FACING THE ‘BAD FAITH’ – THE CHALLENGES AND TOOLS TO COMBAT THE BLOCKING STRATEGIES OF THE FIRMS IN THE EU TRADE MARK LAW

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The Court of Justice of the European Union has suggested that when the concept set out in the EU regulation is not defined by that regulation, it should be understood according to its usual, everyday meaning. There is no doubt that the understanding of ‘bad faith’ might differ from one person to another and especially from one firm to another. Indeed, ‘bad faith’ in trade mark law might take many different forms which are not easy to detect as the large number of cases concerning the issue of ‘bad faith’ in relation to national and EU trade marks illustrate. By analysing the current legislative framework as well as the case law of the Court of Justice of the European Union, the paper suggests that in order to maintain and even extend the smooth functioning of the EU trade mark system, legislative changes should be introduced. In particular, it is argued that it is reasonable to examine the intention of trade mark applicants already at the application stage in order to avoid the waste of resources and the burden of dealing with the trade marks registered in ‘bad faith’ in the invalidity proceedings post factum and to provide a non-exhaustive list of what elements the ‘bad faith’ can consist of. These amendments should also do good in terms of serving the broader goals of the EU law, which amongst others include, undistorted competition, legal certainty and sound administration.

1 INTRODUCTION

This paper aims to draw attention to the issue of trade marks which are registered in ‘bad faith’. Though this is a well-known problem in the European trade mark law, there are still many new ‘shapes’ and ‘forms’ of the bad faith practices arising and the literature needs to follow in the footsteps of such new practices. The illustration of the latest, new developments is the very recent case from January 2020 Sky and Others1 which will be discussed in greater detail later on.

Prior to turning to the nuances, the paper first introduces the issue of ‘bad faith’ by explaining briefly, what it constitutes and why it is a problem for the proper functioning of the EU trade mark system. Subsequently, the EU legislative framework around the ‘bad faith’ issue is reviewed in order to provide the context for understanding where the EU and the national trade mark systems as harmonised by the EU law stand currently. Then the discussion delves into the case law of the Court of Justice of the European Union (CJEU or

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1 Case C-371/18 Sky and Others EU:C:2020:45.
the Court) both of the General Court and the Court of Justice concerning the topic of ‘bad faith’. The main concepts and elements pronounced by the Court are captured in chronology in order to highlight that examination and determination of ‘bad faith’ is not an easy task and number of circumstances need to be considered.

Having analysed the ‘state of the art’, the following section outlines the implications of the current legislative and judicial standing and argues that in the light of the Union goals and specifically the EU trade mark principles, certain legislative changes are needed. These changes are further concretised in the final section followed by the conclusion where it is maintained that minimising the marks registered in ‘bad faith’ is surely a challenge which requires certain action on the legislative level through the methodological tools in order to combat these dishonest practices.

2 FRAMING THE ISSUE – WHAT IS BASICALLY A ‘BAD FAITH’?

Trade marks create the link between on the one hand, the undertakings and on the other hand, the goods and services in order to guarantee that the customers recognise their commercial origin and repeat the pleasant experience. This is why the trade mark rights are needed, yet, they should be given effect in the light of the principles of fair competition. In other words, the application of the principle of undistorted competition ‘increases the threshold for access to trade mark protection’.

Contrary to other IP rights, such as patents, the objective of the trade mark law is not to enable acquisition of the exclusive market position for certain goods or services by granting a registered trade mark but in fact, the market remains free to enter with the same or similar products simply by using other signs. However, since the commercial significance of the trade marks grows, the number of unlawful registrations also grows, resulting in the abuse of the trade mark system by certain undertakings. Such behaviour in trade mark law is qualified as the registrations made in ‘bad faith’ which is a long-discussed problem in European trade mark law.

It constitutes a behaviour in ‘bad faith’ when for example someone other than the original owner of a trade mark applies for the registration of a mark in those jurisdictions where the mark is not registered with the intention to later sell the registered trade mark to the owner with an artificially increased price. Such dishonest behaviour is called ‘trolling’ and essentially means to dishonestly take advantage of the reputation of somebody else’s mark.

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2 In this paper, both terms ‘CJEU’ and ‘the Court’ means the whole institution of the Court of Justice of the European Union and are sometimes used as a supplement to the longer name. While the terms ‘General Court’ or ‘Court of Justice’ are used for the courts of first and second instance of the Court of Justice of the European Union, respectively. Depending on the context, such as in the analysis of a specific case heard by each court, the term ‘the Court’ might also be adopted to substitute the ‘General Court’ or ‘Court of Justice’ hearing that specific case.


4 Ibid 52.

5 See for example Alexander Tsoutsanis, Trade Mark Registrations in Bad Faith (Oxford University Press 2010).
Such form of the ‘bad faith’ practice is especially known in patent field where the non-practicing entities are filing or buying patents without the intention to use them with their primary function but simply to enforce them via the court proceedings and be awarded damages or gain financial advantages upon the settlement agreement with another party.\(^6\)

Another form of ‘bad faith’ behaviour in trade mark field is when an applicant’s primary intention, while applying for the registration of a mark, is to exclude the competitors from entering the market, in other words, to block them. However, proving that an applicant only had bad intention is a difficult task as there can be a combination of honest and dishonest motives when lodging the application.\(^7\)

The problem with the marks registered in ‘bad faith’ is that once they enter the register, there is a risk of hampering the free competition, therefore, whether the ‘bad faith’ applications should already be detected at the initial stage, in particular, at the time of registration or only at the time when the validity of already registered marks is challenged, remains a controversial issue.\(^8\)

Another issue is that the concept of ‘bad faith’ referred to in Article 59(1)(b) of EU Trade Mark Regulation (EUTM Regulation or the Regulation) is not defined, delimited or described in any way in the legislation of the European Union. In spite of the guiding case law of the Court of Justice of the European Union it is not very clear as to what actually constitutes ‘bad faith’.\(^9\) In fact, ‘bad faith’ can take any form\(^10\) and there are number of acts of the undertakings that might suggest that they have or have had a dishonest intention at the time of application for registration of the marks. All these factors need to be considered with special care.

3 EU REGULATORY FRAMEWORK ON ‘BAD FAITH’ IN TRADE MARK LAW

In the EU, the core provision about the ‘bad faith’ in trade mark law is Article 59(1)(b) of the EUTM Regulation according to which an EU trade mark shall be declared invalid on the basis of the counterclaim in the infringement proceedings ‘where the applicant was acting in bad faith when he filed the application of trade mark’.\(^11\) However, this norm applies to situations when the validity of a trade mark is challenged and not to the opposition of a trade mark.

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\(^7\) ibid


mark during the time of the application. In other words, in the EUTM Regulation, ‘bad faith’ is the absolute ground for invalidity on the basis of the counterclaim in infringement proceedings. On the contrary, the provisions on the absolute and relative grounds for refusal of registration – Articles 7 and 8 of the EUTM Regulation do not contain a precondition that would render the registrations with bad intention/ ‘bad faith’ impossible.

In addition, trade marks can be revoked, similarly on the basis of counterclaim in the infringement proceedings if the trade mark has not been put to genuine use in connection to the goods and services in relation to which it was registered within the continuous period of five years.

The EU Trade Mark Directive (Trade Mark Directive or the Directive) which, by its nature, is a harmonising instrument, aiming at the approximation of laws of the EU Member States in certain areas, also considers the possibility to invalidate the trade mark where the application for registration was made in ‘bad faith’ by the applicant. Unlike the Regulation, the Directive in addition makes it possible for the Member States to not register such marks at all. Thus, according to the Directive, ‘bad faith’ can be not only the absolute ground for invalidity but also a ground of refusal of registration. Moreover, under the relative grounds for refusal, the Directive states that a trade mark shall not be registered and if registered shall be declared invalid where the trade mark is liable to be confused with an earlier trade mark protected abroad, provided that, at the date of the application the applicant was acting in ‘bad faith’. And finally, another mention of the application made in ‘bad faith’ is provided in the Article 9(1) of the Directive which is about the preclusion of a declaration of invalidity due to acquiescence, except when the later mark was registered in ‘bad faith’.

From the texts of the Regulation and the Directive, the difference between the application of the ‘bad faith’ argument for invalidating the trade mark for the EU and the national trade marks is that in case of the former, it can be raised only in the infringement proceedings but not at the time of the registration, while for the latter, the Member States, in other words, the national trade mark offices can use the ‘bad faith’ ground to support their decision of refusal of registration of a mark.

As for the meaning of ‘bad faith’ itself, in spite of the consideration in the relevant provisions that the application made in ‘bad faith’ is the ground to invalidate the mark later on, no definition is provided either by the EUTM Regulation, or by the Trade Mark Directive. This gives the Court of Justice of the European Union the leading authority to give interpretation to ‘bad faith’ which is why it is essential to analyse its case law and see to what extent the ‘bad faith’ practices have revived in Europe and with what level of rigidity the Court has responded to shield such dishonest practices.

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13 EUTM Regulation, art 58(1)(a).
16 ibid art 9(1).
4 CASE LAW ON ‘BAD FAITH’ PRACTICE IN THE EU

4.1 FIRST APPEARANCE OF ‘BAD FAITH’ ARGUMENTS BEFORE THE CJEU

The first wave of the cases that contained the term ‘bad faith’ and was discussed in the Union legal order unsurprisingly concerned the competition law issues rather than the intellectual property law. One of such first cases was *Vichy v Commission* from 1992\(^{18}\) where the undertaking was arguing before the First Instance Court of the Court of Justice (now the General Court) that there had not been ‘bad faith’ on its part and therefore, the Commission’s decision not to apply the exception provided in the Union legislation on competition law at that time, in particular EEC Regulation No 17 implementing Articles 85 and 86 of the Treaty, and not to exempt the undertaking from imposition of the fine supposedly for its anticompetitive practice, was infringement of that regulation.\(^{19}\)

The cases where the intellectual property was the subject matter of the dispute and the ‘bad faith’ argument had been raised by applicants, started to appear relatively frequently only from the early 2000s onwards. Yet, it was mentioned rather briefly, both when invoked by the parties in their pleas and when discussed by the Court. One of the first cases where the applicant argued in the opposition proceedings that the third party had acted in ‘bad faith’ when applying for the registration of a mark was *Durferrit v OHMI - Kolene (NU-TRIDE)*.\(^{20}\) The case ended up at that time at the First Instance Court of the Court of Justice where the applicant argued that since the third party had the intention to copy its mark, it had acted in ‘bad faith’ and therefore, had abused the whole process. Accordingly, the applicant claimed that such behaviour was contrary to public policy and morality within the meaning of the absolute grounds for refusal of the Union Regulation of that time.\(^{21}\) The Court on its part stated that the absolute grounds for refusal pertained the intrinsic qualities of the mark itself and not the circumstances in which the applicant was acting. Therefore, the ‘bad faith’ argument was dismissed.\(^{22}\)

Hence, already in its early case the Court highlighted that for the consideration of ‘bad faith’ it is the circumstances that matter. The applicant had indeed hinted on the circumstances but chose ‘wrong’ legal basis. It would be interesting to see how the Court would respond, had the applicant chosen another legal ground. Yet, it must be remembered that the Regulation did not (and does not) offer much choice if not none when it comes to the ‘bad faith’ applications during the opposition proceedings.


\(^{19}\) The undertaking argued the misapplication of the article 15(6) of the Council Regulation (EC) No 17 of 13 March 1962, First Regulation implementing articles 85 and 86 of the Treaty [1962] OJ L204/87 (former articles 85 and 86 are now 101 and 102 of the Consolidated Version of the Treaty on the Functioning of the European Union [2012] OJ C326/47 (TFEU)). According to the said article 15(6) the exemption from fines as provided in the article 15(5) of the same Regulation shall not apply where the Commission had informed the undertakings concerned that after preliminary examination it was of opinion that prohibition of anticompetitive agreement (article 85(1) applied and the application of exceptions (article 85(3) was not justified.


\(^{22}\) *Durferrit v OHMI – Kolene* (n 20) para 76.
The landmark case that has touched upon the issue of ‘bad faith’ thoroughly is *Lindt* from 2009 in which the Court came to the following conclusions:

First, the fact that the applicant knew or must have known, at the time of application for registration of a mark, that in one of the Member States there had been a similar sign used for a long time for the identical goods and therefore, capable of causing the confusion between the signs, does not constitute the sufficient ground for establishing the ‘bad faith’.

Second, the Court stated that the intention to prevent the third parties from marketing a product can be an element of ‘bad faith’ in certain circumstances, such as for example when the applicant did not intend to use the trade mark and the registration was solely aimed at preventing the third parties from entering the market. In such a case, according to the Court, the trade mark does not fulfil its function which is to identify its commercial origin without any confusion. Moreover, the fact that the third party’s trade mark that is similar to the one for which the registration is sought, enjoys a certain degree of legal protection, is also a factor to be taken into consideration.

Third, the Court held that even in those circumstances when there were similar signs marketed in different Member States for the identical goods, it is possible that the applicant had legitimate objectives when applying for registration of its sign such as, for example, preventing a newcomer who had the intention to copy the presentation of the applicant’s sign.

Finally, in the Court’s view, the extent of the reputation of the sign for which the registration was sought might also be deemed legitimate as the applicant might be willing to establish the wider legal protection for its reputed sign.

Accordingly, the CJEU established in the *Lindt* case the factors that the test for determining ‘bad faith’ on the applicant’s side should contain which were the following:

- 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, finally,
- the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.

The Court’s ruling in the *Lindt* case offers a very broad and flexible approach for determining ‘bad faith’ which requires considering a number of relevant factors. It implies that each case should be treated individually according to the circumstances. Such approach is also in line

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23 Case C-529/07 Chocoladefabriken Lindt & Sprungli EU:C:2009:361, para 40.
24 ibid paras 43-44.
25 ibid para 45.
26 ibid para 46.
27 ibid para 49.
28 ibid para 52.
29 ibid para 53.
with the previous Durferrit case where the Court had stated that the way the applicant acts is a determinant for the existence of ‘bad faith’.

Advocate General Sharpston was also of the opinion in the Lindt case, that there is no simple test for deciding whether there is a ‘bad faith’ or not on the part of the applicant. According to her, ‘bad faith’ is a subjective state which is ascertainable from objective evidence on case by case basis. Such assessment requires the knowledge of the circumstances in order to conclude whether accepted standards of honest and ethical conduct might be deduced. Whether or not the applicant has such knowledge depends on the circumstances of each economic sector. In her opinion the attention must be paid to whether based on factual and legal elements the applicant’s behaviour can be justified or on the contrary, whether these elements underline the dishonesty and unethical behaviour.

The Lindt case criteria have been recalled and cited in number of cases pertaining to ‘bad faith’ down the line. In fact, the Court of Justice has applied the reasoning of Lindt not only in relation to the EU trade mark system but also in a case where the national trade marks were concerned in the light of the EU Directive,\(^{32}\) such as in the case Malaysia Dairy Industries. In this case, the Danish Supreme Court had asked the Court of Justice as to how the EU provision concerning the invalidity of trade marks based on a ‘bad faith’ application\(^ {33}\) should have been interpreted. The Court of Justice replied that the EU Regulation on Community trade marks\(^ {34}\) pursued the same objectives as the Directive and therefore, due to the need of harmonising the Community and the national systems, the concept of ‘bad faith’ should have been interpreted in the same manner.\(^ {35}\) Having said that, the Court referred to the Lindt case and stressed the importance of the subjective nature of the applicant’s intention which should have been determined by the objective circumstances of each case.\(^ {36}\)

### 4.2 FURTHER SCRUTINY OF THE ‘BAD FAITH’ ARGUMENTS BY THE CJEU

The elements that were established in the Lindt case, however, shall not be understood as the sole factors for determining the ‘bad faith’ behaviour. Later in 2012 the General Court has reaffirmed the factors listed in Lindt case, however, also made clear that those factors were only examples amongst the many factors that should be taken into consideration before deciding whether the applicant has acted in ‘bad faith’ or not.\(^ {37}\) In particular, in the BIGAB case, the Court while concluding that there had not been a ‘bad faith’ application on the part of the undertaking that had sought the registration for the word sign BIGAB, provided that the other factors to be taken into consideration could, for example, be the origin of the sign at issue and its use since the creation, or the commercial logic behind the filing of the application for registration of a mark.\(^ {38}\)

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30 Durferrit v. OHMI – Kolene (n 20) para 76.
31 Opinion of Advocate General Eleonor Sharpston in Chocoladefabriken Lindt & Sprungli (n 23), para 75.
33 ibid art 4(4)(g).
35 Case C-320/12 Malaysia Dairy Industries EU:C:2013:435, para 35.
36 ibid para 36.
38 Case BIG-AB (n 37), para 21.
BIGAB is indeed an interesting case as it is based on precisely these other factors. In particular, the Court stated that the mark BIGAB was created and used by the applicant years earlier than by the opponent who was arguing that the applicant was acting in ‘bad faith’ and that his sole intention was to prevent him from marketing his goods under the similar name BIGA. The creation and the use of the mark for a longer time by the applicant was an important point for the Court to conclude that the intention behind the application was not to create confusion with the existing sign.39

Regarding the commercial logic, the Court paid attention to the fact that the marketing under the BIGAB sign had been increased in a number of EU Member States by the applicant. In the eyes of the Court, such a preexisting factor rendered the registration into a commercially logical step targeting at extending the protection of the mark.40

As for the fact that the applicant knew or should have known about the existence of the use of the sign by a third party for which he sought the registration, the Court emphasised that this was not sufficient to conclude that the applicant was acting in ‘bad faith’. On the contrary, this could even be done with the legitimate objective.41 For the Court, in this case, the knowledge about the fact that someone else is using the same sign to market his product without the authorisation to do so, is in fact a triggering factor to file the application for the registration.42

Another argument for justifying the registration, relating to the commercial logic was the extent of the mark’s reputation which at the time of the application was rather increasing. Once again, this proved that there had been a commercial interest of the party to protect the mark by the act of registration for ensuring the protection.43 Such a careful consideration and a specialist approach of the Court towards the possible business strategy of a firm is definitely remarkable.

Having ascertained a good faith for the undertaking seeking the registration, the Court has definitely put a heavy weight on the entire circumstances of the case and especially on the commercial logic and the possible steps made by the applicant. On the other hand, in the case VENMO44 from 2017, by similarly investigating the preconditions and the commercial logic behind, the Court arrived at a contrary conclusion. The case concerned the dispute between two US based companies about the registration of VENMO mark at the EUIPO. The companies had entered into commercial negotiations due to the potential conflict between their marks (registered mark VEN and unregistered mark VENMO), however, without finding the appropriate solutions the owner of a registered sign applied for the registration for VENMO trade mark at the EUIPO.45 The question was thus raised whether or not the behaviour of the applicant was justified under such circumstances.

It is worth noting that the Cancellation Division held that the application was made in ‘bad faith’ since the undertakings held the negotiations and the applicant anyhow filed the application for the registration of the VENMO mark without prior notice to the other

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39 ibid para 22.
40 ibid para 23.
41 ibid para 27.
42 ibid
43 ibid para 31.
45 ibid paras 1-10.
On the other hand, the Boards of Appeal of EUIPO (the Boards of Appeal) decided that the applicant had not acted in 'bad faith', since the contested mark VENMO did not enjoy legal protection as it was neither registered nor had it acquired the reputation.\footnote{Case VENMO (n 44), para 17.} In addition, the registration of the sign VENMO could be seen logical since the applicant also owned the other similar signs that could have been confused with VENMO.\footnote{ibid para 22.} Regarding the fact that there was no evidence to prove that the applicant had the intention to use the trade mark, the Boards of Appeal stated that there was also no evidence that would prove that the applicant's sole intention was to exclude the competitor from the market, especially considering the fact that the competitor was not planning to expend its business in the European Union market.\footnote{ibid para 23.}

Contrary to the findings of the Boards of Appeal, the General Court arrived at a different conclusion and upheld the ‘bad faith’ argument after extensively analysing all the elements of the decision of the Boards of Appeal. The General Court first noted that the Boards of Appeal’s finding that the application for registration for the mark VENMO was the logical commercial trajectory in order to protect the other similar marks, was wrong as their actual use was not thoroughly proven\footnote{ibid paras 52-53.} – and even if they were proved to be used for the protection of these two signs, the applicant could have registered exactly those signs and not VENMO, which was identical of the sign used by the competitor.\footnote{ibid para 57.}

Furthermore, for the General Court, the fact that there had been negotiations between the parties - in spite of which the applicant proceeded with the registration of VENMO sign – is the indication of a ‘bad faith’ as it was done without the prior notice to the party and therefore constituted a ‘concealed act’.

The fact that the applicant had not used the mark VENMO neither before the registration nor afterwards, was also an alarming signal for the General Court, unlike the Boards of Appeal.\footnote{ibid para 57.} The lack of the mark’s reputation in the hands of the competitor was also perceived differently by the General Court. In particular, the fact that the contested mark did not enjoy the reputation when used by another undertaking did not exclude the possibility that the applicant’s motives could be dishonest.\footnote{ibid para 62.} In other words, the Court hinted that the applicant could hinder its competitor’s potential entry into the market even if it was not planning to expend its business outside the United States in the near future. The Court by itself has deemed this plausible at some point in the future.\footnote{ibid para 65.}

It appears that one of the elements established in Lindt case which is that ‘the applicant knows or must know that a third party is using an earlier mark in at least one Member State’, was not so rigidly followed by the General Court and was even twisted in a way. In fact, the Court in VENMO acknowledged that the goods of a third party were marketed outside the EU but yet quite generously discussed of its own motion the possibility of that party

\footnote{ibid paras 70-71.}
expending its business outside the US. Consequently, for the General Court, there was a probability of expulsion by the dishonest undertaking of the third party from the EU market which it had not even entered in the first place.

The case VENMO has definitely made the trade mark lawyers keep their eyes open as it did see controversial opinions on its way. Besides, the fact that the Court has delved into a tremendous amount of details to finally come to the conclusion that the applicant had acted in ‘bad faith’, demonstrates the importance of all relevant factors before holding the invalidity of the registered EU trade mark.56 It is especially noteworthy that the ethical elements came under the spotlight in the discourse, especially when the Court drew its attention to the ‘concealed act’ of the undertaking. It seems that bringing together the ethical and commercial aspects into the discussions is widely welcome by the Court and can be seen as a positive development. Nevertheless, such a scrupulous approach also proves that the Court is very cautious about the invalidity of marks on the basis of dishonest applications.

4.3 THE RECENT CASE LAW AND WHAT THE TRADE MARK OWNERS SHOULD BE CAUTIOUS OF

Case law on the issue of ‘bad faith’ has been growing - and so have the guiding statements of the Court of Justice of the European Union. In another case – STYLO & KOTON, which was decided later in the same year (2017) as VENMO, the General Court dismissed the ‘bad faith’ argument due to the fact that the services of the disputing parties were dissimilar.57 The case concerned the validity of the mark STYLO & KOTON which had been contested on the ground that the applicant for registration had acted with bad intention.58 Both, the Cancellation Division and the Boards of Appeal dismissed the invalidity request since there was neither similarity nor identity between the goods and services for which the trade marks in question provided protection.59

The case went all the way up to the General Court and the Court of Justice. The applicant claimed that for finding that there was a ‘bad faith’ on the part of an undertaking, it was not necessary for the goods and services to be identical. This was a turning point in the EU case law on ‘bad faith’, raising the question whether the goods and services need to be similar in order to find the mark invalid on the ground of ‘bad faith’ argument or not.

The General Court essentially upheld the decision of the Boards of Appeal by recalling the criteria of Lindt. It stated that pursuant to this case, ‘bad faith’ should be assessed in the circumstances where ‘a third party is using an identical or similar sign for an identical or similar product or service capable of being confused with the sign for which registration is sought’.60

Unlike the VENMO case discussed above, the authority of the Lindt case has been fully upheld here by the General Court especially by underlying that for the establishment of

58 Ibid para 11.
59 Ibid paras 12-14.
60 STYLO & KOTON (n 57), para 44 (emphasis added).
‘bad faith’, not only the marks must be identical or similar but also the goods and services of the disputing undertakings.

It is interesting to observe what the Court of Justice upon the appeal of the General Court’s decision held. The Court while acknowledging the importance of the *Lindt* case criteria, went on and held that there can be situations where ‘bad faith’ is found without any relation to the *Lindt* case circumstances. In certain circumstances the applicant for registration can be regarded to have acted in ‘bad faith’ in spite of the fact that at the time of the application there was no use by a third party of an identical or similar sign for identical goods and services.  

The Court stated that the existence of the likelihood of confusion does not need to be necessarily established. Furthermore, the contested marks and goods that are similar or identical and therefore cause the likelihood of confusion represent only one relevant factor to be taken into consideration for determining ‘bad faith’. As a consequence, in the absence of such likelihood of confusion, other relevant factors should be scrutinised. The Court of Justice found the General Court’s judgment erroneous because the latter had misread the case-law of the Court of Justice and had limited the scope of the Article 52(1)(b) of the Regulation 207/2009 by not establishing ‘bad faith’ only because the services of the disputing parties had been different.  

Thus, according to the Court’s position, other factors should have been taken into consideration such as the applicant’s intention to register the contested mark for the classes which were identical of that of the other party; it is that intention that should have been taken into account. In these circumstances, it was up to the applicant to show that filing the trade mark application followed an ‘economic logic’. Although the General Court had mentioned ‘the chronology of events leading to the filing’, it was done only for the sake of completeness, without fully examining all the steps made by the undertaking.  

This case seems to open doors for wider assessment and goes further than what the *Lindt* case had considered as a ‘bad faith’ scenario, in particular even for the situations where goods or services are different. As AG Kokott has mentioned in her opinion concerning this case, ‘the need to take into account all the relevant factors, […] is an inevitable consequence of the subjective nature of bad faith.’ Whether maintaining such openness is practical especially for the parties, remains an open question. For AG Kokott, it is certain that being cautious and not providing any definition of the ‘bad faith’, neither in the legislation nor by the Court, is reasonable since it is unclear what kind of circumstances might arise in the future which cannot be foreseen at that moment.

It is true that the number of circumstances has been increasingly accumulating, the proof of which is the most recent case *Sky and Others* from 2020 pertaining to registration

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61 Case C-104/18 P – *Koton Magazacilik Tekstil Sanayi ve Ticaret v EUIPO (KOTON)* EU:C:2019:724, para 52.
62 ibid para 54.
63 ibid para 55.
64 ibid para 56.
65 ibid para 57-58.
66 ibid para 60.
67 ibid para 61.
68 ibid para 63.
69 Opinion of Advocate General Kokott in *KOTON* (n 61) para 28.
70 ibid para 30.
71 *Sky and Others* (n 1).
of the marks in ‘bad faith’. The case arose after the proceedings between on the one hand, the Sky plc and other companies and on the other hand, SkyKick Companies in the UK. In its preliminary ruling, the Court of Justice answered to the several questions posed by the High Court of Justice of England in its preliminary reference which was perhaps the most important referral made in trade mark law during recent years. The questions asked were whether a national trade mark can be wholly or partially declared invalid if the terms used for the description of the goods and services lack clarity to make the general public understand the scope of protection of the trade mark, such as the term ‘computer software’. The Court of Justice answered that ‘a Community trade mark or a national trade mark cannot be declared wholly or partially invalid on the ground that terms used to designate the goods and services in respect of which that trade mark was registered lack clarity and precision’.

The next question raised by the English court, even more relevant for the purposes of this paper, was whether or not it is considered as a ‘bad faith’ to register a trade mark without an intention to use it. It is especially interesting what the Court replied. According to the Court, for establishing that an unused trade mark was registered in ‘bad faith’, it must be shown that either a dishonest intention of undermining the interests of third parties existed or an intention to obtain exclusive rights, without targeting a specific third party, for purposes falling outside the functions of the trade mark. Once again the Court recalled the essential function of a trade mark, which is the identification of the commercial origin of the goods and services, as stated in KOTON case.

The Court also emphasised that ‘bad faith’ on the part of the applicant cannot be upheld merely on the basis of the fact that at the time of the filing for registration, the applicant has not had the economic activity corresponding to those goods and services indicated in the application, nor can he be required to indicate or even know precisely if he will make use of the mark for which he is applying. In addition, the Court stated that ‘when the absence of the intention to use the trade mark in accordance with the essential functions of a trade mark concerns only certain goods or services referred to in the application for registration, that application constitutes bad faith only in so far as it relates to those goods or services.’ Here the Court followed its argumentation in the KOTON case where it was stated that the applicant should have shown the economic logic behind filing the application for the rest of the part of goods and services which in turn should have been examined by the General Court.

It can be deducted that for establishing the ‘bad faith’ in the case Sky and Others, the Court has applied a new test consisting in:

- having an intention of undermining, in a manner inconsistent with the honest practices, the interests of third parties, or

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73 Sky and Others (n 1) para 71.
74 ibid para 75.
75 KOTON (n 61) para 45.
76 Sky and Others (n 1) paras 76-78.
77 ibid para 81.
78 KOTON (n 61) para 62.
In this case, the Court provided a very broad test for determining whether a certain action constitutes a ‘bad faith’ or not. Hereby, the test established in the landmark case Lindt has undoubtedly been extended, both in the KOTON and in the Sky and Others cases. In the former, the precondition of the existence of identical goods and services has been disregarded by saying that the Lindt criteria have only served as some examples out of many factors that could potentially arise in the future. And in the latter, the condition that an applicant must be preventing the third party from continuing using the sign, has been extended to the situations where an applicant has the intention not only to prevent but also to undermine the interests of third parties. In addition, not necessarily a specific party must be concerned, but in general competitors. Thus, the Sky and Others introduces broader possibilities for arguing that there is a ‘bad faith’ on the part of the applicant. Even though the Court did not find the lack of clarity to be the absolute ground for invalidity, for the software companies it will be a moment to be cautious before they file for broad terms such as ‘computer software’. This is particularly true if they do not have the intention to use these terms because the Court places more weight on the rationale behind the applications.\(^{79}\)

Though undertakings do not need to indicate at the time of application that they have the intention to use their trade mark for specific goods and services they might be still chased later on and held guilty of engaging in dishonest behaviour. It will be interesting to keep track of how this line of case law will develop in the national courts and whether there will be more referrals directed to the Court of Justice or whether this case will be clear enough to suffice as a wake-up call.\(^{80}\)

5 IMPLICATIONS OF CURRENT ‘BAD FAITH’ QUALIFICATION IN THE LIGHT OF THE EU TRADE MARK GOALS

Reflecting on the case law discussed above, it becomes clear that the issue of ‘bad faith’ has gone through trial and error up until now and that there is no clear-cut rule for determining ‘bad faith’ in EU trade mark applications. Even the General Court has gone wrong as seen in the KOTON case. Picking up from where the Court of Justice has left us in Sky and Others case and considering the EU trade mark legislation in its current state, there are certain factors that need to be analysed in the light of the EU trade mark goals.

It is well established that the main capacity of trade marks is to convey information to the consumers so that they make informed choices. Therefore, trade marks are one of the tools that ensure fair competition.\(^{81}\) From a practical point of view, the amount of marks which can be acquired as trade marks is almost endless, except for certain types of marks, such as colours or shapes of specific products for which there is limited availability.

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\(^{79}\) Sky and Others (n 1) para 77.


Therefore, the protection of these marks implies a certain degree of limitation of competition, which is why the law needs to interfere. Sometimes, marks can be much more than a simple indication of their commercial origin but valuable assets in cases when they originate from prestigious undertakings. This can be another reason why law interferes and provides even wider protection for such marks.

From the competitor’s and consumer’s perspective, the trade mark system is not without its risks, especially where the use of trade marks purports to go beyond its main function. In the extent to which this is allowed lies the key element that needs to be regulated and where law, once again, plays a crucial role. This is the crossing point of competition law and trade mark law; in fact, the EU trade mark law is an integral part of one of the primary goals of undistorted competition featuring the EU system since its establishment. Therefore, the goals of the competition law and trade mark law not only do not contradict each other but on the contrary, serve the same purpose that is to protect the integrity of internal market, the interests of commercial undertakings, i.e. competitors, the freedom of competition itself and the rights of consumers.

The concept of undistorted competition has served as the guidance for the interpretation of the rules of the EU trade mark system and partially harmonised national trade mark systems. From the various articles scattered around the EUTM Regulation as well as the Trade Mark Directive on approximation of Member States’ laws in relation to trade marks, the main aim of the EU trade mark law is deduced. It is to ensure the barrier-free market and undistorted competition while enabling the undertakings to distinguish their goods and services from each other.

Consequently, according to the settled case law of the Court of Justice, trade mark law is ‘an essential element in the system of competition in the European Union’. In such system, undertakings have the possibility to register marks in order to attract and retain the customers and to ensure that the consumers can distinguish, without any possibility of confusion, the goods and services from those of other undertakings.

As a consequence, the concept of undistorted competition requires protection of the interests and the rights of the trade mark owners on the one hand and of the interests of the competitors, on the other. Therefore, using the signs for legitimate purposes in compliance with the honest practices is one of the main requirements which have been developed by the Court of Justice in order to ensure the protection of internal market and the free movement of goods and services.
of goods and services.\textsuperscript{89} The extensive case law, partly reported in the previous section is a clear example of this.

The requirement to be in compliance with the honest practices lies at the heart of this paper and this is exactly where the analysis of and the control over the ‘bad faith’ practices become essential.

As seen in the Court’s rulings, there are number of objective and subjective factors that should be considered when qualifying the behavior of an applicant. Such factors include, for example, the duration for which the sign was used by the applicant which, in case of being long, might suggest that the applicant seeks registration in good faith.\textsuperscript{90} Another factor that also suggests that the application was made in good faith is the growing reputation of the mark which might trigger the applicant using the mark to apply for the registration and thus, acquire protection for the reputed mark.\textsuperscript{91}

Disputing parties’ relation prior to the application for a trade mark is also an important factor that should not be overlooked. In particular, if there had been ongoing negotiations between the parties in relation to a mark, in spite of which the applicant, without notifying the other party, applied for the registration of that mark, it is most likely that the applicant acted in ‘bad faith’ and had the intention to prevent the other party from marketing certain goods. Therefore, it is an important information whether the party gives ‘prior notice’ or not to the other party.\textsuperscript{92}

Having guidance of the Court on some objective criteria definitely brings clarity with regard to the issue of ‘bad faith’ determination, yet there are other aspects which could lead to uncertainty. Such is, for instance, the requirement of clarity and precision of the goods and services and the issue of ‘use’ - the factors to be taken into consideration when deciding upon registration of a mark and/ or invalidity of already registered trade mark.

In order to touch upon these two important factors that play a big role for ‘bad faith’ qualification, it must be recalled that the entire trade mark system as being part of a bigger, Union legal order, functions in the light of the principles of legal certainty and sound administration which in itself is an essential element of serving the primary goals EU trade mark law discussed above.

Maintaining the legal certainty and sound administration is underscored in the aims of the EUTM Regulation as well as in the Trade Mark Directive, in relation to various aspects of the functioning of the system. One of these aspects pertains the requirement of clarity and precision of the goods and services at the time of registration.

Under the recital 28 of the EUTM Regulation it is stated that:

‘EU trade mark protection is granted in relation to specific goods and services whose nature and number determine the extent of protection afforded to the trade mark proprietor. It is therefore essential to lay down rules for the designation and classification of goods and services […] to ensure legal certainty and sound administration by requiring that the goods and services for which trade mark protection is sought


\textsuperscript{90} Case \textit{BIG-AB} (n 37) para 22.

\textsuperscript{91} ibid para 31.

\textsuperscript{92} Case \textit{VENMO} (n 44) para 62.
are identified by the applicant with *sufficient clarity and precision* to enable the competent authorities and economic operators, on the basis of application alone, to determine the extent of the protection applied for.\(^{93}\)

Its equivalent recital in the Directive also requires that:

> ‘In order to fulfill the objectives of the registration system for trade marks, namely to ensure legal certainty and sound administration, it is also essential to require that the sign is capable of being represented in a manner which is *clear, precise, self-contained* easily accessible, intelligible, durable and objective.’\(^{94}\)

Moreover, the requirement that the goods and services shall be identified with sufficient clarity and precision is also stated in Article 33(2) of the Regulation, the provision on ‘Designation and classification of goods and services’\(^{95}\) as well as in Article 3(b) of the Trade Mark Directive, the provision stipulating what kind of signs trade marks should consist of and what they should be capable of.

Thus, the objective to ensure legal certainty and sound administration served by clarity and precision requirement is twofold. First, the market participants should know precisely about the existing signs and of their current or potential competitors in the future,\(^{96}\) and second, the competent authorities must know with clarity and precision the nature of the marks before examining the applications and for the publication and maintenance of a proper register.\(^{97}\)

In relation to the requirement of clarity and precision, though the Court in the case *Sky and Others*, held that lack of clarity of the terms that designate the goods and services for which the mark was registered cannot be held as the ground for invalidity of the registered trade mark\(^{98}\) there are certainly opposing views questioning the logic of the Court. For example, Johnson suggests that the rule applied in *IP Translator* case, which is that the goods for which the registration is sought should be identified with sufficient clarity and precision in order to enable the competent authorities and economic operators know the extent of the protection sought\(^{99}\) should also apply to those marks which are already registered (not only the marks for which the registration is sought) and therefore enable their invalidity.\(^{100}\)

As the clarity and precision of goods is a standalone topic itself, it suffices to say here that for the purposes of identifying the ‘bad faith’ application and of serving legal certainty, it is surely crucial to analyse the breadth of the terms suggested by the trade mark applicant together with the other circumstances which should also be tackled.

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\(^{93}\) EUTM Regulation, recital 28 (emphasis added).

\(^{94}\) Trade Mark Directive, recital 13 (emphasis added).

\(^{95}\) EUTM Regulation, art 33(2).

\(^{96}\) Case C-273/00 *Sieckmann*, EU:C:2002:748, para 51.

\(^{97}\) ibid para 50.

\(^{98}\) Case *Sky and Others* (n 1) para 71.


\(^{100}\) See Phillip Johnson, ‘So Precisely What Will You Use Your Trade Mark for? Bad Faith and Clarity in Trade Mark Specifications’ (n 8) 946–951, where he overviews the judgment in case *IP Translator* and the opinion of Justice Sales according to whom the clarity is a substantive requirement.
In addition to the issue of degree of clarity and precision, the extent of actual use of a trade mark for those goods and services that it has been registered for is also highly relevant for the principles of legal certainty and sound administration.

Unlike the American trade mark law, where the mark must be used for all the goods and services listed in the trade mark application for the registration to remain valid,\textsuperscript{101} the European trade mark law does not contain such a requirement. An EU trade mark can be held invalid upon application to the EUIPO or on the basis of counterclaim in the infringement proceedings only after finding, post factum that there has not been a genuine use during the five-year grace period.\textsuperscript{102} In addition, the applicant, when applying for the registration of an EU trade mark, is not required to having used the mark or to declare that he has an intention to use the trade mark\textsuperscript{103} as it is for example provided in the UK trade mark law.\textsuperscript{104}

Whether the absence of the requirement of ‘actual use’ or declaring the intention of use prior to registration creates problems for the purposes of ensuring legal certainty and sound administration is a controversial issue. As prof. Kur mentions, there is a discussion whether the register of the EUIPO is ‘cluttered’, so that the access to new trade marks is impeded. According to her, this can also create an issue in the sense that the register contains too much ‘deadwood’ which is not used or is used only for the part of the goods and services.\textsuperscript{105} However, whether this is truly ‘deadwood’ in a sense that the applicant simply could not live up to the registration and use the trade mark, still remains a question. At least in some of the cases, the creation of such ‘deadwood’ is deliberate and boils down to the issue of ‘bad faith’ applications which are concealed until another undertaking challenges the validity of the registered mark on the ground that the application was made in ‘bad faith’ and that there was no actual intention to use the trade mark.

From a purely legal perspective and under the current framework, the ‘no use’ of the trade mark can only be revealed after the five-year period allocated for the genuine use. As seen from the decision in \textit{Sky and Others}, the Court does not directly hold that the lack of intention to use the trade mark constitutes ‘bad faith’ in itself. In any case, it certainly does not welcome the defensive marks, in other words, marks which are filed as a weapon to shadow the marks which are in use and are not themselves intended to be used. For instance, in the case \textit{Il Ponte Finanziaria}, the Court of Justice held that the defensive marks are not compatible with the EU trade mark regime.\textsuperscript{106}


\textsuperscript{102} EUTM Regulation, art 58(1)(a).

\textsuperscript{103} \textit{Sky and Others} (n 1) para 76.

\textsuperscript{104} Section 32(3) of the Trade Marks Act 1994 states that ‘the application for registration of a trade mark shall state that the trade mark is being used, by the applicant or with his consent, in relation to the goods or services in relation to which it is sought to register the trade mark or that he has a bona fide intention that it should be so used’.


\textsuperscript{106} See case C-234/06 P - \textit{Il Ponte Finanziaria v OHIM} EU:C:2007:514, para 95, at that time defensive marks were still available in Italy.
Hence, one of the primary goals of the trade mark law, which is to maintain the competition undistorted, is grappled with the issue of ‘bad faith’. Criteria of ‘bad faith’ qualification itself, together with all surrounding legal provisions, eg requirement of clarity and precision\(^\text{107}\) or that the trade mark can be revoked only when it shows that the genuine use was not made during the five years\(^\text{108}\) play an either preventing or a fostering factor for ‘bad faith’ applications. Minimising the ‘bad faith’ applications and therefore serving the main goal of the trade mark law is certainly a challenge which requires some legislative amendments. Beyond explaining these challenges, the next section suggests some possible changes.

6 NEED FOR CLARITY AND CHANGE IN THE LEGISLATION AND THE PROCEDURE

Since the EU trade mark system has started functioning, it has proven to be a smooth legal mechanism for serving the goals of the internal market.\(^\text{109}\) However, the above tackled cases show that there is ample room for improvement.

With the market globalisation and the growth of economic activities worldwide, the use of the trade mark system in general as well as the EU trade mark regime in particular, has grown tremendously,\(^\text{110}\) therefore ensuring the equal protection of the interests of on the one hand, the trade mark proprietors and on the other hand, the interests of the competitors has become more challenging by the legal tools which have been created at the times of less globalisation. The role of the legislation is to follow in the footsteps of the real life developments and strengthen the existing set of rules, sometimes to the extent of adopting necessary amendments.

Having in mind the recent developments of the trade mark applications made in ‘bad faith’, this paper aims to suggest certain modifications that could potentially if not eliminate, at least prevent the dishonest practices of undertakings.

The current model considered under the EU regime, according to which the trade marks can be challenged on the ground of ‘bad faith’ only after they have been registered, raises certain concerns. Firstly, such marks which are found to be registered with ‘bad faith’ enter the market, no matter what form that ‘bad faith’ took, whether by not having intention to use the mark, by indicating a too broad range of goods and services for which the mark was registered or simply by the co-existence of the many different factors taken together. The problem is that unless a third party opposes such marks, the marks freely circulate in the trade (unless they are not used at all, in which case they still remain in the register). Consequently, the competition environment amongst the actors of the relevant market might become unfair as the competitors have limited options – either to start the opposition.

\(^{107}\) EUTM Regulation, art 33(2).
\(^{108}\) ibid art 58(1)(a).
\(^{110}\) 2018 Annual Report of the EUIPO (MBBC/19/S07/3/AN1/EN(O) 2018) 54, according to the Report the number of EU trade mark applications in 2018 has grown by 4,1% in 2018 compared to the previous year and reached 152,494 applications <https://euipo.europa.eu/ohimportal/de/annual-report?p_p_id=csnews_WAR_csnewspartlet&p_p_lifecycle=0&p_p_col_count=2/\text{vi}> accessed 22 March 2020.
proceedings, enter into negotiations and thus licensing agreement with the trade mark proprietor, or not to use the mark anymore and move on to the other mark.\textsuperscript{111} The first option requires them to do an extensive search in order to prove ‘bad faith’. Since the burden of proof is purely upon the opposition applicant he needs to show that the trade mark has been applied for registration with bad intention.\textsuperscript{112} This in itself is problematic since not all undertakings can afford themselves to file the opposition due to various reasons such as financial constraints that, for example, SMEs face. Therefore, exclusionary effect (which is not the goal of the trade mark law) of trade marks registered with ‘bad faith’ is high unless they are opposed. The same can be held about the second option – entering into licencing agreement can also be financially burdensome which leaves undertakings with the last option to give up their mark if not the entire product line depending on whether or not the mark also consists of the shape of the product.\textsuperscript{113} All these scenarios fall short of the goal of the undistorted competition.

The second concern which comes along with the current regime is that the number of void registrations can be accumulated, which remain in the register and causes cluttering. Even though it is believed that the European trade mark model is built for cost-benefit and fast procedures, there is a lack of evidence whether taking the measures to impede the accumulation of marks would result in disproportionate costs.\textsuperscript{114} For the time being, it seems to the author that if a registered mark is invalidated after the registration on the basis of the ‘bad faith’ argument in the infringement proceedings, all that time and resources spent on the registration by the EUIPO is certainly wasted, let alone the time and resources of the courts that need to hear the invalidity claims as well as the parties themselves. This goes back to the principle of sound administration which needs to be well preserved.

Third, once the marks enter the register, they create a certain degree of expectations for the trade mark proprietors in a first place, i.e. they believe that they are safe and continue their dishonest practice because the legal regime has offered them a certain degree of protection by granting the trade mark right; in a second place for the competitors who are suddenly faced with the registered trade mark trespassing their territory. From the legal certainty point of view it must be held that the content of the register must be sufficiently clear to provide accurate information to the third parties.\textsuperscript{115}

In order to eliminate such practices, it is suggested that already at the registration stage the examination should involve the discovery of ‘bad faith’, in particular, all those circumstances that might signal the examiner about the existence of a dishonest intention.

As for the circumstances constituting the ‘bad faith’, they must be provided in legislation and listed in a non-exhaustive manner, as defining the elements of ‘bad faith’

\begin{footnotesize}
\begin{enumerate}
\item Phillip Johnson, ‘So Precisely What Will You Use Your Trade Mark for? Bad Faith and Clarity in Trade Mark Specifications’ (n 8) 965.
\item Case V/ENMO (n 44) para 33.
\item Annette Kur, ‘Evaluation of the Functioning of the EU Trademark System: The Trademark Study’ (n 105) 130.
\item Directorate-General for Financial Stability, Financial Services and Capital Markets Union of the European Commission, Max Planck Institute for Intellectual Property and Competition Law, ‘Study on the Overall Functioning of the European Trade Marks System’ (n 3) 171, where ensuring legal certainty is discussed in the part on ’Proposals’ in the context of definiteness of terms used for goods and services.
\end{enumerate}
\end{footnotesize}
strictly might give the future applicants the possibility to find other forms and thus circumvent those elements. Yet, as a starting point, certain indicators can be identified both for the examiners as well as for the judges (when cases end up at the national or EU courts). It is suggested that all these indicators are collected from thus far occurred cases and the pronouncements of the Court of Justice of the European Union, as identified in the previous section. These indicators can be the duration of the use of the mark, the origin of the mark, the extent of the reputation of the mark, the intention of use, the clarity and precision of the terms designating goods and services, the business relations between the parties, prior notice to the party concerned before the application, etc.

Legally speaking, implementing the above practice in legislation means that a trade mark should not be able to be registered where the applicant is acting in ‘bad faith’ in addition to the current rule which is that it can only be declared invalid after the registration on the ‘bad faith’ ground according to the Article 59(1)(b) of the EUTM Regulation in the framework of the absolute grounds for invalidity. Thus, application made in ‘bad faith’ should be added to the relative grounds for refusal (Article 8 of the EUTM Regulation), meaning that the opposition should be possible by bringing the ‘bad faith’ argument as it is considered in the Trade Mark Directive. It is worth noting that a similar mechanism of ‘third-party observations’ is already in place at the European Patent Office (EPO) where patentability of the invention to which the application relates can be challenged by third parties’ submissions at any time after the publication of the European patent application and before the final decision. In order to assist the trade mark examiners as well it would be perhaps reasonable to enable third parties challenge a pending application analogically to the mechanism available at the EPO.

In addition, ‘bad faith’ applications should even be included in the absolute grounds for refusal (Article 7 of the EUTM Regulation) which would obligate the examiner to check the intention of the applicant.

The new examining procedure would certainly be a challenge for the EUIPO but in the long run it might be a solution worth considering, in order to respond to the ever-growing applications and blocking strategies of certain firms while preserving the EU legal principles.

Approximation of the approaches deriving from the Trade Mark Directive and the EUTM Regulation is especially reasonable since the CJEU itself has expressed openly that both instruments serve the same purposes and it is indeed desirable in the light of the EU agenda of ensuring uniformity of IP law and aligning the national and EU IP legal regimes.

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116 As AG Kokott rightly points out in her opinion in KOTON (n 69), it is practical to remain the bad faith definition open as it is unclear what kind of circumstances might arise in the future.

117 Obviously, some of the elements, such as the business relation between the parties, can only be checked only when another party has opposed the mark application or brought the invalidity action.


119 Malaysia Dairy Industries (n 35).
7 CONCLUSION

As evidenced by the paper, the issue of ‘bad faith’ is a very delicate part of trade mark law treatment of which has gone a long way until reaching this point. There is no doubt that the abusive practices of undertakings have increased in recent years which puts burden on the EU trade mark office (EUIPO) as well as the Court of Justice of the European Union (both the General Court and the Court of Justice). These institutions, when facing the disputes surrounding the ‘bad faith’ issue, very well acknowledge the need to balance the interests of the trade mark proprietors and the interests of third parties that lie on the two sides of the scales. However, due to unforeseeable circumstances in which the ‘bad faith’ registrations take place, the struggle of dealing with all these issues with sufficient clarity and in a uniform manner is definitely there. This is apparent from relatively older cases brought to the surface in this paper including the most recent ones.

Such burdensome work on the part of the EUIPO as well as the Court of Justice of the European Union can be lessened, if not fully than at least partially, if certain changes take place in the Union legislation which will affect the entire procedure of examining the ‘bad faith’ on the part of the undertakings. Thus, it is argued that the examination of the intention of the applicants is more reasonable to conduct already during the registration phase in order to avoid the registration of marks with bad intention. This is important for the purposes of ensuring the principles of undistorted competition, legal certainty and sound administration, respectively protecting the rights of the other economic operators, the trade mark proprietors themselves and the efficiency of the proceedings in general.

Moreover, the non-exhaustive list of what can constitute ‘bad faith’ should be provided in the EU legislation to serve as a guidance – as a starting point for the EUIPO as well as the Court in cases which will anyway reach the phase of litigation.

This is not to argue that these tools are going to serve as a panacea and will abate the trade marks registered in ‘bad faith’. Indeed, there is more evidence-based research needed which, without isolation of the issue of ‘bad faith’, will take into consideration all relevant factors and will help shaping the future of the EU trade mark law.
LIST OF REFERENCES


Tsoutsanis A, Trade Mark Registrations in Bad Faith (Oxford University Press, 2010)