

Unlocking bad faith fears

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Agenda:

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 - What is a “bad faith” trademark filing in the EU?
 - The different facets of bad faith
 - General rules for the assessment of bad faith in trademark applications – EU case law
 - History of bad faith trademark filings in the EU: landmark decisions
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What are “bad faith” trademark filings?

Definitions and history of EU case law

What is a “bad faith” trademark filing in the EU?

Despite being an autonomous concept of EU law requiring uniform interpretation, “bad faith” is not defined in EU legislation.



There is no definition in EU Trademark Law

Article 59(1)(b) EUTMR:

An EU trademark **shall be declared invalid** on application to the Office or the basis of a counterclaim in infringement proceedings:

[...]

(b) where the applicant was **acting in bad faith** when he filed the application for the trademark.

PLUS, the Common Practice - ‘Trademark applications made in bad faith’ (CP13) (EUIP Network)



EU-case law as guidance for bad faith trademark applications

Applicants’ dishonest intention as a mandatory factor:

- Registering a very **similar trademark to a well-known brand** to confuse consumers.
- Using a **famous person's name** without their permission to register a trademark
- Filing a trademark to prevent a competitor from using a similar mark, with **no intention to use** the trademark.

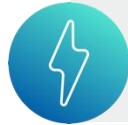
The different facets of bad faith

Based on EU case law bad faith filing can be divided in two types:



Dishonest intention regarding the misappropriation of the right/s of the third party:

- Parasitic behavior, e.g. to **'free-ride'** on another trademark's reputation;
- Registering a trademark after ending a **contractual relationship**, i.e. to be able to continue a name; and/or



Dishonest intention regarding the abuse of the trademark system:

- Defensive registrations
- Speculative trademark as an instrument of leverage (financial compensation)
- **Re-filing:** as an attempt to circumvent use requirement after expiry of grace period

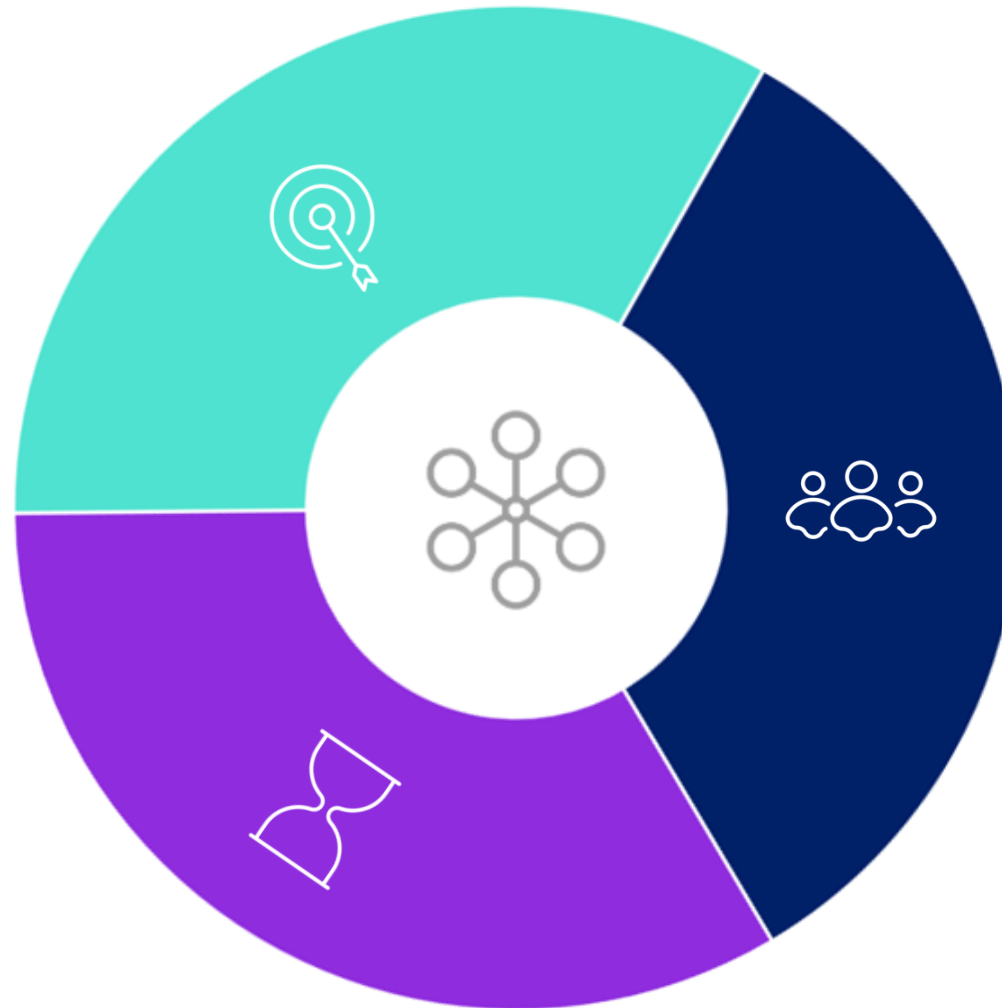
General rules for the assessment of bad faith in trademark applications – EU case law

Burden of proof

Presumption of good faith;
burden is on the claimant to
prove bad faith

Timing

The court must consider the
point in time when assessing
bad faith



The applicant

Consider the applicant
and their potential
legitimate interest in filing
the trademark

History of bad faith trademark filings in the EU: landmark decisions

Three rulings in Europe have framed understandings of “bad faith” filings:

2009
Lindt & Sprüngli



vs.




Invalidation claim against L&S' **bunny trademark**;

L&S had registered the bunny trademark, then filed TM infringement action against Hauswirth's bunny sales claiming c&d of their bunny, based on likelihood of confusion. Hauswirth counterclaimed L&S TM registration was made in bad faith.

2012
Pelikan

Invalidation action based on bad faith against new trademark filing

Pelikan . The new trademark had been re-filed with amended goods services compared to the prior version. Pelikantravel claimed bad faith re-filing with no intention to use and block TP from using "Pelikan".

Pelikan  Earlier TM

Pelikan  New registration

2021
Monopoly

Bad faith claims against **MONOPOLY** trademark;

Hasbro had been re-filing MONOPOLY to circumvent administrative efforts such as proof of use.



Key findings of bad faith trademark filings based on Lindt&Sprüngli, Pelikan and Monopoly cases

Re-filing of trademarks is not per se a bad faith act, but the following facts need to be considered:



- Degree of legal protection enjoyed by third party's right
 - Knowledge about use of an identical/similar sign by third party
 - Intention to prevent continuing use of the sign by third party and prevent market entry
- ➡ Outcome: National Court protected the TM registration of L&S



- Party claiming bad faith must prove bad faith considering knowledge of third-party use, intent to prevent use, and legal protection
 - Commercial interest of new filing of identical or slightly amended trademark for same/similar goods
- ➡ Outcome: National Court protected the re-filed trademark of Pelikan



- Administrative efficiency is not a valid reason for re-filing
 - Circumvention of proof of use and to artificially extend the non-use grace period
- ➡ Outcome: National Court partially cancelled Hasbro's re-filed trademark for the goods/services that were identical to the former trademark registration MONOPOLY

Re-filing of trademark applications as a bad faith act

Re-filing as a form of abuse of the trademark system :

- Trademark re-filing is not per se prohibited
- A proprietor can have a legitimate interest in re-filing a trademark application (PELIKAN case)
- 4 Elements provide guidance to assess re-filing as bad faith act:



The applicant and proprietor of the earlier registered trademark are identical;



Assessment of whether the representations of the trademarks at issue are identical/similar;



Assessment of whether the goods and/or services of the trademarks at issue are identical/similar;



Territorial aspects/territory covered by the trademarks at issue;

Re-filing of trademark application as a bad faith act - summary

Legitimacy of filing trademarks

The objective of the filing must be taken into account

Presumption of good faith

Re-filing is not per se regarded as bad faith – Concerns (MONOPOLY case)

Case-by-Case assessment

Specific analysis is required to assess bad faith



General rules for the analysis:

- Mandatory: applicant's dishonest intention
- Re-filing is generally acceptable when signs are not entirely identical
- Re-filing of identical marks can be acceptable when plausible explanations given:
 - List of goods is narrowed down / updated
 - Changes in consumer demands
 - New marketing strategy

Potential implications for brand owners:



End of ‘evergreening’: re-filings of the same trademark may be vulnerable for attacks on grounds of bad faith.



Reconsideration of filing strategy: brand owners should keep evidence of their motivation for any repeated trademark filings.



Selective Enforcement: Brand owners will have to be more selective when deciding which marks to use against third parties, to avoid counterclaims based on bad faith re-filing.

Meaning and implication of trademark re-filing for the Pharmaceutical industry

Brand Name Creation - timelines



NAMING CRITERIA

team establish the criteria that the name must meet, such as being easy to pronounce, memorable, and unique – this is based on the characteristics and the goals of the drug, and regulatory naming requirements (EMA / FDA / Health Canada and others).



BRAINSTORMING

bearing naming criteria in mind, the agency creates using word association, combining root words, using a thesaurus and other means of creation.

The team also bears in mind aspects such as handwriting, e.g. when prescribing a medicine.



SCREENING

initial review + agency performs linguistic and cultural checks to ensure no negative connotations in any language or culture.

Exaggerations or similarity to other medicinal names is also examined and avoided.



LEGAL/REGULATORY CHECKS

LBP conducts legal & regulatory checks to ensure the names will not be confusingly similar to existing names or trademarks.

Legal team begins to file prioritized trademarks in key jurisdictions.



MARKET AND SAFETY TESTING

a group of target audience (HCPs, nurses...) is engaged to assess the names and provides feedback on memorability, fit to concept + names also undergo in-depth name safety testing to ensure there is no similar named drugs approved or on the market, and intended audience does not confuse one drug with another



SELECTION, APPROVAL, AND SUBMISSION

Based on the feedback, the team prioritizes the names and top names are endorsed by management for submission to health authorities for approval and these names are filed for trademark protection.

Multiple name submission cycles may be needed.

4 YEARS PRIOR TO LAUNCH

3 YEARS PRIOR TO LAUNCH

2 YEARS PRIOR TO LAUNCH

1 YEAR PRIOR TO LAUNCH

From brand name creation to legally ready to use trademarks – how do we get there?



During the time of creation to launch of the product, uncertainty exists about:

- **Names:** are there legally available names also acceptable to the HA ready?
- **Delays:** for internal reasons
- **Rejections:** name or compound rejected by HAs
- **Termination:** project may be terminated



The result is that we end up with a number of names which are available and legally ready to use trademarks.

The benefit of legally ready to use trademarks in the pharmaceutical industry

What kind of names are we talking about and where do they come from?

- Trademarks **discarded** as main brands
- Created for an **ultimately terminated** project
- Part of a larger **acquisition**
- Trademark rejected by HAs in specific jurisdictions
- Compound **rejected by HAs**



How **many of such names** do you have left after creation?



How **much time and money** did you invest?



Do you keep these **and how do you maintain** them?

Legally ready to use trademarks in the pharmaceutical industry and ‘bad-faith filings’

Given the complexity of finding usable names and the corresponding value of those trademarks, many pharmaceutical companies maintain successful names as legally ready to use trademarks.

But:

Can these trademarks be re-filed after the grace period to allow for potential future use?

- According to the ECJ, only possible under certain circumstances, as repeat applications could be classified as bad faith (pursuant to Art. 59 EUTMR 2017/1001).
- Re-filing of trademarks with the sole purpose of circumventing the expiry of the non-use grace period could be qualified as a bad faith act (see T-663/19 Monopoly, N94).

These names are:



Already registered

These names are already registered trademarks in the most important jurisdictions



Ready to be used

These names have undergone testing and could be used immediately for new products.



Not subject to use requirements

These names are still within just a few years from being registered and are thus not vulnerable.

Keeping legally ready to use trademarks in good shape: problem of bad faith filings

Creation and registration of name candidates

Upon creation, names undergo legal searches and are then filed.

Maintenance of registered trademarks

Once registered, the trademarks are watched and defended.

Only if not used

Legally ready-to-use trademarks and re-filing

In order to maintain these names, they may be re-filed.

What are the REASONS of re-filing and maintaining legally ready to use trademarks?

- When **integrating a trademark portfolio** after a late stage acquisition;
- In cases of **urgent name requests** for individual countries;
- When a **second brand** is to be developed for a product;
- Not to lose the investment made in brand creation, legal clearance and registration.

Trademark re-filings as a form of bad faith in the US and China

The current legal framework varies across jurisdictions, and in many jurisdictions, refilings are not (yet) perceived as a bad faith behaviour:



- US:
 - No case law - re-filing is not qualified as bad faith act
 - An US application generally focuses on whether or not the applicant (if not using the mark) had a sufficient bona fide intent to use in order to support the application.
 - USPTO currently does not have any initiatives or anticipated rule changes dealing with re-filings.
 - USPTO info: “The USPTO does not evaluate bona fide intention in examination such that re-filed application would be reviewed on that basis. Examination that might fall under the “bad faith” category is keyed to whether a USPTO rule was violated relating to representation, who may prepare a filing, signatures, certification, proof of use etc.”
 - BUT: Ongoing discussions about contingent bona fide intent, covering situations where the applicant is waiting for FDA approval and must abandon and refile the trademark.



In the Pharmaceutical industry companies are able to support a bona fide intent to use based on R&D, clinical trials or regulatory submissions


Trademark re-filings as a form of bad faith in the US and China

The current legal framework varies across jurisdictions, and in many jurisdictions, refilings are not (yet) perceived as a bad faith behaviour:



- China:

- Case law – Pharma: CNIPA low number of cases covering re-filing as bad faith act in the examination, opposition and invalidation procedure.
- Current China Trademark Law – no regulation about trademark re-filing, namely trademark re-filing for possible non-use attack or other legitimate reasons are acceptable and will not be considered as bad faith
- Article 4 and 44 (i) bad faith trademark filing “Malicious trademark applications not intended for use shall be rejected” and “If a trademark is registered by deception or other improper means, the Trademark Office shall declare the registered trademark invalid.”
- Even though China Trademark Law does not define re-filing as “bad faith”, the CNIPA has issued some regulations based on Regularizing Trademark Application and Registration Behaviors”.
- The proposed draft changes of trademark law forbids repetitive trademark registrations but with exceptions.

 Currently Pharmaceutical Companies may re-file trademarks and the intention to use is not required. In the future re-filing is possible if the former trademark is removed by the third party or is based e.g. on production and operation needs.

SUMMARY:

- EU case law provides guidance on assessing bad faith, considering factors like timing, burden of proof, and the applicant's intentions.
- The ECJ has indicated that re-filing could be classified as bad faith if the sole purpose is to avoid the non-use grace period.
- But re-filing trademarks is not inherently bad faith but must be assessed case-by-case, considering the applicant's intentions and the similarity of the trademarks/goods/services.
- Pharmaceutical Companies maintain legally ready to use trademarks due to the complexity, uncertainty and difficulty to obtain the one approved global brand.
- By operating in a highly regulated industry, and to be able to react quickly, Pharmaceutical Companies re-file trademarks, on a case-by-case assessment, but always respecting the ECJ ruling/guidelines.

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Thank you

