

## Summary Report

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### 2017 – Study Question – Trademarks

#### Bad faith trademarks

##### Introduction

This Study Question concerns bad faith in relation to trademarks.

Bad faith most commonly arises in the context that a trademark is used in one or more jurisdictions, but is not registered in other jurisdictions, and someone other than the trademark owner applies for an identical or confusingly similar trademark in a jurisdiction where the trademark is not registered. This might be done to prevent the trademark owner from entering the market, with the intention of selling the trademark application to the trademark owner when the owner attempts to enter that market, or simply wishing to profit from the trademark owner's reputation. Such applications may be rejected as "bad faith" applications.

The refiling of a very similar or identical trademark by a trademark owner, or the filing of a so-called "defensive trademark", can arguably also amount to bad faith (in the sense that such marks are not used, or not genuinely used, but nonetheless obstruct the use and/or registration of a third party trademark).

"Bad faith" may also arise in other situations, e.g. if an applicant has no intention to use the mark applied for, or not for all goods/services at issue; or if an application is contrary to contractual obligations.

The common denominator seems to be that bad faith involves some kind of dishonest, abusive or unseemly behaviour by a trademark applicant.<sup>1</sup> In some jurisdictions, the term "fraud" may also be used to denote such behaviour. References to **bad faith** in this Summary Report should be read as including such fraud.

This Study Question focuses on bad faith in the context of trademark applications and registrations. It does not address bad faith in the context of use, nor does it cover the role of

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<sup>1</sup> See e.g. J. Mellor et al., *Kerly's law of trademarks and trade names* (London 2011), p. 258-267; M. Davison and I. Horak, *Shanahan's Australian law of trade marks and passing off* (2016), p. 459-461; P. Ströbele et al., *Markengesetz. Kommentar* (Cologne 2015), p. 680; T. Cohen Jehoram et al., *Industriële eigendom. Deel 2. Merkenrecht* (Deventer 2008), p. 239.

bad faith in the context of the Paris Convention for the Protection of Industrial Property (**Paris Convention**) and TRIPs references as described in the Study Guidelines in paragraphs 7) and 8).

The Reporter General has received Reports from the following Groups in alphabetical order: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Hungary, Israel, Italy, Japan, Jordan, Latvia, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Paraguay, the Philippines, Poland, Portugal, the Republic of Korea, Romania, Singapore, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, the United Kingdom (**UK**), the United States of America (**US**), Uruguay, Venezuela and Vietnam. No Reports were received from Independent Members.

46 Reports were received in total<sup>2</sup>. The Reporter General thanks the Groups for their helpful and informative Reports.

The Reports provide a comprehensive overview of national and regional laws and policies relating to bad faith in respect of trademarks. This Summary Report cannot attempt to reproduce the detailed responses in any given Report. If any question arises as to the exact position in a particular jurisdiction, or for a detailed account of any particular answer, reference should be made to the original Reports. See <http://aippi.org/committee/bad-faith-trademarks/>.

In this Summary Report:

- where percentages of responses are given, they are to the nearest 5%; and
- in Part IV below, some conclusions have been drawn in order to provide guidance to the Study Committee for this Question.

## **I. Current law and practice**

### **Bad faith - prior third party use or filing**

- 1) Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?**

The vast majority of the Groups (42, thus 95%) responded YES to this question. Only 3 Groups (Ecuador, Singapore and the Ukraine) responded in the negative.

*Questions 2)-7) were only asked if question 1 was answered YES*

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<sup>2</sup> Reports received after 1 August 2017 are listed above but their content is not incorporated into this Summary Report.

**2) Is the application or registration as described under question 1) above denoted as "bad faith"? If no, what is it called?**

A large majority (80%) of the Groups that answered this question, answered YES. Most of the Groups that answered NO do not mention any other specific term, but rather e.g. mention that "bad faith" is not used as a term or is not specifically required. In Norway, the terminology used is "*contrary to good business practice*" and in Pakistan "*dishonest adoption of a trademark*". In France, also the term "*fraud*" is used.

**3) Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?**

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services;**

Of the Groups that answered YES to question 1), 37 (90%) indicated this is a relevant factor.

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services;**

Of the Groups that answered YES to question 1), 37 (90%) indicated this is a relevant factor.

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services;**

Of the Groups that answered YES to question 1), 36 (85%) indicated this is a relevant factor.

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services;**

Of the Groups that answered YES to question 1), 35 (85%) indicated this is a relevant factor.

- **Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license);**

Of the Groups that answered YES to question 1), 36 (85%) indicated this is a relevant factor.

- **the degree of legal protection enjoyed by Party B's sign and the sign used by party A;**

Of the Groups that answered YES to question 1), 33 (80%) indicated this is a relevant factor.

- **other**

Of the Groups that answered YES to question 1), 21 (50%) indicated this is a relevant factor.

Factors mentioned include the reputation of Party B's sign, a lack of intent to use on the part of Party A, a previous bad faith application by Party A on another occasion and the existence of a relationship between the parties. None of those factors enjoyed a significant majority among the Groups that ticked this box.

**4) Is any one or more of the above factors sufficient on its own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.**

22 of the Groups (50%) responded NO to this question, 19 (40%) responded YES and 4 did not answer this question (3 of which had answered NO to question 1). Corrected for the number of Groups that answered this question, the percentage answering NO is 55% and YES 45%.

Relevant to mention though is that some Groups that answered this question affirmatively, provided the same explanation as some groups that answered this question negatively, i.e. that the assessment will take the specific circumstances of the case into account. Depending on what those are, one factor can be sufficient or more factors are needed.

**5) Which of the following are relevant to establishing whether there was or should have been knowledge as described under question 3) above?**

- **whether Party A operates in the same or a similar field of business as Party B;**

Of the Groups that answered YES to question 1), 38 (90%) indicated this is a relevant factor.

- **whether the earlier sign is well known or enjoys a reputation;**

Of the Groups that answered YES to question 1), 39 (95%) indicated this is a relevant factor.

- **whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.);**

Of the Groups that answered YES to question 1), 21 (50%) indicated this is a relevant factor.

- **other**

15 (35%) of the Groups ticked this box. Corrected for the number of Groups that answered YES to question 1), the percentage ticking the box is still (rounded) 35%.

Factors mentioned include geographic proximity, the duration of the prior use and the degree of international advertising under the earlier sign. None of those factors enjoyed a significant majority among the Groups that ticked this box.

**6) Is the degree of similarity between the signs relevant? Please explain why in either case.**

All Groups responded YES to this question, except for the 3 Groups that did not answer this question (as they had answered NO to question 1). Generally, the Groups state that the lower the degree of similarity, especially if the signs are also not very distinctive, the less likely it is that there will be a finding of bad faith. If the signs are identical or only differ in insignificant aspects, bad faith is more likely to be accepted.

**7) Is the degree of similarity between the goods/services relevant? Please explain why in either case**

All Groups responded YES to this question, except for the 3 Groups that did not answer this question (as they had answered NO to question 1). Generally, the Groups state that the higher the degree of similarity, the more likely it is that bad faith will be established. However, several Groups remark that similarity between goods/services is not an absolute requirement. Other Groups note that it is.

Repeat filings

**8) Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?**

A majority of the Groups (65%) responded NO to this question. Generally, the answers seem to indicate that the (case) law on this issue is not entirely settled.

*Questions 9)-12) were only asked if question 1 was answered YES.*

**9) Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?**

6 Groups answered YES to this question, 11 (thus 65% of the Groups that answered YES to question 8) answered NO. The French Group clarifies that such an application or registration would be deemed bad faith constituting fraud. In Israel, it is characterized as an error on the trademark register, and in Pakistan it is denoted as dishonest adoption. In the Republic of Korea and the US, such an application on registration would be construed as lacking a (*bona fide*) intent to use. The Norwegian Group mentions that the issue is debated under the phrase double identification. In some jurisdictions, there is no specific characterization or name.

**10) Which of the following circumstances are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled? Please explain how the above factors influence the assessment.**

- **the degree of overlap between the goods/services**

Of the Groups that answered YES to question 8), 16 (95%) ticked this box - only the Republic of Korea did not.

The Belgian Group notes, with reference to case law, that it can be relevant if the owner lists a limited number of goods/services they intend the new mark to cover, instead of using class headings as in the case of the earlier trademark. This can help show that the intention is to file a modernised trademark covering an updated list of goods/services, which can support a conclusion of good faith.

- **whether or not the signs are identical**

Of the Groups that answered YES to question 8), again 16 (95%) ticked this box, with the Republic of Korea being the exception.

- **if the signs are different, the degree of difference**

Of the Groups that answered YES to question 8), 13 (75%) ticked this box.

- **absence or presence of intent to use**

Of the Groups that answered YES to question 8), 13 (75%) ticked this box.

- **other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements)**

Of the Groups that answered YES to question 8), 13 (75%) ticked this box. The Belgian Group notes, with reference to EU case law, that the evolution over time of a logo constitutes normal business practice.

- **the number of goods/services**

Of the Groups that answered YES to question 8), 11 (65%) ticked this box. The US Group notes that lengthy lists are often suspect. Those may thus influence the assessment negatively for the applicant.

- **other**

Of the Groups that answered YES to question 8), 10 (60%) ticked this box.

The Belgian Group refers to case law according to which "*account may also be taken of the origin of the sign at issue and its use since its creation, and of the commercial logic underlying the filing of the application for registration of that sign as a Community trade mark*" (Pelikan, T-136/11, para. 43). In that same case, the court states that it is for the applicant for a declaration of invalidity to prove the circumstances which substantiate a finding that the Community trade mark proprietor had been acting in bad faith when it filed the application for registration of the mark at issue (para. 21).

The French Group mentions that the intent to adapt to changes in the market can play a role.

More generally the Groups note that the intent behind the new filing is relevant. The Korean Group states that the history of the applicant's trademark applications can also play a role, as can the scope of their business. Also the Swiss Group refers to, among other things, the relevance of the applicant's activities; for example, the filing

for goods or services that are incompatible with the applicant's activities is seen as a clear indication of bad faith. The German Group mentions that a national and an EU trademark can coexist, and will thus not result in a finding of bad faith in respect of either.

**11) Are the answers to questions 8) -10) above different if the previous trademark is no longer in force? Please explain.**

The answers to this question are mixed. 5 Groups state that in the situation the question refers to, there is (summarised) no case of double registration, and hence the registration should in principle proceed. 5 other Groups state it does not make a difference though, while other Groups (7 in total) e.g. state that the fact that the previous trademark is no longer in force can be a factor, but is not necessarily decisive, or that other circumstances are more relevant.

Defensive marks

**12) Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?**

A majority of the Groups (80%) responded YES to this question. The Australian Group refers to a provision in its law explicitly stating that a defensive mark can be filed if it is likely that, because of the extent of the use of the mark, use in relation to goods/services other than for which it is registered will be taken to indicate a connection with the trademark owner. Furthermore, several Groups note that at some point (generally five, sometimes three, years) a trademark that has not been put to genuine use can be declared lapsed.

Notably, some of the Groups responding YES mention that if there is no intent to use at all, this can itself amount to abuse of rights, or acting in bad faith.

Of the Groups that responded NO, the intent to use should generally (insofar as the answers specify this) exist as of the filing or registration date.

*Question 13) was only asked if question 12 was answered YES.*

**13) Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?**

Only 6 Groups answered YES to this question, while one Group did not reply. Of the 28 Groups (60%) that answered NO, several do not provide a specific alternative term. Of the Groups that do, the terms include the following: abuse of rights (Belgium), defensive mark (Japan, Hungary), dishonest adoption (Pakistan), protective mark (Paraguay).

Other

- 14) **Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith<sup>3</sup> under your Group's current law? If so, what conduct and how is it denoted, ie as "bad faith" or something else?**

25% of the Groups answered this question NO.

Of the other Groups, 20% state that the submission of false documentation / argumentation can amount to bad faith. 20% of the Groups also mention the situation in which an agent or representative applies for registration of a trademark in its own name.

Furthermore, a number of Groups mention other conduct. For example, the Chinese Group refers to several types of conduct that amount to bad faith, one of which is the filing of a trademark composed of the name of a celebrity. This can amount to bad faith in the UK as well. The French Group also mentions several types of conduct, which are generally characterised as fraud; for example, the registration of a geographic name as a trademark can be considered fraudulent. The Israeli Group states that an attempt to obtain trademark protection for purely functional or aesthetic embodiments that are protectable by a patent or design amounts to bad faith, because it constitutes an attempt to obtain an unjustified monopoly, unlimited in time.

Type of proceedings

- 15) **In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?**

**Please tick or fill in all boxes as applicable to your jurisdiction**

- **ex officio by the trademark/IP office**

20 (45%) of the Groups ticked this box.

- **opposition proceedings (before the trademark/IP office)**

31 (70%) of the Groups ticked this box.

- **a cancellation action (before the trademark/IP office)**

31 (70%) of the Groups ticked this box.

- **court proceedings concerning a bad faith application**

24 (55%) of the Groups ticked this box.

- **court proceedings concerning a bad faith registration**

31 (70%) of the Groups ticked this box.

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<sup>3</sup> Including fraud within the context of this Study Question, as explained on p. 1 at paragraph 5) of the Study Guidelines.



- **it differs per ground**

6 Groups (15%) ticked this box.

- **other**

## II. Policy considerations and proposals for improvement of your current law

### 16) **Could any of the following aspects of your Group's current law be improved?**

- a) **The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark**

17 (40%) of the Groups answered YES to this question. Of those, several Groups believe that currently the requirements are too strict, that it is too difficult to prove bad faith and/or that it should be possible to invoke it as a ground in more types of proceedings (e.g. before the trademark office)

The Danish Group notes (with reference to the *Malaysia Dairy*<sup>4</sup> decision) that its law should be changed in order to comply with EU law, i.e. the relevant provision in the Danish trademark act should be aligned with art. 4(4)(g) of the EU Trademark Directive. The UK Group notes that the relationship between Article 4(4)(g) and 3(2) of the EU Trademark Directive should be clarified. In particular, they refer to the question whether one is a subset of the other such that not both need be implemented, or whether the articles are mutually exclusive.

- b) **The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above**

14 (30%) of the Groups answered YES to this question. The Bulgarian Group notes that this possibility is currently not covered by its law and should be included, specifying the requirements. The Norwegian Group notes that its law is not clear on this point.

Other Groups note that this issue should be dealt with on a case by case basis, and that refiling as such should not be prohibited.

- c) **The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.**

7 (15%) of the Groups answered YES to this question. Notably, the Groups that answered NO are not necessarily of the view that the possibility should not exist; for example, the UK Group states that it has answered in the

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<sup>4</sup> ECJ 27 June 2013, C-320/12.

negative because its law permits this type of action (also noting that it is uncertain whether UK law is compatible with EU law on this point).

**d) The possibility of taking action against other conduct as described in your response to question 14) above.**

9 (20%) of the Groups answered YES to this question. The Belgian Group refers to Article 6septies of the Paris Convention. The Ecuadorian Group would like further guidance on the type of evidence needed for proving bad faith. The Japanese Group would like more protection for well-known trademarks, e.g. against dilution and free-riding. The Spanish Group would like to have the option to request ownership of an application registered in bad faith. The Vietnamese Group would like the submission of false information to the trademark office to be a separate ground for action on the basis of bad faith.

**17) Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?**

50% of the Groups answered NO to this question. 40% responded YES. The other Groups did not answer this question.

The proposals of the Groups vary, mostly because (it seems) of differences in national laws. For example, the Dutch Group points to a statute of limitation that applies to bad faith, and would like the laws of other EU countries to be aligned on this point. The Chilean Group mentions that its law is very technical and difficult to understand. The Japanese Group mentions problems with large numbers of trademarks filed by certain persons without intent to use.

**III. Proposals for harmonisation**

**18) Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?**

A large majority of the Groups (75%) considers that harmonisation is desirable in one or more of the areas described in question 16). The Czech Group clarifies that bad faith often has a cross-border element. The Philippine and Singapore Groups note that harmonisation would increase predictability/legal certainty, which is desirable. The UK Group in principle favours harmonisation, but not if this would mean that it would become more difficult to invoke bad faith.

On the other hand, the Swiss Group, which does not favour harmonisation, is of the view that whether or not there is a situation of bad faith mainly depends on "soft factors" that may differ in different cultures/legal systems.

**19) Does your Group consider there should be a harmonised definition of bad faith?**

**a) No; identifying circumstances that can be relevant in assessing whether the types of conduct identified above under question 16) are allowed can be helpful, but a definition as such does not allow sufficient flexibility;**

- b) **No**
- c) **Yes; such would increase the level of legal certainty;**
- d) **Yes**

35 Groups (80%) responded NO to this question, most of which (29) for the reason mentioned under a). Of the 10 Groups (20%) that responded YES, 8 are of the view that such would increase the level of legal certainty.

**20) Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?**

A large majority of 43 Groups (95%) responded YES to this question. However, several of those remarked that a number of factors can be relevant (see further below).

The Ecuadorian and Hungarian Group responded NO.

*Questions 21)-25) were only asked if question 20 was answered YES.*

**21) Which of the following should be relevant factors for proving an application or registration as described under question 20)?**

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services;**

Of the Groups that answered YES to question 20), 40 (95%) indicated this is a relevant factor.

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services;**

Of the Groups that answered YES to question 20), 40 (95%) indicated this is a relevant factor.

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services;**

Of the Groups that answered YES to question 20), 39 (90%) indicated this is a relevant factor.

- **Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services;**

Of the Groups that answered YES to question 20), 40 (95%) indicated this is a relevant factor.

- **Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license);**

Of the Groups that answered YES to question 20), 39 (90%) indicated this is a relevant factor.

- **the degree of legal protection enjoyed by Party B's sign and the sign used by Party A;**

Of the Groups that answered YES to question 20), 34 (80%) indicated this is a relevant factor.

- **other**

Of the Groups that answered YES to question 20), 15 (35%) indicated this is a relevant factor.

Of the Groups ticking this box, a few state that the particular circumstances of the matter should always be taken into account. Other factors mentioned by Groups include a relationship between the parties, a lack of an intent to use by Party A, more generally Party A's purpose for filing the sign, a prior history of disputes/litigation, the reputation of Party B's sign and the extent and duration of Party B's use of the sign.

- 22) Should any one or more of the above factors be sufficient on its own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors are sufficient on their own, which should they be?**

A majority of the Groups (33, which amounts to 75%) is of the view that the assessment should always take the specific circumstances into account. This can mean though that, in given circumstances, one factor is sufficient on its own. Corrected for the number of Groups that answered this question, the percentage ticking the box is still 75%.

Only 6 Groups state that one of the factors should be sufficient on its own, but there is no clear preference for one particular factor.

- 23) Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?**

- **whether Party A operates in the same or a similar field of business as Party B;**

Of the Groups that answered YES to question 20), 41 (95%) indicated this is a relevant factor.

- **whether the earlier sign is well known or enjoys a reputation;**

Of the Groups that answered YES to question 20), 42 (close to 100%) indicated this is a relevant factor.

The Italian Group notes that if the territory of use is the same, this factor is decisive; otherwise, it is relevant whether the sector is the same and whether the sign is well-known internationally.

- **whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.);**

Of the Groups that answered YES to question 20), 42 (close to 100%) indicated this is a relevant factor.

The Italian Group makes the same comment as mentioned directly above.

- **other**

Of the Groups that answered YES to question 20), 12 (30%) indicated this is a relevant factor.

Potentially relevant factors include applicant's prior conduct (e.g. more filings of signs identical or similar to Party B's trademarks), the applicant's conduct after filing, the extent and duration of Party B's use of the sign and the degree of international advertising under the earlier sign.

- 24) Should the degree of similarity between the signs be relevant? Please explain why or why not.**

Of the Groups that answered this question (43), all replied YES (100%). Several Groups explain that the more similar the signs, the more likely there will be a finding of bad faith. However, other factors can also play a role.

- 25) Should the degree of similarity between the goods/services be relevant? Please explain why or why not.**

42 of the 43 Groups that answered this question replied YES. Several explain that the higher the degree of similarity, the more likely it is that bad faith will be established. Other factors can also play a role.

Only the Latvian Group answered NO. They state that sometimes a trademark is filed for dissimilar goods/services to profit from the reputation of the earlier trademark; also in that situation it should be possible to take action, even if there is only a low degree of similarity.

#### Repeat filings

- 26) Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?**

22 Groups (50%) answered this question YES and 23 (50%) with NO.

Of the Groups that answered in the affirmative, several explain that if the repeat filing is only made in order to avoid revocation for lack of genuine use, it should be possible for it to be refused/cancelled. However, this could be different if the intention is different, e.g. a desire to cover different goods/services or to file an updated version of the trademark at issue.

Among the Groups that answered in the negative, it is e.g. stated that trademark applications should be assessed independently and that proof of use is not required. The US Group points to, among other things, the intent of use requirement in its jurisdiction that serves as a safeguard for protecting the rights of adverse parties.

*Questions 27)-28) were only asked if question 26 was answered YES.*

**27) Which of the following circumstances should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?**

- **the degree of overlap between the goods/services**

Of the 22 Groups that answered YES to question 26), 20 (90%) ticked this box.

- **whether or not the signs are identical**

Of the Groups that answered YES to question 26), 19 (85%) ticked this box.

- **if the signs are different, the degree of difference**

Of the Groups that answered YES to question 26), 18 (80%) ticked this box.

- **absence or presence of intent to use**

Of the Groups that answered YES to question 26), 15 (70%) ticked this box.

- **other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements)**

Of the Groups that answered YES to question 26), 15 (70%) ticked this box.

- **number of goods/services**

Of the Groups that answered YES to question 26), 12 (55%) ticked this box.

- **other**

Of the Groups that answered YES to question 26), 9 (40%) ticked this box. Factors mentioned include the number of repeat filings, the existence of a conflict between the parties and the reputation of the earlier trademark.

**28) Should the answers to questions 26) - 27) above be different if the previous trademark is no longer in force? if so, how?**

Of the Groups that answered this question, 50% stated YES and 50% NO. Some of those (among both the YES and the NO answers) state that the other circumstances of the matter should also be taken into account.

Defensive marks

- 29) Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.**

31 Groups (70%) answered YES to this question. They are generally of the view that use requirements provide sufficient counterweight to the absence of any specific requirements as to an intent to use; for example, the German Group notes that intent to use should not be a filing requirement as long as sufficient protection is provided against trademarks that have not been used for a certain period of time. The Latvian Group notes that there may very well be justified business reasons for not using a trademark for a longer period of time. The Finnish Group notes though that a reversal of the burden of proof may be considered if it concerns repeat filings. The French Group is of the view that, as long as provisions are in place that protect against bad faith filings and fraudulent trademark use, an applicant need not have an intent to use.

Of the Groups that see a requirement as to an intent to use as desirable, the Canadian Group states that there should be an intent to use as of the application date and actual use before the registration certificate is issued. The UK Group is of the view that an intent to use should exist as of the application date. The Israeli Group states that there must be an intent to use to keep the register clear of defensive trademarks, although a grace period is reasonable. The Swiss Group also favours a grace period. The US Group states that a *bona fide* intent to use should exist at the time of filing and should continue to exist, while actual use should commence within a time frame appropriate for the industry at issue. The Polish Group notes that filing a trademark without any intention of use is contrary to the trademark's essential function and further that applying for a broad range of goods/services is undesirable.

#### Other

- 30) Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith<sup>5</sup>? If yes, please explain.**

Several other types of conduct are mentioned in response to this question, with the following mentioned most (but still only by a minority of 10-15%):

- the presentation of false documents or information;
- grounds not explicitly defined (the Groups providing this answer are of the view that bad faith should not be limited to predefined types of conduct).

#### Type of proceedings

- 31) In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, insofar as they should be grounds for action in your view?**

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<sup>5</sup> Including fraud within the context of this Study Question, as explained on p. 1 under paragraph 5) above.

- **ex officio by the trademark/IP office**

22 (50%) of the Groups ticked this box.

- **opposition proceedings (before the trademark/IP office)**

33 (75%) of the Groups ticked this box.

- **a cancellation action (before the trademark/IP office)**

34 (75%) of the Groups ticked this box.

- **court proceedings concerning a bad faith application**

29 (65%) of the Groups ticked this box. The French Group believes that, given the diversity and complexity of the situations in which bad faith can arise, court proceedings are more suitable than proceedings before the trademark office.

- **court proceedings concerning a bad faith registration**

36 (80%) of the Groups ticked this box.

- **it differs per ground**

5 (10%) of the Groups ticked this box.

- **other**

Only 1 Group ticked this box. The Swiss Group would like to have the possibility to invoke the grounds as a defence in an infringement action or in criminal proceedings.

Other

**32) Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.**

The Czech Group states that the bad faith ground of action is important for protecting legitimate and honest parties against abuse of the trademark filing system. The Finnish Group states that harmonisation between trademark and trade name legislation is needed; there are no remedies available for trade names applied for in bad faith. The German and Spanish Groups would like to increase the types of proceedings in which bad faith can be invoked. The Japanese Group is concerned that in the future artificial intelligence systems can detect which words are entered into search engines often and that such may be used to file trademark applications online without human involvement, which could disrupt the trademark system.

**Industry sector views included in these proposals for harmonisation**

The Japanese Group reported consultation with Japanese companies. The Chinese Group reported consultation with the China Trademark Office.



#### **IV. Conclusions**

From the Reports the conclusion can be drawn that a majority of the Groups agree that harmonisation is desirable regarding at least some of the issues described above.

##### Definition

A large majority of the Groups do not consider that there should be a harmonised definition of bad faith, mostly because it is considered that a definition does not allow sufficient flexibility.

##### Possibility of action

Again a large majority of the Groups are of the view that it should in principle be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark. In each case, many Groups are of the view that the assessment should take the specific circumstances of the matter into account; it is thus recommended to let the draft resolution reflect this, at least for discussion purposes. In a given case, this can also mean that one factor is sufficient on its own.

At a minimum, the following factors should be taken into account when making the assessment:

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services;
- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services;
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services;
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services;
- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a licence);
- the degree of legal protection enjoyed by Party B's sign and the sign used by party A.

When establishing whether there was or should have been knowledge as described above, at a minimum the following factors should be taken into account when making the assessment:

- whether Party A operates in the same or a similar field of business as Party B;
- whether the earlier sign is well known or enjoys a reputation;
- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication, etc.).

In both cases, depending on the circumstances of the case, there can be other factors that should also be considered.

### Repeat filings

On the question whether the filing of a trademark in a jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction can be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements, the Groups are split.

While it may be difficult to reach consensus on a resolution on this point, it is worthwhile to include this issue in the draft resolution, at least for discussion purposes. It is recommended to include wording to the effect that repeat filings can be refused or cancelled depending on the particular circumstances of the case, in which respect at a minimum the following should be taken into consideration:

- the degree of overlap between the goods/services;
- whether or not the signs are identical;
- if the signs are different, the degree of difference;
- absence or presence of intent to use;
- other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements);
- the number of goods/services.

On the question whether it is relevant or not that the previous trademark is still in force, the Groups are again split. It may not be desirable to include this as a separate point in the draft resolution, as it appears that the issue of repeat filings is already controversial. Arguably, particular point can also be seen as one of the circumstances of the case: if for example there are several identical trademarks on the register, only slightly overlapping in time, in combination with the lack of any use, this is e.g. a different situation than one in which a company lets a trademark lapse because it is not interested in it anymore but changes its mind after a while in order to start using it again and therefore reregisters it (possibly in a slightly updated version).

### Defensive trademarks

A majority of the Groups consider that defensive trademarks should be allowed. In other words, a party should be allowed to file a trademark if they do not have any intent to use that trademark for part or all of the goods/services claimed. They are generally of the view that use requirements provide sufficient counterweight to the lack of a specific requirement as to an intent to use. When drafting the resolution, it may be considered to add some wording to the effect that the filing of such a trademark is in principle allowed but that depending on the circumstances it can be refused/cancelled.

### Other bad faith

Only a small minority of the Groups specified other conduct (e.g. the presentation of false documents or information) that should, as an independent ground for action, amount to bad faith. Thus, there is insufficient support for including this in the draft resolution. Nevertheless, some of the conduct mentioned can play a role in the overall assessment of bad faith mentioned above.

Types of proceedings

A majority of the Groups are of the view that it should be possible to invoke the conduct described above in the following proceedings:

- opposition proceedings (before the trademark/IP office);
- a cancellation action (before the trademark/IP office);
- court proceedings concerning a bad faith application;
- court proceedings concerning a bad faith registration.

Furthermore, half of the Groups believes the conduct should also be reviewed *ex officio* by the trademark/IP office.

It is therefore recommended to address all these proceedings in the draft resolution, at least for discussion purposes.

Date: 15 August 2017