Bad faith for in trade mark applications

CJEU Guidance in *Koton and Skykick*

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Recent CJEU decisions on Bad Faith

Koton Magazacilik Tekstil Sanayi ve Ticaret v EUIPO

Case C-104/18

Sky plc v Skykick UK Ltd

Case C-371/18

Bad faith – relevant provisions

- UKTM
  - s.3(6) TMA 1994

    "A trade mark shall not be registered if or to the extent that the application is made in bad faith".
  - s.47(1) TMA 1994

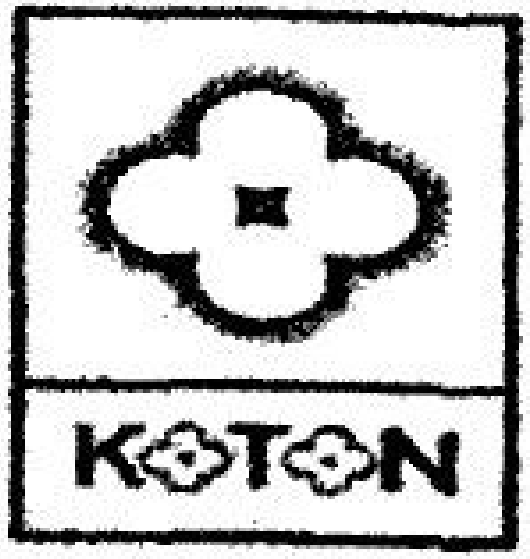
    "The registration of a trade mark may be declared invalid on the grounds that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolutely grounds for refusal of registration)".
- EUTM
  - Reg.59(1) EUTMR (No.2017/1001) (formerly reg.52(1) CTMR (EC No.207/2009)

    1 An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings: (a) … (b) where the applicant was acting in bad faith when he filed the application for the trade mark.

    2….

    3. Where the ground for invalidity exists in respect of only some of the goods or services for which the EU trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

Koton Magazacilik Tekstil Sanayi ve Ticaret v EUIPO
Case C-104/18



Koton – CJEU guidance

Para.[45]

"While in accordance with its usual meaning in everyday language, the concept of 'bad faith' presupposes the presence of a dishonest state of mind or intention, that that concept must moreover be understood in the context of trade mark law… The rules of trade mark law are aimed, in particular, at contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin …"

Para.[46]

The bad faith ground for invalidity "…applies where it is apparent from relevant and consistent indicia that the proprietor of an EU trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin recalled in the previous paragraph of this judgment."

Koton – a summary

- Bad faith focuses on the state of mind of the applicant (determined objectively).
- Bad faith is where the applicant acts in a way that it not objectively honest to abuse either (i) the rights of a third party or (ii) the trade mark system generally.
- A case *may* give rise to a challenge to validity based on the issues of both bad faith and a likelihood of confusion. However, they are "fundamentally different" and separate issues.
- A case of confusion may or may not also involve bad faith.
- A case of bad faith may or may not also involve confusion.

Sky plc v SkyKick UK Limited
Case C-371/18

- Sky v Skykick - a reference to the CJEU by Arnold J in English proceedings
- Sky had
  - 4 EU trade marks
  - 1 UK trade mark
- Trade marks registered for a very wide range of goods and services
- Sky had concrete plans to use or a reasonable basis for supposing it might use the marks for some of those goods or services
- However, Sky had no reasonable commercial rationale for registering the marks for others of those goods or services (e.g. whips, computer software etc.)
- Skykick argued that the applications to register the marks were therefore entirely invalid because they were made in bad faith

SkyKick – CJEU approach

1. Applies *Koton* test for bad faith
2. An application to register a trade mark without any intention to use it in relation to the specified goods or services ***may*** constitute bad faith where there was no rationale for the application.
3. It is only bad faith if "there is objective, relevant and consistent indicia tending to show that, when the application for a trade mark was filed, the trade mark applicant had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark."
4. Where the lack of intention to use a mark applies only to some of the goods or services, any invalidity will only affect those goods or services.
5. s.32(3) TMA not incompatible with the Directive – provided the making of a false s.32(3) statement it is not used as a ground of invalidity in itself.

Kreativni Dogadaji v Hasbro Inc
Case R1849/2017-2

- Applicant has existing registrations for “Monopoly.
- Applicant later registers the same mark again – in respect of the same goods and services and also for additional goods and services
- EUIPO Board of Appeal finds:
  - Nothing wrong in principle with applying for a wide range of goods or services for which mark is not then in use.
  - Applicant has the benefit of the 5-year grace period to commence genuine use
  - Unless Applicant can show such use within 5 years, the mark can be revoked
  - “Evergreening” (the registration of the identical mark for the same goods or services) is an abuse if it is done to avoid the need to show use within that 5 year period.
  - Even if evergreening was “normal and accepted” practice, it is not “legal and acceptable”.
- Decision of General Court awaited

Thank you.