mark is to be registered and any conditions that attach thereto.

Evidently the availability for bad faith to be used as a ground of Opposition allows, most commonly, third parties to step in at the Opposition stage and oppose the mark in question using the aforementioned tests.

- Post-Registration

After registration, it is still possible for a trade mark to be declared “invalid” due to bad faith by a successful application for a declaration of invalidity. Section 73(1) provides that: “*the Commissioner or the court may, on the application of an aggrieved person (which includes a person who is culturally aggrieved), declare that the registration of a trade mark is invalid to the extent that the trade mark was not registrable under Part 2*

at the deemed date of its registration.” Part 2 of *the Act* includes the Section 17 absolute grounds for not registering a mark, thus allowing bad faith to be used in this context.

The timeline for such an application is as follows:

- The owner of the trade mark must oppose this application by filing a written counter-statement within 2 months of receiving the application (reg. 109);
- This must respond to the application by admitting, denying or otherwise addressing the allegations made and the facts relied thereon;
- If the owner fails to file same, the Commissioner will assess the application on the documents filed by the Applicant (reg. 108(2));
- Within two months of receiving a copy of the counter-statement, the Applicant must either file Evidence-in-Support, notify they will not be filing same, or withdraw their application;
- Within two months of receiving a copy of the evidence in support, the trade mark owner may file Evidence-in-Support of registration or notify otherwise. If this is filed, the Applicant will be given one month to file Evidence strictly-in-Reply.
- The matter will then be determined by the Commissioner, which usually takes place at a Hearing in the form of written and oral submissions from both parties.

A person must have standing to file this application and the definition of “a person aggrieved” is given a wide interpretation (*Khalaf Stores v Phoenix Dairy Caribe NV*). Likewise, a person will be considered to be aggrieved if they are:

- in the same trade as the owner of the registered mark (*Powell v Birmingham Vinegar Brewery Co*);
- An infringer of the mark (*Baker v Rawson*);
- A person with a substantial or real interest in the removal of the registered trade mark (*DAIQUIRI Trade Mark*);
- A person who would be disadvantaged in a legal or practical sense by the Register remaining unrectified (McLelland J in *Ritz Hotel Ltd v Charles of the Ritz Ltd*); or
- A person culturally aggrieved.

The application must be based on a substantial matter, and, if considered trivial or vexatious, will be refused by the Commissioner (Section 65(2) of *the Act*). It must prove that, on the balance of probabilities, the mark should not have been registered.

If the mark is declared to be invalid under said application, Section 74(1) of *the Act* provides that the mark will be treated as if it had not been registered, to the extent of the bad faith, and the Commissioner may alter the Register according to this finding.

Further, Section 75(b) of *the Act* provides that the usual presumption of validity for trade marks that have been registered for more than seven years does not apply.

Under Section 170 of *the Act*, a person who is aggrieved by a decision of the Commissioner may appeal to the High Court.

It is therefore conclusive to say that bad faith is a very strong and thorough ground in New Zealand, a ground that can be used in multiple ways and levels of the registration process.

6. Please suggest some helpful strategies that could be adopted to cancel/ remove/oppose or otherwise take action against “bad faith” filings.

Trade mark owners should take care to keep a stringent watch on their marks and any breaches pertaining thereto. Particular watches should be kept on if:

- a) The applicant does not intend to use the mark in connection with the Goods and Services for which it is sought to be registered. For example, the Applicant filed a series of applications with the intention of “trafficking” in the trade marks;
- b) The Applicant’s mark as used commercially is different to that the subject of the application/ registration;
- c) The Applicant has previous dealings with the rightful owner of the mark and/or was aware of the rightful owners’ claims to the mark and did not legitimately believe that he had a superior right to registration.

Further, attention should be paid to Distributor Agreements and any prior commercial dealings with companies. Care should be taken when drafting Distributorship Agreements. While the distributor relationship can be an attractive option, foreign businesses should pay particular attention to provisions in the Agreement relating to the possible termination of such a relationship.

THE PHILIPPINES

Contributor: Ms. Editha Hechanova

HECHANOVA & CO., INC.

Makati City

Philippines

www.hechanova.com.ph

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

There is no specific provision for bad faith in the *Intellectual Property Code of the Philippines* (“IP Code”), but the concept of “bad faith” appears in some of the decisions issued by the Intellectual Property Office of the Philippines (IPOPHL).

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

Bad faith, as defined in the decision of the Director General of the Intellectual Property Office of the Philippines (IPOPHL) dated August 29, 2007, in the case of *MUSTANG-BEKLIDUNGSWERKE GMBH+CO. KG v. HUNG CHIU MING*, Appeal No. 140620 is quoted below:

“What constitutes fraud or bad faith in trade mark registration? Bad faith means that the applicant or registrant has knowledge of prior creation, use and/or registration by another of an identical or similar trade mark. In other words, it is copying and using somebody else's trade mark.”

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

In the Mustang case above, bad faith was presumed because of the identical nature of the two marks. In said case further, bad faith was differentiated from fraud. Bad faith is simply noted as copying of another mark, while fraud is misrepresentation of ownership or origin of the mark. Thus, the requisite proof in order to ascertain that an application was tainted with bad faith is: *“an indication of good faith is the possibility that two businessmen or entities are, independently of each other, able to come up with identical or similar Trade Marks for use the same or closely related goods. Both of them should*

be able give plausible explanations regarding the origin and ownership of the trade mark. In this instance, that it was merely a coincidence that the parties have identical trade marks and used them on the same or closely related goods is too good to be true. One must have copied it from the other. That party who copied the trade mark from the other can never claim good faith in appropriating it for use and registration purposes."

- c. What is required to prove that a submission was not made in "bad faith"? For example: Does 'innocent' misunderstanding or ignorance of the law or facts disprove "bad faith"?

Proof of ownership and proof that one is the originator of the subject mark is sufficient proof that a filing is not tainted with bad faith. Based on the above cited case, the Director General said that if there are two identical marks, there is the possibility that one must have copied from another. Thus, the presumption of bad faith arises in case of identical marks.

The Supreme Court of the Philippines ruled in another case that: "*Aptly, when a trade mark copycat adopts the word portion of another's trade mark as his own, there may still be some doubt that the adoption is intentional. But if he copies not only the word but also the word's exact font and lettering style and in addition, he copies also the logo portion of the trade mark, the slightest doubt vanishes. It is then replaced by the certainty that the adoption was deliberate, malicious and in bad faith.*" (Shangri-La International Hotel Management, Ltd. et al v. Developers Group of Companies, Inc. G.R. No.159938,31 Mar. 2006.)

2. What are the consequences of "bad faith" in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify "bad faith"? **No.**
 - b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify "bad faith"? **No.**
 - c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in "bad faith"?

The Applicant can voluntarily withdraw the application any time for whatever reason. Since bad faith is presumed in case of identical marks, correcting or curing a submission, other than withdrawing it, is not possible. Material amendment of the mark applied for is not allowed.

- d. Is a submission made to the Trade Marks Office in "bad faith" invalid, void or voidable?
Void.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?
Not directly, since it is presumed for identical marks.
 - f. Other consequences?
If a trade mark filed and approved is said to be in bad faith, damages may be recovered in an action for unfair competition, especially if the “copycat” mark was already used in commerce and the “copycat” has already benefited from the economic advantages of the more popular mark. (*In-n-Out Burger v. Sehwani Inc.*, GR No. 179127, Dec. 24, 2008).
3. Please give some examples of actual “bad faith” filings in your country.
 - a. *MUSTANG-BEKLIDUNGSWERKE GMBH+CO. KG v. HUNG CHIU MING*, Appeal 14-06-20: For the identical “MUSTANG” Marks
 - b. *In-n-Out Burger v. Sehwani Inc.*, GR No. 179127, Dec. 24, 2008: For the mark “In-N-Out”
 - c. *Fredco v. Harvard*, GR No. 185917, June 1, 2011: For the mark “HARVARD”
 - d. *McDonalds v. LC Big Mak*, GR No. 143993, August 18, 2004: For the mark “Big Mac” v. “Big Mak”.
 4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.
Philippine Statute, specifically that of the *New Civil Code of The Philippines* coins bad faith in the opposite, as it defines “good faith”. It also presumed that in all human relations, good faith is presumed. The above cited case laws are those that defined bad faith and its consequences.
 5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.
These is no difference between these procedures.
 6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.
 - a. Claim bad faith when the marks are identical, and/or confusingly similar.
 - b. The real owner of the mark must show evidence or proof of ownership, earlier use of the mark.

PORTUGAL

Contributor: Ms. Paulo Monteverde
Baptista Monteverde e Associados
Lisbon
Portugal
paulo.monteverde@bma.com.pt

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office?

Yes.

What is the definition of “bad faith”; what constitutes “bad faith”?

There is no definition of good or bad faith in either of these countries. However, case-law and doctrine have been contributing to the definition of such a legal term.

Good faith would be the positive objective limit. It is a setting of underlying principles, rules and guidelines of behavior of the legal system that from the observation of the law prevent unfair results arising.

From a subjective perspective, good faith equals lack of knowledge or ignorance of facts, even when the average duties of caution and vigilance were observed.

Therefore, those who act in “bad faith” do not comply with the setting of underlying principles, rules and guidelines of behavior of the legal system; whereas those who act with “bad faith” have knowledge of the facts and accept them, acting with intent to obtain an unlawful advantage from them or causing damage to others.

- a. What is required to prove “bad faith”?

The assessment of what is required to prove bath faith should be made on a case-by-case basis.

In order to prove “bad faith” in the subjective dimension, it must be demonstrated that there is: a) knowledge of the previous right existence; b) intent to take advantage or cause damage.

In the objective dimension, the mere possibility of taking advantage or causing harm is enough to indicate “bad faith”.

For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material?

The false or misleading information omitted or submitted could qualify as bad faith.

Is proof of intent to deceive required to prove “bad faith”?

Yes.

- b. What is required to prove that a submission was not made in “bad faith”?

Facts should be provided putting such submission in a proper context where the applicant’s conduct could not be negatively qualified.

For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

No, since bad faith may also be assessed from an objective perspective, looking to the result of the action, independently of the real intention. Thus, one may act ignoring the facts and the law and still the conduct could be qualified negatively.

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

It depends on the purpose and consequences of such information. In general, to provide an explanation of why certain false and misleading information should be qualified as bad faith would be the first step. Then, one may try to cancel the actions taken by the Trade Marks Office upon receipt of such information.

- 2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

No.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

The Trade Marks Office does not have the competence to investigate or take action to identify “bad faith”. Whether or not there is bad faith will be assessed on the legal and factual grounds submitted by a third party.

For instance, considering that acting in bad faith may be deemed an act of unfair competition, the Trade Marks Office may consider it within an opposition filed against a trade mark application on the grounds of the possibility of enabling acts of unfair competition and it will “derivar” to Civil Court to decide on it.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Yes, in principle. It depends on the stage of the proceedings and on the kind of submission at stake.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

Voidable.

Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Bad faith is a basis for invalidating and cancelling a Trade Mark.

- e. Other consequences?

It may be argued that the agent who seeks the registration of a trade mark recorded in other jurisdictions in favor of the company that he represents, acts with “bad faith”.

In such circumstances, the company that owns prior trade mark rights abroad may obtain the annulment of the registration or the transferal of the trade mark in its favor.

3. “Please give some examples of actual “bad faith” filings in your country.

There have been several trade mark applications filed with the aim of subsequently registering domain names based on such applications. In some cases, the Trade Marks Office qualified those applications as unfair competition, which is a form of bad faith.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

Relevant statutes of the Portuguese Industrial Property Code:

“Article 8

RE-ESTABLISHMENT OF RIGHTS

1. The rights of applicants for or owners of industrial property rights who, in spite of all the attention required by the circumstances, have failed to respect a time limit, noncompliance with which may result in its not being granted or affect its validity, and the cause is not directly imputable to them, shall be re-established at their request.
2. A duly justified request shall be submitted in writing within two months of the cessation of the circumstance that prevented compliance with the time limit but will only be allowed, in any case, within one year of the end of the time limit missed.
3. In the case of the time limits mentioned in Article 12, requests are only allowed within two months as of the end of the time limit missed.
4. The omitted act must be performed within the two month period referred to in paragraph 2 along with a payment of a fee for the re-establishment of rights.
5. The provisions of this article do not apply to the time limits referred to in paragraphs 2 or 4 and Articles 17 and 350, if it is a question of extending a time limit set forth in this code and if a declaration of expiry case is pending for that industrial property right.
6. Applicants for or owners of rights that are reestablished may not invoke them to a third party who, in **good faith**, in the period between the loss of the rights granted and the publication of the notice of reestablishment of the rights, has begun operation or sale of the object of the right or has made actual, serious preparations for its operation or sale.
7. Third parties who may avail themselves of the provision in the previous paragraph may oppose the decision to re-establish rights of the applicant or owner within two months of the date of publication of the notice of re-establishment of the right.”

“Article 266

ANULLABILITY

1. In addition to the provisions of Article 34, a Trade Mark registration is annulable when, in the process of granting it, the provisions of Articles 239 to 242 have been violated.
2. Pursuant to Article 241 or 242, the interested party in the annulment of a Trade Mark must apply for registration of the Trade Mark that gives rise to the request for

annulment for the products or services that gave the mark renown or prestige, respectively.

3. A registration cannot be annulled if the already existing trade name invoked in an opposition does not satisfy the condition of serious use in accordance with Article 268.
4. Annulment actions must be proposed within the 10-year period beginning on the date of issue of the registration grant order, without prejudice to the right to apply for annulment of a Trade Mark registered in **bad faith**, which is imprescriptible.”

“Article 267

PRECLUSION BY TOLERANCE

1. The proprietor of a registered Trade Mark that has knowledge of and tolerates the use of a Trade Mark registered after registration of its own mark for a period of five consecutive years forfeits the right, based on propriety of a prior Trade Mark, to apply for annulment of the registration of the later Trade Mark or to oppose to its use in relation to the products or services the later Trade Mark has been used for, unless the later Trade Mark has been registered in **bad faith**.
2. The five-year period provided for in the preceding paragraph begins on the date on which the proprietor takes knowledge of the fact.
3. The proprietor of a subsequently registered Trade Mark cannot oppose the pre-existing rights, even if the latter cannot be invoked against the later Trade Mark.”

“Article 317

UNFAIR COMPETITION

1. Unfair competition is defined as all acts of competition that contradict the rules and honest practices in any branch of economic activity, in particular:
 - a) Acts that may create confusion as to the company, establishment, products or services of competitors, regardless of the means employed;
 - b) False statements made in carrying out an economic activity with the aim of discrediting competitors;
 - c) Unauthorised claims or references made with the aim of deriving benefit from the credit or reputation of another person’s name, establishment or Trade Mark;
 - d) False indications as to one’s own credit or reputation relating to the capital or financial situation of the company or establishment, to the nature and scope of its activities and business or to the quality or quantity of its clientele;

- e) False descriptions or indications as to the nature, quality or utility of the products or services, as well as false information on the origin, locality, region or territory of a factory, workshop, premises or establishment, regardless of the mode adopted;
- f) Suppression, concealment or alteration, by the seller or any other intermediary, of the appellation of origin or geographic indication of the products or the registered Trade Mark of the producer or manufacturer on products for sale whose packaging has not been altered in any way.

2. The measures provided for in Article 338-I apply, with the necessary adjustments.”

As previously mentioned, even though there are case laws that deal with the concept of “bad/good faith”, there are none that define the concept, when associated with Intellectual Property rights.

The analysis of the existence of a “bad faith” filing is often connected with the concept of unfair competition.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

An opposition against a trade mark application is filed before the Trade Marks Office. The applicant may respond in two months. Additional submissions are accepted.

An invalidation action must be filed before the court.

The clerk of the court shall notify the defendant – the owner of the registration subject to annulment – to file a counterstatement within 30 (thirty) days.

The counterstatement is notified to the claimant and the claimant may file a response to specific procedural or legal questions raised by the defendant.

The defendant will be able to file observations in reply.

Afterwards, the judge shall select the facts that must be proven in the hearing and schedule a date for it to take place.

These are the main stages of the procedure, but incidents may arise that may change these.

The decision issued by the Court must be notified to the Trade Marks Office.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

From experience, the success of an annulment action of a registration obtained in “bad faith” or on unfair competition will depend on the evidence.

Therefore, the best strategy is to gather as much evidence as possible of the intent to obtain an unlawful advantage or to cause damage.

ROMANIA

Contributor: Ms. Delia Belciu and Oana Racheriu

Nestor Nestor Diculescu Kingston Petersen
Bucharest
www.nndkp.ro

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

According to Article 6, paragraph 4, letter g) of the *Romanian Law no. 84/1998*, regarding trademarks and geographical indications, as republished, (“Law 84/1998” or the “*Trademarks Law*”), a trademark can be rejected at registration or, if registered, can be cancelled in case it can be confused with an earlier trademark used abroad at the filing date of the trademark application, trademark which continues to be used abroad, in case the trademark application has been filed by the Applicant in bad faith.

Also, according to Article 47, paragraph 1, letter c) from the *Trademarks Law*, a trademark requested at registration in bad faith, may be cancelled.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

The notion of “bad faith” is not defined as such by the *Trademarks Law*. The existence or not of bad faith is determined on a case-by-case basis. Nevertheless, the case law has provided some criteria in determining whether there was bad faith in filing a national trademark application. Thus, the High Court of Cassation and Justice has ruled by means of Decision no. 2547 of April 27, 2010, that:

“the case law and doctrine regarding this matter has structured the content of the bad faith notion on two elements: an objective element consisting in knowing the fact that in relation to the trademark there were legitimate rights upon the trademark [...] and a subjective element consisting in the intention to prejudice the person that justifies such legitimate rights and interests”.

Also, the Bucharest Court of Appeal has found that:

“as long as a commercial company is registering with the State Office for Inventions and Trademarks a trademark that is similar to the one used by other companies in Romania [...] in connection with products in the same classes, it is deemed that the registration of the trademark has been requested in bad faith, as provided by art. 48, para. (1) letter c) of Law no. 84/1998, even if the companies that were using the name of the mark in Romania had not registered it and had no legal protection for such, except in other territories.” (Decision 1A of January 1, 2006).

The doctrine has put into discussion another possible case of bad faith filing, when the holder of a trademark that may be deprived for non-use of the trademark, registers a second trademark, in order to ensure the continuity of the protection of the trademark.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

There are no specific legal requirements in order to prove bad faith. Based on the current Romanian case law so far, the intention of prejudicing another party’s legitimate rights and interests is an important element in determining if there was bad faith at filing of a national trademark application.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

There are no specific legal requirements in order to prove that a submission was not made in “bad faith”. The existence or not of bad faith at the time of filing a trademark application is determined on a case-by-case basis. The ignorance of the law cannot be considered a valid reason for justifying the filing of a trademark application in bad faith.

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

In the case of false or misleading information being submitted to SOIT, then the applicant should try to correct them.

- 2. What are the consequences of “bad faith” in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

No.
 - b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

Only in the case of an opposition filed based on Article 6, paragraph 4, letter g) of the *Trademarks Law* mentioned at point 1 herein above.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

There are no such specific legal means in order to “cure” a submission made in bad faith. Nevertheless, a trademark application may be modified to a certain extent and the list of Goods and/or Services for which the registration is sought may be limited at the request of the Applicant. In addition, the titleholder of a registered trademark may surrender the trademark.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

The submission made in bad faith might be rejected by SOIT as a result of an Opposition filed by a third party based on Article 6, paragraph 4, letter g) of the *Trademarks Law* mentioned herein above.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a trade mark registration?

Yes, a registered trademark may be canceled if such was filed in bad faith.

- f. Other consequences?

In addition to cancellation of the trademark, if bad faith is found by the Court, the prejudiced person may ask for damages and in this sense, such has to prove a prejudice.

3. Please give some examples of actual “bad faith” filings in your country.

Please see our answer to question 1a. herein above.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

The legislation that regulates the cases when a trademark may be rejected or canceled for reason of being filed in bad faith is the *Trademark Law* and the Government Decision no. 833/1998 for the approval of the Implementing Regulation for Law no. 84/1998, regarding trademarks and geographical indications. With respect to the Romanian case law defining the bad faith notion, please refer to the examples presented at the answer at question 1 a) above.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

With respect to an Opposition filed against the registration of a trademark based on bad faith, please note that any interested person may file it with SOIT within two months as of the publication date of the trademark application.

In brief, SOIT notifies the Applicant of the trademark application regarding the filed opposition and may submit its point of view with respect to such within 30 days as of the notification of the opposition.

Following the filing of the Opposition, a SOIT’s Commission gives a notice of admission or rejection of the Opposition, which is mandatory during the substantive examination of the registration of the trademark.

With respect to a trademark cancellation action filed in bad faith, any interested person may file such an action during the entire period of protection of the trademark with the Bucharest Tribunal. The decision may be further appealed. The burden of proof rests with the plaintiff.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

A trademark watch service might be a good strategy for trademark owners to watch any possible trademark applications filed in bad faith.

SINGAPORE

Contributor: Mr. Kim Tean Ng

Nanyang Law-H²
Singapore
www.houlihan2.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**
 - a. What is the definition of “bad faith”; what constitutes “bad faith”?
 - i. It is said that “bad faith” has moral overtones and embraces any form of dishonesty conduct or dealings in relation to a mark, which fall short of the standards of acceptable commercial behavior observed by reasonable and experienced men in the particular area of trade being examined.
 - ii. In the case of *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd [1999] PRC at 379*, the Court opined that it shall not attempt to define bad faith in the context. Plainly, it includes dishonesty and also some dealings, which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.
 - b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?
 - i. Bad faith is a distinct and independent argument from the issue of confusing similarity. Bad faith can exist even where the use of trade mark sought to be registered would not result in any confusion or deception. In the case of *Rothmans of Pall Mall Ltd v. Maycolson International Ltd [2006] 2SLR 551*, wherein the fact that Fairlight mark was not confusingly similar to the Rothman marks, was irrelevant in the bad faith inquiry.
 - ii. The test for bad faith involves a combination of an objective and a subjective standard. In the similar case of *Rothmans of Pall Mall Ltd v. Maycolson International Ltd [2006] 2SLR 551*, the element in the test required the

Court to examine the licensee's conduct by reference to a reasonable person with expertise in the area under consideration. Using this objective assessment, the circumstances of the case were such that a reasonable person would have harboured suspicions as to propriety of the Fairlight mark, the licensee ought to have further inquired into the origins of this mark and intentions of Hertlein Brothers. Failure to do so was akin to willful blindness and an indication of bad faith, because honest people would not deliberately close their eyes and refrain from asking questions lest they obtain information they would rather not know.

iii. In the case of *P. T. Permona v Shanghai Tobacco Group [2001] SGHC 359*, the Applicant was probably not using the Mark nor did he have the *bona fide* intention to use it. His intention was to sell the registration of the mark to the rightful proprietor. His declaration in the application form amounted to a false declaration to the Registry. These facts supported the claim that the application was one made in bad faith.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

See below.

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

No, the party has to commence the appropriate actions.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

The third party has to take up an action for this purpose and it is imperative to point out at the outset that an allegation of bad faith is a serious one and a party who alleges bad faith has a correspondingly high standard of proof to satisfy. It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

When made with that intention, it has never been the intention to correct such wrongdoing.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

It renders the submission invalid.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes.

3. Please give some examples of actual “bad faith” filings in your country.

The case of *Weir Warman Ltd v. Research & Development Pty Ltd* [2007] SGHC 59 is a case decided under current law. The High Court listed the following instances of ‘hijacking’ of a trade mark, which may suggest bad faith:

- The Applicant has no *bona fide* intention to use the trade mark at all, but wishes to prevent a competitor from using the mark or one similar to it;
- the Applicant has no present or fixed intention to use the mark, but wishes to stockpile the mark for use at some indeterminate time in the future; or
- the Applicant becomes aware that someone else plans to use the mark, and files a pre-emptive application with a view to selling it.

In *P T Permona v Shanghai Tobacco Group* [2001] SGHC 359, the Applicant was probably not using the mark, nor did he have the *bona fide* intention to use it. His intention was to sell the registration of the mark to the rightful proprietor. His declaration in the application form amounted to a false declaration to the Registry. This would support the claim that the application was one made in bad faith.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

- i. The term ‘bad faith’ is not defined in *Singapore Trade Mark Act*. The task of the Registrar or the Court to determine if a particular application was made in bad faith in light of all material surrounding circumstances is not made easier by the curious contradictory linguistic evidence in other parts of Act, such as the use of terms

‘bona fide’ in Section 5(2) of the Act, ‘genuine’ in Section 22(1)(a) of the Act and ‘honest’ in Section 9(1) of the Act.

- ii. The term ‘bad faith’ is found in Section 7(6) in *The Singapore Trade Mark Act*, that is:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

Accordingly, ‘bad faith’ can be used for challenging the invalidity of a trade mark, according to Section 23(1) of the Act which states:

“The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of Section 7.”

- iii. In *Rothmans of Pall Mall Ltd v Maycolson International Ltd [2006] 2SLR 551*, Rothmans challenged Maycolson's Fairlight mark on the basis that it was very similar to its mark; that it was for identical goods; and that Maycolson's application was made in bad faith.

The Principal Assistant Registrar of Trade Marks (“PAR”) dismissed Rothmans’ Opposition, which then led it to appeal to the High Court. Rothmans contended that the PAR had erred in her findings that the marks were not similar, both visually and aurally, and that Maycolson had not acted in bad faith.

Allowing the appeal, the Court decided that Maycolson's application should be refused as it was made in bad faith. The Court decided against the registration of Maycolson's Fairlight mark for the following reasons (among others): Had Maycolson made further enquiries before seeking registration of the Fairlight mark, it would have discovered the existence of the foreign proceedings against the Hertlein brothers by Rothmans, including the injunction against their use of the Fairlight mark in Europe. The Hertlein brothers clearly intended to ride on the goodwill and reputation of Rothmans' trade marks. The positive duty to make enquiries is what a reasonable person in Maycolson's shoes would have done and is necessary to ensure the “*sanctity of the Trade Marks Register and its system of registration*”. Bad faith existed in this case as it appeared from the facts and from the records that Maycolson's presence in Singapore was “*minimal and temporary*” and the “*circumstances surrounding the incorporation of Maycolson*” were “*highly suspicious in nature*”. Further, there was no evidence that Maycolson was selling or planning to sell the Fairlight cigarettes in Singapore.

- 5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

1. Revoking or cancelling a claim of bad faith does not automatically result in the refusal or cancellation of the trade mark application in relation to Goods or Services for which it has been filed. This follows from Article 13 of the Directive which permits partial refusal or cancellation. Consequently, refusal or cancellation will usually apply only to those goods or services in relation to which the ground for refusal or cancellation exists.
2. If bad faith is alleged in order to oppose, invalidate or revoke the registration of a trade mark, it should be alleged upfront as a primary argument or not at all. It should not be raised as an adjunct to a case raised under another section of the *Trade Marks Act*. An allegation that a trade mark has been applied for in bad faith is a serious allegation, being an allegation of a form of commercial fraud. Just as a plea of fraud should not be made lightly, bad faith allegations should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved, and this is rarely possible by a process of inference.
3. One may oppose a bad faith filing in opposition proceedings. In this case, the initiative and the burden of proof lie not with the national Trade Mark Office, but with the opponent. In theory, opposition proceedings are intended to provide swift and efficient means to reject a trade mark application early on in the registration phase. However, in practice, opposition proceedings and subsequent appeals may often take up to two years from filing the opposition.

SOUTH AFRICA

Contributor: Mr. Alan Smith

ADAMS & ADAMS
Johannesburg
South Africa
www.adamsadams.co.za

Questions

1. Is the concept of ‘bad faith’ recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

Section 10 of the *South African Trade Marks Act 194 of 1993* (“the Act”) includes specific provisions relating to “bad faith” or lack of good faith. To the extent that it is relevant, the Section reads:

“Unregistrable trade marks

The following marks shall not be registered as trade marks or, if registered, shall be liable to be removed from the Register:

- (3) a mark in relation to which the applicant for registration has no **bona fide** claim to proprietorship;*
- (4) a mark in relation to which the applicant for registration has no **bona fide** intention of using it as a trade mark, either himself or through any person permitted or to be permitted by him to use the mark as contemplated by section 38;*
- (7) a mark the application for registration of which was made **mala fide**.”*

- a. What is the definition of bad faith; what constitutes ‘bad faith’?

There is no definition of “bad faith” or of the equivalent Latin term in the *Act*.

In a leading Trade Mark case dealing with the issue, the Honourable W J Trollip, in a determination of rights of two parties on 31 May 1986 in the matter of *Moorgate Tobacco Co Ltd v Philip Morris Inc*, stated that factors relevant in the determination of an applicant's claim to proprietorship of a trade mark are:

“... any factors that may have vitiated or tainted his right or title to the proprietorship thereof. Those factors would comprehend dishonesty, breach of confidence, sharp practice, or the like.”

- b. What is required to prove ‘bad faith’? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the

submission/omission be proved to be important or material? Is proof of intent to deceive required to prove bad faith?

In respect of proprietorship, if the Applicant for registration makes a false statement that he or she is the true proprietor when that is not true, the application or resulting registration may be attacked.

Therefore, bad faith would typically arise when a person applies to register a trade mark for the purpose of frustrating registration by another person and not where a person wrongly applies for registration, in good faith or in the mistaken belief that the application is justified, when that person is not the true proprietor.

To present false or misleading information to the Registrar or to make a false or misleading statement in an application form, particularly regarding proprietorship, may be enough to invalidate a trade mark application or resulting registration. Even if the statement is not an act of bad faith, it may still affect validity.

Generally, the mere failure to provide potentially relevant information is not enough to result in invalidity unless the party was obliged to provide it by the *Act* or Regulations.

When attacking an application or registration on the basis of false or misleading information, it is not necessary to prove an intention to deceive. Provided that it can be shown that the Registrar acted on the information and the application would not otherwise have proceeded, that should be enough.

- c. What is required to prove that a submission was not made in bad faith? For example: Does 'innocent' misunderstanding or ignorance of the law or facts disprove bad faith?

A party would be required to rebut a claim that there was an act of bad faith but, in most circumstances, the factual situation would indicate the relevant facts with or without that rebuttal.

- 2. What are the consequences of bad faith in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith? Yes/No

No.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?

No. The Trade Marks Office cannot react to an allegation of bad faith except in formal proceedings.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

Corrections are possible but whether or not an act of bad faith can be remedied would depend on the specific act and whether or not the Registrar had acted on it. If the *Act* was of no significance in the application, it may possibly be corrected. However, if there had been reliance on the *Act* to the benefit of the party concerned, it may be difficult to remedy it.

- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?

As a general rule, an act that is in bad faith results in invalidity of the consequences that result from it. However, the entry in the Register resulting from the act is not treated as being inherently invalid or void as against the general public. Once the act has resulted in an entry in the Register, the entry will usually stand until it is set aside by a Court.

There are situations where an act in bad faith may be voidable, such as where a false claim to proprietorship is made or an assignment that is not a *bona fide* one has been recorded on the basis of a misrepresentation. However, the entry in the Register would stand until there is an order to set it aside.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a trade mark registration?

Yes. A trade mark application can be opposed or a registration may be cancelled on the basis of a statement made in bad faith (see the answer to question 1).

- f. Other consequences?

The consequence of an application or an entry in the Register that is based on an act of bad faith is that a person with an interest may oppose the application or apply to set the entry aside.

3. Please give some examples of actual bad faith filings in your country.

Examples from case law follow:

1. *Broadway Pen Corporation & Another v Wechsler & Co (Pty) Ltd & Others 1963 (4) SA 434 (T)*

For some years, substantial quantities of writing instruments manufactured by Broadway and bearing the mark 'Everglide' had been exported to and put on the market in South Africa as the goods of Broadway. Wechsler became the sole distributor of Broadway's products in South Africa. The trade mark created an association with Broadway and not Wechsler, which had misappropriated the trade mark and could not legitimately have the trade mark registered in its name.

2. *Ex Parte Ziman & Others 1970 (1) SA 164 (T)*

In dealing with trade mark applications filed in bad faith, the Court agreed with the statement:

“It is the registration of bogus trade marks which are never intended to be used *bona fide* but which are intended to be used by the persons who Register them to oppress and as a weapon to obtain money from subsequent persons who may want to use trade marks *bona fide* but which are precluded from doing so because bogus trade marks had been registered in respect of the same classes.”

3. *Benz Ltd & Another v South Africa Leadworks Ltd 1963 (3) SA 797 (A)*

The most relevant case in intellectual property matters in respect of bad faith is a patent case, which also serves as guidance in trade mark cases. In that case, a misleading statement in an application form that had been signed on behalf of the Applicant, although not under oath, constituted a misrepresentation on which the Registrar of Patents acted, resulting in the granting of the patent. The patentee acquired a right to which it was not entitled and the patent was therefore invalid.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

As indicated in response to question 1, Section 10 of the *Trade Marks Act 194* of 1993 includes specific provisions relating to “bad faith” or lack of good faith.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

Oppositions must be instituted before the Registrar of Trade Marks. That would apply to Oppositions dealing with bad faith as well as those related to other issues.

To institute an Opposition, it is necessary to file a Notice of Opposition supported by evidence on affidavit. The Opponent may rely on registered rights, common law rights or both and also on issues such as bad faith. If the Applicant is not prepared to settle the matter at that stage, it will have an opportunity to file an answering affidavit. The Opponent may then reply. The answer and reply are also on affidavit.

The matter will then have to be argued before the Registrar on the facts and on legal issues. In exceptional cases, issues may be referred to oral evidence as part of the hearing but that rarely happens.

Cancellation or invalidity proceedings may be instituted before the Registrar of Trade Marks or in the High Court. The procedures are similar to those in an opposition, although the format of documents differs in the High Court.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

Any procedural act in bad faith could possibly be remedied before registration by proper disclosure to the Registrar and remedial action.

If the rights claimed in an application are misappropriated rights that belong to another party that may not be capable of being remedied. Even an assignment of rights to the correct party would not detract from the fact that the application was inherently bad at the date of application.

Where an act in bad faith has resulted in a trade mark registration being granted, so that the Registrar has acted on the act in granting the registration, it is probably not possible to remedy the situation and the prudent action would be to seek rights in a properly filed new application.

SPAIN

Contributor: Elia Sugrañes

SUGRAÑES

Barcelona
Spain

www.sugranes.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office?

Yes.

What is the definition of “bad faith”; what constitutes “bad faith”?

There is no definition of good or bad faith. However, case law and doctrine have been contributing to the definition of such a legal term.

Good faith would be the positive objective limit. It is a setting of underlying principles, rules and guidelines of behavior of the legal system that from the observation of the law prevent unfair results arising.

From a subjective perspective, good faith equals lack of knowledge or ignorance of facts, even when the average duties of caution and vigilance were observed.

Therefore, those who act in “bad faith” do not comply with the setting of underlying principles, rules and guidelines of behavior of the legal system; whereas those who act with “bad faith” have knowledge of the facts and accept them, acting with intent to obtain an unlawful advantage from them or causing damage to others.

- a. What is required to prove “bad faith”?

The assessment of what is required to prove bath faith should be made on a case-by-case basis.

In order to prove “bad faith” in the subjective dimension, it must be demonstrated that there is: a) knowledge of the previous right existence; and b) intent to take advantage or to cause damage.

In the objective dimension, the mere possibility of taking advantage or causing harm is enough to indicate “bad faith”.

For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material?

The false or misleading information omitted or submitted could qualify as bad faith.

Is proof of intent to deceive required to prove “bad faith”?

Yes.

- b. What is required to prove that a submission was not made in “bad faith”?

Facts should be provided putting such submission in a proper context where the applicant’s conduct could not be negatively qualified.

For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

No, since bad faith may also be assessed from an objective perspective, looking to the result of the action, independently of the real intention. Thus, one may act ignoring the facts and the law and still the conduct could be qualified negatively.

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

It depends on the purpose and consequences of such information. In general, to provide an explanation of why certain false and misleading information should be qualified as bad faith would be the first step. Then, one may try to cancel the actions taken by the Trade Marks Office upon receipt of such information.

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”?

No.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

The Trade Marks Office does not have the competence to investigate or take action to identify “bad faith”. Whether or not there is bad faith will be assessed on the legal and factual grounds submitted by a third party.

For instance, considering that acting in bad faith may be deemed an act of unfair competition, the Trade Marks Office may consider it within an opposition filed against a trade mark application on the grounds of the possibility of enabling acts of unfair competition and it will “derivar” to Civil Court to decide on it.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Yes, in principle. It depends on the stage of the proceedings and on the kind of submission at stake.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

Voidable.

Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Bad faith is a basis for invalidating and cancelling a Trade Mark, but not for opposing a Trade Mark.

- e. Other consequences?

There is also the possibility of claiming damages.

- 3. “Please give some examples of actual “bad faith” filings in your country.

The typical case is that once a company has sent a cease and desist letter, the person who received the cease and desist letter files the trade mark.

- 4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

Article 7 of the civil code:

“Rights must be exercised in accordance with the requirements of good faith.

The law does not support abuse of rights or antisocial exercise thereof. Any act or omission which, as a result of the author’s intention, its purpose or the circumstances in which it is performed manifestly exceeds the normal limits to exercise a right, with

damage to a third party, shall give rise to the corresponding compensation and the adoption of judicial or administrative measures preventing persistence in such abuse”

Article 5 of the Unfair Competition Law

“General clause: It is disloyal any act against the good faith.”

Article 51 of the Spanish Trade Mark Law

“1. The registration of a Trade Mark may be declared null and void by means of a firm decision and be subject to invalidation, where:

- (a) it contravenes the provisions of Article 3(1) and (2) and Article 5 of this Law;
- (b) the applicant has acted in bad faith when filing the Trade Mark application.

2. An action requesting the absolute invalidation of a registered Trade Mark shall not be Subject to statute-barring.

3. Invalidity may not be declared where its cause has disappeared at the time the request therefor is made. In particular, a Trade Mark may not be declared invalid where a registration has been made in contravention of Article 5(1)(b), (c) or (d) and said Trade Mark has, after registration, acquired a distinctive character for the goods or services for which it is registered through any use which has been made of it by its owner or with his consent.”

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

An opposition against a trade mark application is filed before the Trade Marks Office. The applicant may respond in two months. Additional submissions are accepted.

An invalidation action must be filed before the court.

The clerk of the court shall notify the defendant – the owner of the registration subject to annulment – to file a counterstatement within 30 (thirty) days.

The counterstatement is notified to the claimant and the claimant may file a response to specific procedural or legal questions raised by the defendant.

The defendant will be able to file observations in reply.

Afterwards, the judge shall select the facts that must be proven in the hearing and schedule a date for it to take place.

These are the main stages of the procedure, but incidents may arise that may change these.

The decision issued by the Court must be notified to the Trade Marks Office.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

From experience, the success of an annulment action of a registration obtained in “bad faith” or on unfair competition will depend on the evidence.

Therefore, the best strategy is to gather as much evidence as possible of the intent to obtain an unlawful advantage or cause damage.

SWEDEN

Contributor: Björn Pettersson

Valea AB

Linköping

Sweden

www.valea.se

Questions:

1. Is the concept of ‘bad faith’ recognized in your country in connection with documents or statements submitted to the Trade Marks Office? [Yes, in connection with trade mark applications.](#)

- a. What is the definition of bad faith; what constitutes ‘bad faith’?

[According to Paragraph 8 of Chapter 2 of the *Swedish Trademark Law*, a trade mark must not be registered if it is confusingly similar to an earlier mark used by someone else in Sweden or abroad by the time of the filing and still in use, if the Applicant acted in bad faith at the time of the filing. This is in accordance with Article 4.4 \(g\) of the *DIRECTIVE 2008/95/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL* of 22 October 2008 to approximate the laws of the Member States relating to Trade Marks.](#)

- b. What is required to prove ‘bad faith’? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove bad faith?

[The requirement for “bad faith” in Sweden is the Applicant’s factual knowledge of prior and confusingly similar mark used by third party in Sweden or abroad.](#)

[The burden of proof that the Applicant acted in bad faith at the time of filing the application rests on the one who challenges the application.](#)

- c. What is required to prove that a submission was not made in bad faith? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove bad faith?

[In Sweden, neither misunderstanding nor ignorance of the law \(*ignorantia juris nocet*\) can disprove bad faith.](#)

2. What are the consequences of bad faith in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith? Yes/No

In general no, but if we are dealing with well-known trade marks, the Office can take action on its own initiative and reject a trade mark application, which is deemed to be confusingly similar to earlier marks.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?

A notification by a third party is not a guarantee for further actions by the Office. To be sure, it is better to file an Opposition, or if this is no longer possible, to apply for a revocation of the mark in question.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

Since bad faith is recognized as an obstacle to registration of a trade mark application, the Applicant can withdraw the application at any time.

- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?

As described above, a trade mark application filed in bad faith can either be rejected by the Office *ex officio*, which only happens with well-known marks, or as a result of an Opposition or Application for Revocation/Invalidity.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Bad faith is a relevant basis for opposing an application or invalidating, removing or cancelling a trade mark registration.

3. Please give some examples of actual bad faith filings in your country.

There are no examples of actual bad faith filings in Sweden. From a European perspective, the judgment from the European Court of Justice, No. C-529/09 of June 11, 2009, *Chokladenfabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH*, is still of great importance. In that case, the Court laid down the principles for the interpretation of bad faith filings stating that the Court must take into consideration all the relevant

factors specific to the particular case which pertained at the time of filing the application for registration of the sign as follows:

- the fact that the Applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;
- the Applicant's intention to prevent that third party from continuing to use such a sign; and
- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

Please see the answer under Item 1.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

It is possible to file an Opposition with the Office within three months from the grant of the registration. Once a registration has gained legal force you are obliged to file an application for Cancellation etc. with a general law court. However and due to some changes of the *Trademark Act*, an application for a cancellation of a trademark registration may be submitted with the Swedish Patent and Registration Office. This means that rather straight forward cases of for example non-fulfillment of use requirements do not have to be tried in a general court of law anymore.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

First of all and in order to disclose bad faith filings in Sweden, it is recommend to use some kind of watch service, since the Swedish Trademark Office does not take action *ex officio* unless we are dealing with well-known marks. It is more cost-effective to have a bad faith filing rejected within the administrative procedure in comparison with a more costly and circumstantial judicial procedure to have the mark eliminated.

TAIWAN

Contributor: Wu-Shung Houg

LOUIS INTERNATIONAL PATENT OFFICE

Taipei

Taiwan

www.louisipo.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

The concept of “bad faith” in connection with documents or statements submitted to the Trade Marks Office is recognized in Taiwan.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

The definition of “bad faith” in connection with documents or statements submitted to the Trade Marks Office is stipulated in Article 119 of the *Administrative Procedure Act* wherein the following acts will constitute “bad faith”:

1. Causing the administrative authority to render an administrative disposition by way of fraud, coercion or bribery;
 2. furnishing incorrect information or making incomplete statements, thereby causing the administrative authority to render an administrative disposition based on such information or statement; and
 3. having knowledge that the administrative disposition is unlawful or failing to know that it is unlawful due to his gross negligence.

- b. What is required to prove “bad faith”?

Evidence of the Acts applicable to Article 119 of the Administrative Procedure Act (either one of the above-mentioned three acts) is required.

- c. What is required to prove that a submission was not made in “bad faith”?

Counter-evidence is required to prove that the Article 119 of Administrative Procedure Act is not violated. The most important evidence is to prove that the applicant has the legitimate right to file to application.

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”? Yes/No.

Yes, regarding the “bad faith” submission, it is stipulated in Article 117 of the *Administrative Procedure Act* that the authority and the superior authority withdraw *ex officio* the disposition in whole or in part. Nevertheless, usually it is started by a third party’s action/objection.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

Yes, the Trade Marks Office has the authority to investigate and decide whether it shall withdraw *ex officio* the disposition in whole or in part according to Article 117 of the *Administrative Procedure Act*.

- c. Does the person making the submission have an opportunity to recall, correct or cure a method made in “bad faith”?

No, the person making the submission which violates any subparagraph of Article 119 of the *Administrative Procedure Act* cannot recall, correct or cure his submission made in “bad faith”.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

The submission is still valid before the decision of the withdrawal is confirmed, although the Trade Marks Office has the authority to withdraw the disposition *ex officio* in whole or in part.

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

In the procedure of application, the third party cannot oppose it due to the reason of “bad faith” submission according the *Administrative Procedure Act*, because the disposition has not been made under the procedure of the application.

Nevertheless, a third party can provide evidence to ask the Trade Marks Office to reject or not to accept the application.

If the trade mark application has been allowed by the Trade Marks Office, it is possible to ask the Trade Marks Office to cancel a trade mark registration on the ground of a “bad faith” submission.

- f. Other consequences?

According to Article 121 of the *Administrative Procedure Act*, the power to withdraw under Article 117 is exercisable within two years from the date on which the authority rendering the disposition or its superior authority becomes aware of the existence of a reason for withdrawal.

In addition, the third party may file a complaint to a public prosecutor on the grounds that a person forges a private document and causes a public official to make in a public document an entry which is known to be false.

3. Please give some examples of actual “bad faith” filings in your country.

“Bad faith” submission: according to the database of the Court, there are no concrete cases regarding “bad faith” submissions.

“Bad faith” filing: the following invalidation case was deemed to be a “bad faith” filing by the Intellectual Property Court.

Decision of the Intellectual Property Court:

1. Invalidated trade mark: for “watches, clocks”.



Referred trade mark:



2. Another decision was made in the Taipei High Administration Court (Decision no. 2008-Su-1183). In this case, the Applicant sold fake goods and was prosecuted. After the Court prohibited the applicant’s further criminal conduct, he filed a new application in which the trade mark resembled the one which he faked previously. The Court ruled that such behaviour constituted a “bad faith” filing.
4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

According to Article 30 of the *Trade Mark Act*, a trade mark shall not be registered in any of the following cases:

1. Being identical with or similar to another person’s well-known trade mark, and hence there exists a likelihood of confusion on the relevant public or a likelihood of dilution of the distinctiveness or reputation of the said well-known trade mark or mark.
2. Being identical with or similar to another person’s earlier used trade mark and to be applied for goods or services identical with or similar to those for which the earlier used trade mark is applied, where the Applicant with the intent to imitate the earlier used trade mark, being aware of the existence of the earlier used trade mark due to contractual, regional, or business connections, or any other relationship with the proprietor of the earlier used trade mark, files the application for registration.

3. Containing the name of a well-known judicial persons, business or any group, and hence there exists a likelihood of confusions on the relevant public.
4. Being an infringement of another person's copyright, patent right, or any other right, where a final judgement of the court has been rendered.

According the Article 119 of the *Administrative Procedure Act*, a beneficiary who has done any of the following acts deserves no protection of his reliance:

1. Causing the administrative authority to render an administrative disposition by way of fraud, coercion or bribery;
2. furnishing incorrect information or making incomplete statement, thereby causing the administrative authority to render an administrative disposition based on such information or statement; and
3. having knowledge that the administrative disposition is unlawful or failing to know that it is unlawful due to his gross negligence.

According to the explanation by the Petitions and Appeals Committee of Minister of Economic Affairs, "*bad faith*" means "*the applicant has the intention to receive unfair competition interest by imitating others' famous trade marks*". Simply "*knowing it*" cannot constitute "bad faith" (Explanation Letter No. 09506171300 of Petitions and Appeals Committee of MOEA).

5. Please describe the form and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regard "bad faith".

Regarding Opposition, any person may file an Opposition to the registration of a trade mark with the Registrar's Office within three months from the day following the date of publication of registration.

Regarding invalidation, only the interested party may file an Invalidation Opposition with the Registrar's Office. In addition, a Trade Mark Examiner may submit a proposal to the Registrar's Office for invalidation.

Opposition Procedure

Any person may file an Opposition to the registration of a trade mark with the Registrar's Office within three months from the day following the date of publication of registration. Any person who opposes a registered trade mark shall file an application sating the facts and grounds along with a copy thereof. Any attachments to the application shall also be enclosed with the copy. The Registrar's Office shall serve the copy on the owner of the opposed trade mark, who may make observations to the opposition within the prescribed period. Where the proprietor files the observations, the Registrar's Office shall serve a copy of the observations on the Opponent, who may comment on the observations of the proprietor within the prescribed period.

Where the observations are likely to delay the proceedings, or where the facts and evidence are sufficiently clear, the Registrar's Office may conduct Opposition Proceedings directly without giving the other party notice to make observations.

An Application for Opposition to a trade mark shall be examined by an Examiner who did not participate in the examination of the application for registration of the opposed trade mark.

Invalidation Procedure

Any person who invalidates a registered trade mark shall file an application stating the facts and grounds along with a copy thereof. Any attachments to the application shall also be enclosed with the copy.

The Registrar's Office shall serve the copy on the proprietor of the invalidated trade mark, who may make observations to the invalidation within the prescribed period; where the proprietor files the observations, the Registrar's Office shall serve a copy of the observations on the invalid party, who may comment on the observations of the proprietor within the prescribed period.

Where the observations are likely to delay the proceedings, or where the facts and evidence are sufficiently clear, the Registrar's Office may conduct Opposition Proceedings directly without giving the invalidated party notice to make observations.

An examination on an application for invalidation shall be conducted by an invalidation panel consisting of three or more Examiners assigned by the Head of the Registrar's Office.

Where a disposition of an invalidation against a registered trade mark was rendered, no one shall file another invalidation against such a trade mark based on the same facts, evidence and grounds as those in the earlier invalidation.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against "bad faith" filings?

Preparation of witnesses and evidence notarized by a notary public will be helpful when taking action, as there is no process akin to "discovery" in Taiwan.

THAILAND

Contribution: Mr. Kowit Somwaiya

LAWPLUS LTD

Bangkok

Thailand

www.lawplusltd.com

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

Thailand recognizes the concept of “bad faith”, especially in relation to an act that constitutes a criminal offense. Where an act is not a criminal offence, the term “not in good faith” is used interchangeably with “bad faith”. The term “not in good faith” has a broader meaning than “in bad faith”.

Documents or submissions with the Trade Mark Office are required to be correct and complete and without a false statement or misleading information. Otherwise, they can constitute an act in bad faith that can lead to a civil and/or criminal liability. The liabilities under the *Trade Mark Act B.E. 2534* as amended (the “TMA”) can be both civil and criminal.

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

There is no definition of “bad faith”. However, the Penal Code defines its equivalent as “dishonestly” Section 1 (1) of the Penal Code provides that “*‘Dishonestly’ means in order to seek, for himself or any other person, any benefit to which he is not entitled by law*”.

The “bad faith” in relation to a civil and commercial act is not defined, but the Court recognizes it as a concept contrary to the concept of “bona fide” or “good faith”.

What constitutes an act of “bad faith” is the awareness or knowledge of the person who commits the Act of the fact that his act will or may cause damage to another person.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

To prove that a person acts in bad faith or does not act in good faith, proof showing that that person knows or should know the fact that his act will or may cause damage to the other person is required. The Supreme Court of Thailand has ruled in several cases that a person acted in bad faith if he committed an act that caused damage to another person even without knowledge of the fact that this act would cause damage to the other person, if he should have known of such fact. In other words, a person acts in bad faith if he actually knows or should have known that his act will cause damage to another person.

The Court has also ruled that a person should have known a fact if in his capacity or position he would know such fact if he exercises due care to verify such fact.

Commission or omission of any act with intent to deceive another person is an act of “bad faith”. Proof of such intent or negligence is required before the Court imposes criminal or civil liability against the person who commits such act of bad faith.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

Ignorance of law cannot disprove a submission or an act made in bad faith. Ignorance of facts can disprove “bad faith”, only if such facts are beyond the knowledge of the person who files the submission or commits the act taking into account his position and circumstances.

Innocent misunderstanding can disprove an act in bad faith only if the person who claims such innocent misunderstanding can prove that he did not act negligently, but on the contrary, he has exercised due care before he committed the act based on the innocent misunderstanding.

If ‘no,’ then: What action would you recommend for correcting or taking action against false or misleading information submitted to the Trade Marks Office.

If a person submitted false or misleading information with the Trade Mark Office (“TMO”), once the person who submitted it has been aware of it, he should immediately correct it by submitting the correct information or an explanation letter, or submit a request to withdraw the false or misleading information. Under Section 107 of the TMA, submitting a false statement to the Trade Mark Registrar or the Trade Mark Board is a criminal offence (imprisonment of not exceeding 6 months or a fine not exceeding THB10,000, or both the imprisonment and the fine). Once false or misleading information has been submitted with the TMO, an offence is constituted under the said Section 107 of the TMA. However, in practice, it is very rare that the TMO will press charges against the person who submits a false or misleading information, if he immediately corrects or withdraws it.

- 2. What are the consequences of “bad faith” in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify “bad faith”? Yes/No

Section 6 of the Civil and Commercial Code (the “CCC”) provides that “*every person is presumed to be acting in good faith*”. The TMO does not look for or take action on its own to identify if a person files a submission in bad faith, although the TMA allows the TMO to order an Applicant who files a trade mark application to give a statement or evidence in support of his application.

After registration of a trade mark, if the TMO has been of a view that the trade mark was filed in bad faith, the Trade Mark Registrar of the TMO may file a petition with the

Trade Mark Board for cancellation of the registration of mark under Section 61(2) of the TMA. But in practice, the TMO hardly takes such an action by itself.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify “bad faith”?

Yes. If a third party files an Opposition against a pending trade mark application upon its publication with the Trade Mark Registrar or files a Petition for Cancellation of a trade mark registration with the Trade Mark Board claiming that the Applicant acted in bad faith in filing the application, the Trade Mark Registrar will review the Opposition and the Trade Mark Board will review the Cancellation Petition (after having given the Applicant the chance to file his response to the Opposition or the Cancellation Petition). If in the said review the Trade Mark Registrar or the Trade Mark Board found that the Applicant acted in bad faith, his application will be refused and registration will be cancelled.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Yes. Please see Answer 1 (c) above.

- d. Is a submission made to the Trade Marks Office in “bad faith” invalid, void or voidable?

A submission of an application for a trade mark registration with the TMO in bad faith is not void but voidable.

For example, if an Applicant knowingly files an application to register his trade mark that is identical with or confusingly similar to a well-known mark, in absence of an opposition by the owner of the well-known mark, the Applicant’s trade mark will be allowed registration. But its registration is voidable and can be cancelled by way of a cancellation action filed against it by the owner of the well-known mark within 5 years of its (the voidable mark) registration date on the ground that the Applicant filed the application in bad faith knowingly that his mark is identical with or confusingly similar to the well-known mark (Sections 61 and 67 of the TMA).

Registering a trade mark without “*bona fide* intent” to use it at all with the goods for which it is registered also renders the registration of the mark voidable. Any interested third party or the Registrar can file a petition with the TMB for cancellation of the registration (Section 63 of the TMA).

- e. Is “bad faith” a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

Yes. Applying for registration of a trade mark in bad faith knowingly of the fact that another person has a better right in the trade mark can result in the trade mark being opposed and refused under Section 35 of the TMA. If the mark is not opposed and is registered, its registration can be subject to cancellation under Sections 61(2), 62 and 67 of the TMA.

Lack of intention to use a trade mark in good faith at the time of applying for its registration or lack of its actual use in good faith after its registration, and lack of actual use in good faith for three consecutive years can also be a ground for cancellation of the trade mark registration under Section 63 of the TMA.

- f. Other consequences?

Using a trade mark in bad faith, such as using a mark which is identical with or confusingly similar to a trade mark of another person to pass off goods to deceive the public to misunderstand that the goods belong to or are related to the goods of another person can amount to a passing-off, pursuant to Section 46 of the TMA. A passing-off can be subject to a civil and criminal actions filed or initiated by the owner of the other trade mark.

Submission of documents containing false information with the TMO is a criminal offence which can subject to imprisonment not exceeding 6 months or a fine not exceeding THB10,000 or both (Section 107 of the TMA).

3. Please give some examples of actual “bad faith” filings in your country.

- (1) The Applicant filed an application for a trade mark that was identical to a well-known trade mark in order to seek benefit from the reputation of the well-known trade mark. The application was ruled by the Court as not having been made in good faith, although the well-known trade mark was well-known for washing powders, while the application was for toothbrushes (Supreme Court Judgment No. 38/2503).
- (2) The Plaintiff was not the owner of the trade mark, but was an importer importing one lot of the goods bearing the trade mark to sell in Thailand. The Plaintiff filed the application for the trade mark five years after it had imported the goods and after the Defendant had filed an application for the same trade mark and produced, extensively advertised and sold the goods under the said trade mark for one year. Therefore, the Plaintiff did not file its application in good faith (Supreme Court Judgment No.1867/2519).
- (3) The mark was created by the founder of the Defendant. In 1986, the Defendant started using the mark with their goods and owned its registrations in many countries worldwide. In 1989, the Defendant exported its goods bearing the mark into Thailand *via* a Thai distributor company. The Plaintiff was a shareholder and the authorized director of the said distributor company when it imported the

Defendant's goods into Thailand. The Plaintiff later filed an application for registration of a confusingly similar mark for the same goods. Given the fact that the Defendant used its mark in Thailand before the Plaintiff did and the Plaintiff, as the former authorized director of the Defendant's distributor, should have known of the Defendant's mark before the Plaintiff filed his application, the Court believed that the Plaintiff intentionally applied for registration of the mark owned by the Defendant and therefore the filing of the application by the Plaintiff was an exercise of right in bad faith (Supreme Court Judgment No. 7203/2554).

- (4) The Applicant used a copyrighted work of another person as its trade mark and filed an application for registration of the trade mark. The Court ruled that the legislative intent of the Trade Mark Law is to protect persons who act in good faith and, therefore, reproducing or modifying the copyright work of another person in bad faith and using the reproduced or modified copyright work as a trade mark are against the legislative intent of the Trade Mark Law (Supreme Court Judgment No. 4588/2552).
4. Please provide the relevant statute, regulation or case law in your country that defines and deals with "bad faith".
- (1) Section 1(1) of the Penal Code: *"Dishonestly" means in order to seek, for himself or any other person, any benefit to which he is not entitled by law"*.
 - (2) Section 6 of the CCC: *"Every person is presumed to be acting in good faith"*.
 - (3) Section 46 of the TMA: *"No person shall be entitled to bring legal proceedings to prevent or to recover damages for the infringement of an unregistered trade mark. The provisions of this Section shall not affect the right of the proprietor of an unregistered trade mark to bring legal proceedings against any person for passing off goods as those of the proprietor of the trade mark"*.
 - (4) Section 47 of the TMA: *"No registration under this Act shall interfere with any bona fide use by a person of his own personal or surname or the name of his place of business or that of any of his predecessors in business or the use by any person of any bona fide description of the character or quality of his goods"*.
 - (5) Section 63 of the TMA: *"An interested person or the Registrar may petition the Board to cancel any trade mark registration if it is proved that at the time of registration the proprietor of the trade mark had no bona fide intention to use the trade mark with the goods for which it was registered and in fact there was no bona fide use whatsoever of the trade mark for such goods or that during the three years prior to the petition for cancellation there was no bona fide use of the trade mark for the goods for which it was registered unless the proprietor can prove that the non-use due to special circumstances in the trade and not to an intention not to use or to abandon the trade mark for the goods for which it was registered"*.
 - (6) Section 107 of the TMA: *"Whoever makes a false statement to the Registrar or Board in an application, opposition or other document filed concerning an*

application for registration, amendment of a registration, renewal of a registration or cancellation of the registration of a trade mark, service mark, certification mark or collective mark or a license pertaining to a trade mark or service mark shall be liable to imprisonment for not more than six months or a fine of not more than ten thousand baht or both”.

See also the Judgements of the Supreme Court discussed under Clause 3 above.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

Opposition

The Opponent files an Opposition against a trade mark application with the Trade Mark Registrar of the TMO within 90 days from the publication date of the application on the grounds that the Opponent has a better right in the trade mark than the Applicant or the trade mark lacks registrability, because it is confusingly similar to the Opponent’s trade marks, *etc.*. The Applicant must submit a counterstatement with the Trade Mark Registrar within 90 days from the date of receiving of the TMO’s notice of the Opposition. The Trade Mark Registrar considers the Opposition, the counterstatement and all the evidence submitted and issues a decision. The Opponent and the Applicant can file an appeal against the Trade Mark Registrar’s decision with the Trade Mark Board within 90 days from the date of receiving the decision, if he disagreed with the decision.

Cancellation

- (1) An interested person files a petition for cancellation of a Trade Mark Registration with the Trade Mark Board on the ground that the trade mark lacks registrability for a certain reason, such as, it is identical with or confusingly similar to a well-known trade mark or it is imitating a trade mark of another person. The Trade Mark Board notifies the owner of the registered mark so that he can file a response within 90 days from the date of receiving of the notice. The Trade Mark Board then considers and issues a decision. The petitioner and the owner of the mark can file an appeal against the decision of the Trade Mark Board with the Court within 90 days from the date of receiving of the decision of the Trade Mark Board.
- (2) An interested person files a petition for cancellation of a trade mark registration with the Trade Mark Board any time after the registration on the ground that the Applicant had no intention to use the trade mark in good faith at the time when he applied for registration of the trade mark and there is no actual use of the trade mark in good faith after its registration, or the trade mark is not actually used for 3 consecutive years.
- (3) An interested person files a petition for cancellation against a Trade Mark Registration with the Court within five years from the registration date of the trade mark on the ground that he has a better right in the trade mark than the registrant.

The procedure for the cancellation actions in (2) and (3) is the same as the procedure mentioned in sub-clause (1) above.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

To prove “bad faith” filings, evidence showing that the other party knew or should have known that the mark in question belonged to the owner who files the cancellation removal action must be provided to the Trade Mark Registrar, the Trade Mark Board or the Court. Thus, the owner of the mark should do the following:-

- (1) Keep all documents and records on creation, applications and registrations of the mark in the home country and all the foreign countries, including Thailand, where the mark is registered.
- (2) If the goods are exported to Thailand, keep all export documents including correspondences, distribution agreements, purchase orders, invoices and receipts showing the details of the distributors/importers. If possible, these documents should include a specimen of the mark or mention the mark.
- (3) Advertise the Goods bearing the mark in and outside Thailand and keep complete records of the advertisements and their costs in both printed and non-printed media intensively and continuously in hard and soft copies.
- (4) File applications for registration of the mark for the relevant Goods in Thailand one to three years before exporting the goods under the mark in Thailand. If the goods will be launched in the major markets, such as New York, London, Tokyo, Beijing, Singapore before Thailand, applications should be filed for the mark in Thailand at the same time as those applications in the major markets.
- (5) Take recovery action for the mark sooner rather later. There are statutory limitations for Opposition and Cancellation Actions. The TMO, the TMB and the Courts give weight to readily available and sufficient documents and materials in support of the action. The longer you wait, the greater the risk that the relevant and necessary documents will be missing.

UNITED KINGDOM

Contribution: Mr. Stephen Geary

Bawden & Associates

Shropshire

United Kingdom

www.bawden.co.uk

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statements submitted to the Trade Marks Office? **Yes.**

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

Bad faith is not defined in the *Trade Marks Act, 1994 (UK)* (“*the Act*”), nor is it defined in Directive 89/104 of December 21, 1988, to approximate the laws of the Member States relating to Trade Marks (the Directive).

In the leading case of *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C.367, the Judge said: “*I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behavior observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the Courts (which leads to the danger of the Courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.*”

In practice, ‘bad faith’ covers:

- (i) Unacceptable commercial behaviour involving lack of good faith on the part of the applicant towards the Trade Marks Registry at the time of filing the application. For example, bad faith may be based on false or misleadingly insufficient information submitted in dealings with the Registry (or third parties);
 - (ii) unacceptable commercial behaviour involving acts knowingly infringing a third party’s rights. For example, the applicant seeks to Register the trade mark of a third party with whom he has a contractual or pre-contractual relationship or of whom he is otherwise aware.

In the United Kingdom, an Applicant for a United Kingdom Trade Mark is required to state “that the trade mark is being used, by the Applicant or with his consent, in relation to [the goods and services applied for], or that he has a *bona fide* intention that it should

be so used” (Section 32(3) of the Act). This statement must be confirmed by a statement of truth on the application form.

Accordingly, allegations of bad faith may be based on:

- Applications containing specifications of goods and services that are broader than scope of intended use of the mark;
- Applications where doubts are raised as to the Applicant’s intention to use the mark;
- Applications where the mark sought to be registered differs from the mark actually used commercially.

On the basis of Section 32(3), “bad faith” may be established in the United Kingdom on facts which would not give rise to a finding of “bad faith” elsewhere in Europe.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

Intent:

The United Kingdom Court of Appeal has held that the test of bad faith involves both a subjective element and an objective element (CHINA WHITE [2004] EWCA 1028).

- The objective test requires a determination of whether the Applicant’s conduct in filing the application fell short of “*the standards of acceptable commercial behavior observed by reasonable and experienced men in the particular area being examined*”.
- The subjective element appeared to require that the Applicant himself must realize that his conduct fell short of the reasonable standard. However, subsequent decisions of the Appointed Person in two cases (AJIT WEEKLY [2006] R.P.C. 25 and BRUTT [2007] R.P.C. 19 have clarified that:

“...the subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant’s conduct is dishonest judged by ordinary standards of honest people, the defendant’s own standards of honesty being irrelevant to the objective element.”

Further guidance has been provided by the Court of Justice in *Chocladefabriken Lindt & Sprungli AG v. Franx Hauswirth GmbH* (C-529/07) (“Lindt”). The Court held that, in order to determine whether the applicant was acting in “bad faith” in the case before it (validity of Lindt’s Community Trade Mark for a 3-dimensional chocolate bunny, which CTM was applied for at a time when several producers were using on the market identical or similar signs for identical or similar products capable of being confused with the CTM):

“the National Court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community Trade Mark, in particular:

- *The fact that the Applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;*
- *The Applicant’s intention to prevent that third party from continuing to use such a sign; and*
- *The degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.*

The Court also held that the fact that the Applicant knew or must have known of the third party use is not sufficient, in itself, for a conclusion that the Applicant is acting in bad faith. Consideration must also be given to the Applicant’s intention at the time of filing the application for registration. The “Applicant’s intention...is a subjective factor which must be determined by reference to the objective circumstances of a particular case.”

Standards and Materiality:

How far short of acceptable commercial behavior the Applicant’s acts must fall in order to establish ‘bad faith’ and the importance or materiality of the failing is not specified in the legislation or the case law. The Court in Lindt has left it to the National Courts to determine what factors are relevant in any particular case and what weight should be given to those factors.

In the United Kingdom, in the context of allegations of ‘bad faith’ based on section 32(3) statements, the Appointed Person in *Kinder (Ferrero SpA and Soremartee SA v Soldan Holding & Bonbon-spezialitäten GmbH* [2004] R.P.C. 29 held “*Insofar as the Applicant makes a materially false statement in this regard then I believe the application is made in ‘bad faith’*. The requirement that the false statement be material arguably allows all the facts and circumstances to be taken into account.”

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove “bad faith”?

The Applicant’s ignorance of the facts may in some cases help establish that there was no “bad faith”, but the Court will also consider what the Applicant should be deemed to have known. For example, if an Applicant seeks to Register in the United Kingdom a mark similar or identical to a third party’s mark registered and used in other countries, if the Applicant was not aware of the third party’s mark and should not have been aware of the third party’s mark, there will be no ‘bad faith’ (although the trade mark registration may face other problems). In *Lindt*, it was held that a presumption of knowledge may arise from, *inter alia*, general knowledge in the economic sector concerned with such use, and that knowledge can be inferred from, *inter alia*, the duration of such use. The more that the use is long standing, the more probable it is that the Applicant will, when filing the application, have knowledge of it.

Ignorance of the law may not assist in establishing lack of bad faith as the objective element of the test requires a determination of whether the Applicant's conduct in filing the application fell short of "*the standards of acceptable commercial behavior observed by reasonable and experienced men in the particular area being examined*".

2. What are the consequences of "bad faith" in your country? For example:
 - a. Does the Trade Marks Office on its own initiative look for or take action to identify "bad faith"? Yes/No

Until recently, the ground of bad faith could be raised by the Registry at the examination stage in extreme cases, or where vague and wide terminology was used. However, that practice has now changed and the Registry now no longer refers expressly to Section 3(6) ("bad faith"), but only to Rule 8 of the Trade Mark Rules – the need to indicate clearly the nature of the goods and services so that they can be properly classified. (Practice Amendment Notice PAN 5/06).

Once the trade mark is registered, the Registrar may apply to the Court for a declaration of the invalidity of the registration on the grounds of bad faith. (Section 47(4) of *the Act*).

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify "bad faith"?

In the light of the new practice referred to above, the Trade Mark Registry is unlikely to investigate allegations of bad faith made by third parties during the application/examination stage, opposition remaining an option for a third party. Post-registration notification provides the Registrar with a basis for seeking a declaration of invalidity with the court.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in "bad faith"?

Once a filing has been made in bad faith, then it would appear that no future circumstances would be able to cure the registration. However, if the bad faith extends to only part of the application (for example, the scope of the specification of goods and services sought is too wide) the Applicant may, during the examination procedure, seek to narrow the specification of goods and services, thus effectively recalling (or at least ceasing to rely on) statements about intended broader use which were arguably made in bad faith.

- d. Is a submission made to the Trade Marks Office in "bad faith" invalid, void or voidable?

A submission made to the Trade Mark Office in bad faith would be contrary to the statement of truth on the application form and, hence, could not be relied upon to support the application for registration.

- e. Is "bad faith" a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

In the United Kingdom, bad faith is a basis for opposing an application and for invalidating (in whole or in part) a trade mark registration.

f. Other consequences?

Generally, where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right, to seek to invalidate or oppose the use of the registered trade mark. However, this 5 year limitation, does not apply if the registration of the later trade mark was applied for in bad faith (Section 48(1) of the Act).

3. Please give some examples of actual “bad faith” filings in your country.

- An Applicant sought to register the mark WORLD CUP WILLIE alone and with a device mark which included a representation of the 1966 FA World Cup mascot WORLD CUP WILLIE. The FA sought to oppose the application on the grounds, *inter alia*, of bad faith – in particular, the FA claimed that it owned the residual goodwill in WORLD CUP WILLIE. The Judge found that the individuals involved in running the Applicant company did not think they were doing anything wrong in making the trade mark applications. They had taken legal advice (although the substance of that advice was protected by privilege). Nonetheless, they were aware that there was a residual goodwill in the UK in WORLD CUP WILLIE (they had rung the FA to see if they claimed any rights) and on this basis, it was held that the applications were made in “bad faith”. (*Jules Rimet Cup Ltd v Football Association Ltd* [2008] F.S.R.10)
- An Applicant applied to register the mark DEMON ALE for mineral water and beer in Class 32. During examination, the Specification was amended to beer only. The Opponent’s lawyer gave evidence that he had spoken to the Applicant, an antiques dealer, who admitted that he filed the application to prevent the mark being used on alcopops, that he had nothing to do with brewing and that he did not intend at any stage to use the mark in connection with beer. In his counterstatement, the Applicant said that he was thinking of mineral water, not beer, but he filed no evidence. The Appointed Person held that the application was made in bad faith as the applicant had no *bona fide* intention to use the mark in connection with beer, so the statements in the application were in breach of Section 32(3) of the *Trade Marks Act* 1994. The case was decided before CHINA WHITE. The Appointed Person observed that there appeared to be support in the case law for the view that a finding of bad faith may be fully justified even in a case where the Applicant sees nothing wrong in its own behavior. (Trade Marks Appointed Person Appeal decision 0/341/99)
- A singer known professionally as Mickey Dee became manager and joint licensee of a nightclub and the nightclub rebranded itself as Mickey Dees. The singer obtained a trade mark registration for MICKEY DEES (NIGHTCLUB) in respect of “*provision of nightclub services; presentation of live music performances*”.

The owner of the night club applied to invalidate the trade mark registration on the basis of “bad faith”. It was held that the registration was invalid insofar as it covered nightclub services because the proprietor/ singer could not claim to be able to provide the full range of services and because he knew the mark was being used by his employer. The singer was given the opportunity to restrict his registration to “the provision of singing and musician services by an entertainer”. (*Mickey Dees (Nightclub) Trade Mark* [1998] R.P.C. 359.)

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”.

Section 3(6) of the Act provides “*A trade mark shall not be registered if or to the extent that the application is made in bad faith.*”

Section 47(1) provides that “*The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of Section 3...*”. Section 47(5) further provides that where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

These sections are designed to implement Article 2(3)(d) of the Directive which provides:

“Any member state 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 is made in bad faith by the applicant.”

Although the United Kingdom Act says “*may be declared invalid*”, the Directive says “*shall be liable to be declared invalid*”. It is clear that “*may*” must be construed as “*must*” or “*shall*”. If there is a finding of “bad faith” or other breach of Section 3, there is no residual discretion – the trade mark registration must be declared invalid.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”.

Opposition Proceedings:

When a Trade Mark Application has been accepted and published in the on-line Trade Marks Journal, any third party has two months to file an opposition to the trade mark registration on the grounds of bad faith (or other grounds). It is possible to obtain one further month for filing the Opposition.

A Notice of Opposition and Statement of Grounds is filed. The Trade Mark Applicant then has two months to file a Notice of Defence and Counterstatement. This period can only be extended if the parties agree to enter into a cooling-off period (for settlement negotiations).

The Parties are then given a timetable to file evidence and/or written submissions. Evidence is usually given in the form of witness statements. The Trade Marks Tribunal

has the power to require parties to file evidence regarding particular issues. There is provision for disclosure (discovery) of relevant documents if requested.

Once the periods for filing evidence and submissions are complete, the parties will be invited to file final submissions or request a Hearing.

Following either a full review of the papers on file, or a Hearing (usually held *via* a video conference link unless cross-examination of a witness is required), the Hearing Officer will issue a written decision.

Appeals from the decision of the Hearing Officer may be made to:

- (i) The Appointed Person – this is a senior intellectual property lawyer appointed by the Ministry of Justice and wholly independent of the Tribunal. This is the low cost option. The Appointed Person is an appellate tribunal whose decision is final.
- (ii) The High Court. A decision of the High Court may be appealed, if the party is given leave, to the Court of Appeal.

Invalidity Proceedings:

Section 47(3) of the *Trade Marks Act, 1994* (UK) provides that an application for a declaration of invalidity of a trade mark registration (on the basis of bad faith or any other ground) may be made by any person, and may be made either to the registrar or to the court, except that:

- (a) If proceedings concerning the trade mark in question are pending in the Court, the application must be made to the Court; and
- (b) If in any other case, the application is made to the registrar, he may at any stage of the proceedings refer the application to the Court.

In addition, the Registrar himself may apply to the Court for a declaration of the invalidity of the trade mark on the basis of “bad faith”.

Invalidity proceedings before the Trade Marks Tribunal (registrar) follow the same procedure as Opposition Proceedings (see above). However, there will be a Hearing, rather than a decision on the papers.

Invalidity proceedings in the High Court may be brought at any time. The claimant files a statement of claim. The trade mark proprietor files its defence and any counterclaim and the claimant then files a reply and defence to counterclaim. Alternatively, invalidity of the trade mark may be raised as a defence to an infringement action.

Once statements of case are finalized, there is generally a case management conference at which a timetable is set and other procedural issues determined. Evidence is in the form of witness statements. Disclosure (discovery) may be ordered.

The Hearing before the High Court Judge will involve opening statements, cross-examination of witnesses and closing submissions. A written judgment is then issued. A decision of the High Court may be appealed, if the party is given leave, to the Court of Appeal.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against “bad faith” filings.

It has been held that *“an allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof must be on the balance of probabilities but cogent evidence is required to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith.”* (*Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] R.P.C. 9). Accordingly, in order to take action against “bad faith” filings, a claimant must fully and properly plead the case and submit strong evidence to show that, for example:

- The Applicant does not intend to use the mark in connection with the Goods and Services for which it is sought to be registered. For example, the Applicant filed a series of applications with the intention of “trafficking” in the trade marks;
- The Applicant’s mark as used commercially is different to that the subject of the application/ registration; and
- The Applicant has previous dealings with the rightful owner of the mark and/or was aware of the rightful owner’s claims to the mark and did not legitimately believe that he had a superior right to registration.

In *Royal Enfield Trade Mark* [2002] R.P.C. 24, the Appointed Person observed that it is not right that an attack based upon “bad faith” should be relied upon as an adjunct to a case raised under another section of the Act. *“If bad faith is being alleged, it should be alleged up front as a primary argument, or not at all.”*

UNITED STATES

Contribution: Danny M. Awdeh

Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
Washington DC
danny.awdeh@finnegan.com

Questions:

1. Is the concept of ‘bad faith’ recognized in your country in connection with documents or statements submitted to the Trade Marks Office?

Yes. Depending on the specific nature of the conduct, however, it may be considered “fraud” as opposed to “bad faith” under United States law.

The United States Trademark Act requires an Applicant to submit sworn statements verifying, among other things, the Applicant’s good-faith belief that:

- 1) It owns the mark (required for use-based applications);
- 2) it is entitled to use the mark (required for intent-to-use applications);
- 3) no other party has the right to use the applied-for mark in the identical form or a form “in such near resemblance thereto” as to be likely to cause confusion (required for all applications); and
- 4) the facts recited in the application are true (required for all applications). 15 U.S.C. §§ 1051(a)-(b).

As discussed below, false statements may evidence “bad faith” and/or give rise to “fraud” claims.

- a. What is the definition of bad faith?

“Bad faith” and “fraud” take various forms under United States law.

Generally, “bad faith” occurs where one intentionally selects a mark to trade off the goodwill associated with another party’s mark. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:116 (4th ed. 2012). Unlike fraud, bad faith is not an independent basis for seeking to oppose/cancel another’s application/registration. Evidence of bad faith, however, may support a finding that confusion is likely and that the Applicant therefore should not be able to register or use the applied-for mark.

“Fraud” is an independent basis to oppose/cancel another’s application/registration. 15 U.S.C. § 1120. In 2009, the landscape surrounding “fraud” in the United States changed

dramatically with the U.S. Court of Appeals for the Federal Circuit’s (“Federal Circuit”) ruling in *In re Bose Corp.*, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009). Before *Bose*, fraud was frequently asserted based on misstatements arguably the result of mere negligence or justifiable mistake. In *Bose*, the Federal Circuit held that “[t]here is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive.”

Mere negligence is not sufficient to infer fraud or dishonestly. Rather, fraud is found only if there is clear and convincing evidence that an applicant or registrant knowingly made a false, material representation with the intent to deceive the United States Patent and Trademark Office (“USPTO”).

In one of its most common forms, fraud arises where the Applicant knowingly makes false statements about its use or intent to use the applied-for mark for the Goods/Services listed in its application. For example, an Applicant may make fraudulent statements to obtain registration for a broader scope of goods/services than are actually offered or intended to be offered under its mark.

Fraud may also arise where an Applicant applies to register a mark that it knows is owned by another party for purposes of blocking the rightful mark owner from obtaining registration or selling the application or resulting registration to the rightful mark owner.

- b. What is required to prove ‘bad faith’? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove bad faith?

As noted above, while bad faith is not an independent cause of action to be “proven,” it is relevant to the likelihood-of-confusion analysis. A party’s bad-faith conduct may be established through direct and/or circumstantial evidence of its knowledge of the prior mark owner’s rights and intent to trade off those rights.

Regarding fraud, the burden for proving fraud is very high under United States law. Making a false or misleading statement on its own does not constitute fraud, and mere negligence is insufficient to infer fraud or dishonestly. Fraud is found only if there is clear and convincing evidence that an Applicant or Registrant knowingly made a false, material representation with the intent to deceive the USPTO.

For example, if an Applicant honestly misstates the date it first began using the applied-for mark without intending to deceive the USPTO, this honest mistake should not constitute fraud. However, if an Applicant claims in its application to have used the applied-for mark for certain Goods knowing that it has not done so, and intentionally makes the false statement to deceive the USPTO into issuing a registration covering those Goods, fraud has occurred.

- c. What is required to prove that a submission was not made in bad faith? For example: Does ‘innocent’ misunderstanding or ignorance of the law or facts disprove bad faith?

The party alleging fraud and/or bad faith bears the burden of proof. Fraud must be proven by clear and convincing evidence - a high standard under United States law. As the Trademark Trial and Appeal Board of the USPTO (“TTAB”) explained in *Yocum v. Covington*, 216 U.S.P.Q. 210, 216 (T.T.A.B. 1982):

“Fraud in a trademark cancellation is something that must be “proved to the hilt” with little or no room for speculation or surmise; considerable room for honest mistake, inadvertence, erroneous conception of rights, and negligent omission; and any doubts resolved against the charging party.”

3. What are the consequences of bad faith in your country? For example:

- a. Does the Trade Marks Office on its own initiative look for or take action to identify bad faith?

Generally, no. However, it depends on what is meant by “bad faith.” Section 2 of the Trademark Act prohibits registration on the following grounds: the mark (1) is comprised of immoral, deceptive, or scandalous matter, (2) consists of a flag, coat of arms, or other insignia of a nation or state, (3) consists of a name, portrait, or signature of a living individual without his/her consent or of a deceased President of the United States without his widow’s consent, (4) is confusingly similar to an already registered mark, (5) is merely descriptive or deceptively misdescriptive, (6) is primarily geographically descriptive or primarily geographically deceptively misdescriptive, (7) is primarily merely a surname, or (8) is functional. 15 U.S.C. § 1052. The USPTO considers these criteria during the course of examining applications and may refuse registration on any of these grounds.

Some of these prohibitions naturally encompass situations that may involve bad faith. For instance, prohibiting registration of marks consisting of a name, portrait, or signature of a living individual ensures that third parties cannot register another’s name without consent.

- b. If a third party notifies the Trade Marks Office, will the Trade Marks Office investigate or take action to identify bad faith?

A third party may file a “Letter of Protest” with the USPTO identifying issues bearing on the registrability of an applied-for mark. As discussed below, however, the USPTO’s procedures state that “fraud” is not an appropriate subject matter for such letters.

Letters of Protest are first reviewed by the Office of the Deputy Commissioner for Trademark Examination Policy (“Deputy Commissioner”). The Deputy Commissioner decides whether the submitted information should be shared with the USPTO

Examining Attorney assigned to the pending application. To preserve the objectivity and integrity of the process, the Deputy Commissioner acts on the Letter of Protest without consulting with the Examining Attorney. Also, the Letter of Protest never becomes part of the application file.

The USPTO has identified the following as “appropriate” types of Letters of Protest:

- (1) A third party files an objection to the registration of a term because it is allegedly generic or descriptive.
- (2) A third party notifies the USPTO of the existence of a federally registered mark or prior-pending application and alleges that there is a likelihood of confusion between this mark and the mark in the application that is the subject of the letter of protest.
- (3) A third party files a request that prosecution of an application be suspended because of pending litigation claiming infringement based on the applicant’s use of the applied-for mark.
- (4) A third party notifies the USPTO that registered marks are being used inappropriately in identifications of goods and services for particular applications.
- (5) A third party notifies the USPTO of the existence of a subsequently filed United States application and alleges that the application contains a proper claim of priority under §44(d) [of the Trademark Act] to which the third party is entitled and that there is a likelihood of confusion between its mark and the mark in a prior-filed application that is the subject of the letter of protest.
- (6) A third party notifies the USPTO of the existence of an application filed under §66(a) [of the Trademark Act] with an earlier filing date or a priority claim to which the third party is entitled and that there is a likelihood of confusion between its mark and the mark in the application that is the subject of the letter of protest, and the §66(a) application may not have been entered into the USPTO database at the time the application that is the subject of the letter of protest was examined.

Trademark Manual of Examining Procedure (“TMEP”) § 1715.01(b).

The USPTO has identified the following as “inappropriate” types of Letters of Protest:

- (1) A third party claims that the applicant has committed fraud against the USPTO.
- (2) A third party claims earlier common-law use of a trademark, but does not have a federal registration or previously filed pending application for that mark.
- (3) A third party claims that the Applicant is not the proper owner of the mark.
- (4) Numerous third parties set forth the opinion that the mark should not register, but do not offer any evidence or legal reason to support the refusal.
- (5) A third party requests that prosecution of an application be suspended or refused because of pending litigation, but does not provide proof that the pending litigation includes grounds upon which the Office can suspend or

refuse registration (e.g., the litigation does not involve a federally registered mark or prior-pending application of the protestor).

TMEP § 1715.01(b) (emphasis added).

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in bad faith?

It depends on the nature of the “bad faith.” If the mark itself infringes, dilutes, or otherwise violates another’s rights, the application should be abandoned in its entirety. If the application/registration contains incorrect information, such as incorrect first-use dates or goods/services, it may be possible to amend the application/registration depending on the nature of the “bad faith.”

- d. Is a submission made to the Trade Marks Office in bad faith invalid, void or voidable?

It is voidable. Fraud must be proven by challenging an application/registration in opposition or cancellation proceedings before the TTAB and/or through an action in federal court. If fraud is proven, the fraudulent application or resulting registration will be cancelled.

- e. Is bad faith a basis for opposing an application or invalidating, removing or cancelling a Trade Mark registration?

As discussed above, bad faith is not an independent basis for opposing an application or seeking to cancel a registration. It is, however, relevant to deciding an opposition/cancellation proceeding filed on likelihood-of-confusion grounds.

On the other hand, fraud is an independent basis for opposing an application or seeking to cancel a resulting registration, as discussed further above.

3. Please give some examples of actual bad faith filings in your country.

There are many cases in the United States dealing with fraudulent and/or bad-faith filings.

- *Telefonos De Mex., S.A.B. De C.V. v. Estrada*, Opposition Nos. 91183487 & 91183509, 2010 TTAB LEXIS 273 (T.T.A.B. June 30, 2010), *aff’d sub nom. Estrada v. Telefonos De Mex., S.A.B. de C.V.*, 447 Fed. App’x 197 (Fed. Cir. 2011) is a case where bad faith was found by the TTAB and upheld on appeal before the Federal Circuit. In that case, Telefonos opposed Andres Estrada’s two applications for the mark AUDITORIO TELMEX. Both applications were filed based on Estrada’s alleged bona-fide intent to use the mark in United States commerce for the provision of facilities for sports, concerts, conventions, and exhibitions as well as services related to entertainment and live performances. Telefonos opposed both

applications based on its common-law use of the mark TELMEX in the United States in connection with telecommunications and other services.

Telefonos is a major telecommunications company in Mexico that began using the mark TELMEX in Mexico in 1947. Based on evidence of Telefonos' extensive and widespread use, the TTAB found it unlikely that any resident of Mexico would not know the TELMEX mark. Despite having lived in Mexico for 30 years, including living within ten miles of the AUDITORIO TELMEX arena sponsored by Telefonos, Estrada denied having any prior knowledge of Telefonos' mark. 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.

- In the recently decided case, *Bauer Bros. LLC v. Nike, Inc.*, 103 U.S.P.Q.2d 1227 (S.D. Cal. 2012), a Federal Court refused to dismiss Nike's fraud counterclaims, holding that there was sufficient evidence to support the inference that Bauer Bros. LLC ("Bauer") intended for the USPTO to rely on false representations during the prosecution of its applications and therefore intended to defraud the USPTO such that summary judgment dismissing Nike's counterclaims was not appropriate.

Bauer had filed and obtained registrations for the marks "Don't Tread on Me" and "DTOM" for 114 items of apparel. After filing suit alleging that Nike infringed its "Don't Tread on Me" and "DTOM" marks, Bauer amended its registrations by deleting all but "T-shirts" from the 114 items covered by each registration. Bauer's owner stated in his deposition that the "Don't Tread on Me" and "DTOM" marks were only being used in commerce for T-shirts when applications for the marks were filed. He explained that Bauer had included a larger number of goods in its applications with the intent of building a brand by protecting a broader scope of goods.

Acknowledging the Federal Circuit's decision in *Bose*, the Court emphasized that there is no fraud where a false representation results from an honest misunderstanding or inadvertence without a willful intent to deceive. An intent to defraud can, however, be inferred from indirect and circumstantial evidence. While Bauer claimed that its inclusion of all 114 items was a mistake due to a layperson's "misunderstanding of the trademark laws," that all the information in the application was true to the best of the signatory's understanding, and that Bauer did not intend to deceive the USPTO, the Court found otherwise. In particular, the Court found that Bauer had made an intentionally false misrepresentation of material fact by alleging use of the marks on all 114 items and that there was sufficient evidence to support the inference that Bauer intended to defraud the USPTO.

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with bad faith.

Please see discussion above.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding bad faith.

As discussed above, applications and registrations may be challenged on fraud grounds in two forums: (1) the TTAB, and (2) Federal Courts. To prove fraud in either forum, the challenger must establish by clear and convincing evidence that the Applicant or Registrant knowingly made a false, material representation with the intent to deceive the USPTO. The burden is on the party alleging fraud to produce such evidence, which may be obtained through discovery and other means.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against bad faith filings.

As noted above, bad-faith and/or fraudulent filings can be addressed through opposition/cancellation proceedings before the TTAB and litigation in federal court. The TTAB only has authority to decide issues of registration. It cannot issue injunctions or award damages. Accordingly, if a mark is being used fraudulently or in bad faith, consideration should be given to pursuing relief through the Federal Courts.

The best evidence of bad faith or fraud most often comes from the Applicant/Registrant itself. Therefore, it is advisable to take early discovery to obtain documents and written admissions surrounding the selection and adoption of the mark at issue. Then, a live deposition, where you can question the Applicant/Registrant “on the spot”, may reveal motives indicative of bad faith and/or fraud.

VIETNAM

Contribution: Mr. Nguyen Anh Ngoc

Hanoi
Vietnam
www.investip.vn

Questions:

1. Is the concept of “bad faith” recognized in your country in connection with documents or statement submitted to the Trade Marks Office? **Yes.**

- a. What is the definition of “bad faith”; what constitutes “bad faith”?

Under the current *Intellectual Property Law of Vietnam* (“IP Law”), there is no specific definition of “bad faith”, but there is scattered recognition in some legal documents of the concept of “bad faith” as in the following:

- a. *Article 96.3 of the IP Law stipulates that “Any organizations or individuals shall have the right to request the State administrative authority of industrial property rights to invalidate a Protection Title in cases provided for in paragraphs 1 and 2 of this Article, provided that fees shall be paid. The time period for making request for invalidation of a Protection Title shall be its whole term of protection. With regard to marks, such time limit shall be 5 years as from the grant date, except for the case where the Protection Title has been granted due to the applicant’s **dishonesty**”.*
- b. According to *Point 5.3 of Circular 01-2007-TT-BKHCN* dated February 14, 2007 of Ministry of Science and Technology: “Representatives of application owners are accountable to application owners for all consequences of the declaration or supply of **untruthful information** in transactions with the NOIP and pay compensations for any damage caused”.
- c. Furthermore, *Point 22.3 of this Circular* also stipulates that “22.3. Responsibilities of complainants: A complainant shall ensure the truthfulness of supplied proofs and are liable for consequences of the supply of untruthful proofs”.

- b. What is required to prove “bad faith”? For example: Is proof of any false or misleading submitted or omitted information sufficient, or must the submission/omission be proved to be important or material? Is proof of intent to deceive required to prove “bad faith”?

In principle, if a person state that a third party took an action in “bad faith”, that person shall be responsible for proving his statement by submission of proofs.

In practice in Vietnam, proof of any false or misleading submitted or omitted information may NOT be sufficient for proving “bad faith”. For proving “bad faith”,

arguments and / or evidences should be submitted for proving that the submission / omission must be intentional. In other words, proof of intent to deceive is required to prove “bad faith”.

- c. What is required to prove that a submission was not made in “bad faith”? For example: Does ‘innocent’ misunderstanding or ignorance of the law of facts disprove “bad faith”?

For proving that a submission was not made in “bad faith”, the involved parties who protest against other persons’ claims against them must prove that such protest are well-grounded and must provide evidence for proving.

In practice, arguments of ‘innocent’ misunderstanding or ignorance of the law of facts may disprove “bad faith” provided that evidences could be submitted for proving that the above arguments are reasonable.

2. What are the consequences of “bad faith” in your country? For example:

- a. Does the Trade Mark Office on its own initiative look for take action to identify “bad faith”? Yes/No?

In Vietnam, according to Article 604.1 Of Civil Code 2005 “**Article 604. Grounds for liability to compensate for damage:** 1. Those who intentionally or unintentionally infringe upon the life, health, honor, dignity, prestige, property, rights, or other legitimate interests of individuals or infringe upon the honor, prestige and property of legal persons or other subjects and thereby cause damage shall have to compensate”...

Yes, in practice, it is not regular that the Trade Mark Office on its own initiative look for take action to identify “bad faith” but in some cases, even though no opposition is filed, the Trade Mark Office refused registration of trademarks that are identical and/or confusingly similar to trademarks that are considered by the Trade Mark Office as well-known marks. In those cases, the Trade Mark Office considered that the trademark applications were filed in “bad faith”.

- b. If a third party notifies the Trade Marks Office, will the Trade Mark Office investigate or take action to identify “bad faith”?

In principle, if a person state that a third party took an action in “bad faith”, that person shall be responsible for proving his statement by submission of proofs. The Trade Marks Office shall not investigate to identify “bad faith” but he may take some actions, for example, the Trade Marks Office may inform the defendant about the notification of “bad faith” and request the same to submit counter-argument within a prescribed time. In some other cases, the Trade Marks Office may inform the plaintiff of the Office’s opinion in respect of the notification, for example, the Trade Marks Office agree with the plaintiff’s notification or do not agree with the plaintiff’s notification and request the same to provide more evidences, etc.

- c. Does the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”?

Yes. In practice, the person making the submission have an opportunity to recall, correct or cure a submission made in “bad faith”.

In case a person files a trademark application in “bad faith”, his right to recall the submission is regulated in Article 116.1 of the IP Law: “**Article 116. Withdrawal of industrial property registration applications:** 1. Until the State administrative authority of industrial property rights makes a notice of refusal of or a decision on the grant of a Protection Title, the applicant shall have the right to declare the withdrawal of the industrial property registration application in written form in his or her own name or through an industrial property representative agency provided that the investment of authority for withdrawal of the application is expressly stated in the power of attorney”...

- d. Is a submission made to the Trade Mark Office in “bad faith” invalid, void or voidable?


It is invalid.



- e. Is “bad faith” a basis for opposition an application or invalidating, removing or canceling a trade mark registration?

Yes.

3. Please give some examples of actual “bad faith” filings in your country?

Some examples of actual “**bad faith**” filings in Vietnam in recent years are described in the Table below:

Sample of trademark	Current Status
	<p>Application No.: 4-2006-14538 dated August 31, 2008 by Cong ty TNHH Huong Vang, at So 5, ngo 260/38 to 26, phuong Quan Hoa, quan Cau Giay, Hanoi (VN).</p> <p>Registration No.: 87353 dated August 27, 2007</p> <p>Decision on termination of validity No. 999-QD-SHTT dated May 23, 2011 by the NOIP</p>

	<p>Application No.: 4-2006-21622 dated December 11, 2006 by Doanh nghiệp tư nhân que huong Tan Trieu, at so 95, Cach Mang Thang Tam, Hoa Binh ward, Bien Hoa, Dong Nai (VN). <i>Registration No.:</i> 97289 dated March 10, 2008 Decision on termination of validity No. 372-QD-SHTT by the NOIP</p>
	<p>Application No.: 4-1998-37940 dated April 6, 1998 by Co so Dao Van Duoc, at ap 1, xa Phu Le, huyen Ba Tri, tinh Ben Tre (VN).</p>

4. Please provide the relevant statute, regulation or case law in your country that defines and deals with “bad faith”?

The PINUP41AS Trademark Case

Zagro Group, Zagro Singapore Pte Ltd (“Zagro”) v. An Nong LLC. The cancellation against the Registered Trade Mark “PINUP42AS” under Registration Certificate No.47345 in the name of An Nong LLC.

Facts

An Nong LLC, at Lot B06-1, Duc Hoa I-Hanh Phuc Industrial Park, Duc Hoa Dong Village, Duc Hoa District, Long An Province, is the holder of trade mark “PINUP41AS” for “*Pesticides*” in Class 5 under the registration certificate n° 47345 dated June 10, 2003. Of note, that trade mark is confusingly similar to the trade mark “PIN UP”, which has been widely used by Zagro before the filing date of “PINUP41AS”.

Zagro, at Bukit Timah P.O. Box 0102, Singapore 915804, Singapore, is a Singaporean investor which has been doing business in the field of distribution of pesticides in Vietnam market since 1994.

According to Zagro, from 1998 to 2002, Zagro exported pesticides bearing the trade mark PIN UP 41 SL, “PIN UP 41 AS” from Singapore into Vietnam and distributed them through its non-exclusive local agent, namely, An Nong LLC. This activity ended when Zagro began production of pesticides bearing the trade mark PIN UP by its subsidiary established in Vietnam. On April 12, 2002, An Nong filed with the NOIP an

application for registration of trade mark PINUP 41 AS. One year later, the NOIP granted the registration certificate no. 47345 for PINUP 41 AS.

In January 11 2005, INVESTIP, the IP agent of Zagro, filed with the NOIP a request for cancellation of the trade mark PINUP 41 AS in the name of An Nong on the grounds that: (i) the trade mark “PINUP 41 AS” is confusingly similar to the trade mark PIN UP of Zagro, which have been widely used before the filing date by An Nong; and (ii) An Nong, the former local agent of Zagro, filed the trade mark application in “bad faith”.

The NOIP, after almost five years, issued the Decision No.1291-QD-SHTT dated July 6, 2009 to terminate the validity of the Trade Mark Registration No.47345 for PINUP41AS in the name of An Nong.

Comments

One again, this case proves that many companies doing business in Vietnam, including foreign firms, are not sufficiently aware of the damage to their trade mark registrations that is caused by the “bad faith” of local partners or agents. According to the “first to file” principle which is clearly stipulated by law, a trade mark should belong to the first person who has filed an application for its registration with the NOIP. In this case, though established in 2010 and paid attention to use the mark PIN UP, Zagro was slower than An Nong in proceeding with registration of their mark. As results, it has become a defendant in an infringement case and is obliged to engage in a trade mark Cancellation Action, which is costly, time-consuming and the outcome uncertain. Thus, this must be a precious lesson for all companies operating in Vietnam.

5. Please describe the forum and procedure that must be followed in opposition, invalidation, cancellation and opposition proceedings regarding “bad faith”?

According to *Vietnam Trademark Law and Regulations*, both the opposition and cancellation (or invalidation) proceedings regarding “bad faith” are available.

Regarding Opposition Proceedings, according to Article 112 of the IP Law: “***Article 112. Third parties’ opinions on the grant of Protection Titles:*** *As from the date an industrial property registration application is published in the Industrial Property Official Gazette until prior to the date of decision on the grant of a Protection Title, any third party shall have the right to present opinions to the State administrative authority of industrial property rights in relation to the grant or refusal of a Protection Title in respect of the application. Such opinions must be given in written form and be accompanied by materials or must specify the source of information used for proving*”.

Pursuant to the above Article 112, any third party could file an Opposition in writing against a trade mark application during its substantive examination.

Normally, after receipt of an Opposition, the NOIP shall inform the Applicant of the Opposition and request the same to submit counter-argument, if any, within a period of time for NOIP's consideration before issuance of the decision in respect of the opposition.

If NOIP accept the opposition and issue a decision to refuse for registration of the trade mark, the Applicant shall have the right to file an appeal against the NOIP's decision of refusal. Otherwise, if NOIP do not accept the opposition and issue trade mark registration certificate, the third party, who filed the opposition, still have the right to file a request for cancellation (or invalidation) of the trade mark registration.

Regarding cancellation, according to Article 96 of the IP Law:

“Article 96. Invalidation of Protection Titles:

1. *A Protection Title shall be entirely invalidated in the following cases:*
 - a) *The Applicant for registration neither has right to registration nor has been assigned such right (with regard to inventions, industrial designs, layout-designs and marks);*
 - b) *The subject matter of industrial property failed to satisfy the protection conditions at the grant date of the Protection Title.*
2. *A Protection Title shall be partly invalidated if that part failed to satisfy the protection conditions.*
3. *Any organizations or individuals shall have the right to request the State administrative authority of industrial property rights to invalidate a Protection Title in cases provided for in paragraphs 1 and 2 of this Article, provided that fees shall be paid.*

The time period for making request for invalidation of a Protection Title shall be its whole term of protection. With regard to marks, such time limit shall be 5 years as from the grant date, except for the case where the Protection Title has been granted due to the Applicant's dishonesty”....

Pursuant to the above Article 96, after a trade mark has been registered for protection, a third party can file a request for cancellation (or invalidation) of the trade mark registration.

Normally, after receipt of a request for cancellation (or invalidation) of the trade mark registration, the NOIP shall inform the trade mark owner of the request for cancellation

and require the same to submit counter-argument, if any, within a period of time for NOIP's consideration before issuance of the decision in respect of the request for cancellation.

If NOIP accept the request for cancellation and issue a decision of cancellation in respect of the trade mark registration, the trade mark owner shall have the right to file an appeal against the NOIP's decision of cancellation. Otherwise, if NOIP do not accept the request for cancellation and issue a decision on the matter, the third party, who filed the request for cancellation, still have the right to file an appeal against the NOIP's decision.

6. Please suggest some helpful strategies that could be adopted to cancel/remove/oppose or otherwise take action against "bad faith" filings?

Firstly, the best solution to avoid "bad faith" filings in Vietnam is to file an application for registration of the trade marks that are being used and/or to be used in Vietnam as soon as possible. In practice, the cost for filing and registration of trade marks in Vietnam is lower than that in many other countries and is much lower than the cost for an Opposition and/or a Cancellation case.

Secondly, in practice, taking a Cancellation action is often much more costly and time-consuming than an Opposition case. In addition, as NOIP are often reluctant to cancel a trade mark registration, the chance of success in a Cancellation case is often lower than that if we file an Opposition during the substantive examination of that trade mark. Therefore, it is advisable that the trade mark owner shall pay attention to the trade mark applications that are published in Vietnam and file an Opposition action when necessary.