

PROTECTING WELL-KNOWN MARKS IN THE EUROPEAN UNION

Recent developments on bad faith in the EU

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FUNCTIONS OF A TRADE MARK

- **Essential function: identify **commercial origin** – protection against likelihood of confusion (Article 8(1)(b) EUTMR)**
- **Other functions: guarantee the **quality** of the goods and services, **advertising** function, **investment** function, particular **image** (such as exclusivity, lifestyle), etc.**
 - **These functions are protected under **Article 8(5) EUTMR**, outside the protection offered by likelihood of confusion under Article 8(1)(b) EUTMR.**

REQUIREMENTS

1. Earlier, valid, **registered** trade mark
2. **Reputation**
3. **Link** between the signs
4. **Risk of injury**
5. **Absence of due cause**

EARLIER, VALID, REGISTERED TRADE MARK

- only **registered** trade marks (and applications subject to their registration)
- non-registered well-known mark (Article 6bis Paris Convention) is not an eligible basis



WHAT IS **REPUTATION** ?

- Quantitative requirement: degree of knowledge of the earlier mark among the relevant public, how large segment of relevant public knows the mark.
- Qualitative aspects: quality image, prestige, uniqueness, public appeal of the reputed mark...
 - These may be significant later on, in order to prove that it has suffered **detriment** or that **unfair advantage** has been taken of it

WHAT TO PROVE ?

- a) **Nature** of use: as a trade mark, for the G&S for which it is registered
- b) **Time** of use: reputation must be acquired before the date of priority of the contested mark
- c) **Place** of use: must be reputed in the territory where the earlier reputed mark is registered
- d) **Extent** of use: known to a **substantial part of the relevant public**. No minimum percentage. Case by case assessment.

MEANS OF EVIDENCE

- **company profiles, annual reports, affidavits**
- **market surveys**
- **ranking, recognitions, awards**
- **press articles**
- **statements from third parties**
- **sales turnover, market share**
- **invoices, delivery notes**
- **advertising expenditure**
- **advertising and promotional material**
- **sponsorship of cultural, sports events, merchandising**
- **previous national or EU court decisions, successful enforcement track record**

LINK BETWEEN THE SIGNS

- In order to find an injury under Article 8(5) EUTMR, the **relevant public** must establishing a **link** between the marks
- A link exists when **the later mark calls the earlier trade mark to mind**

- ✓ **similarity of signs**
 - **lower** level required than for likelihood of confusion: only to the extent that the contested mark calls the earlier reputed mark to mind
- ✓ **degree of reputation**
- ✓ **overlap of public**
 - spill over beyond the relevant public for the G&S of the earlier reputed mark
- ✓ **proximity of the market sectors**

THREE FORMS OF INJURY

- a) **FREE RIDING:** unfair advantage taken of the repute or distinctive character of the earlier reputed mark

- b) **DILUTION:** detriment to the distinctive character of the earlier reputed mark

- c) **TARNISHMENT:** detriment to the reputation of the earlier reputed mark

a) Free riding

- *exploitation and ‘free-riding on the coat-tails’ of a famous mark,*
 - *or an attempt to trade upon its reputation*
- The nature of the injury
- Unfair advantage focuses on the benefit to the later mark rather than on the harm to the earlier mark
 - Art. 8(5) prohibits the exploitation of the earlier reputed mark by the proprietor of the later mark.

a) Free riding



theatre productions

ROYAL SHAKESPEARE

*non-alcoholic and alcoholic drinks,
providing of food and drinks*

General Court: the EUTM applicant would benefit from the power of attraction, the reputation and the prestige of the earlier trade mark for its beers and other beverages and services of providing food and drinks.

- **Exceptional reputation** of the earlier mark
- Certain **proximity** between the goods and services at issue
- The relevant UK public would be able to make a **link** when seeing a beer with the contested trade mark in a supermarket or in a bar.

b) Dilution (detriment to the distinctive character of the earlier mark)

Use of the later mark leads to the dispersion of the identity of the earlier mark. The reputed mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened

- Relevant public : Average consumers of the goods or services of the earlier reputed mark.
- 'change in the economic behaviour' or a serious likelihood that such a change will occur in the future.
- Higher standard of proof : it is possible to use logical deductions, not mere suppositions but must be founded on an analysis of the probabilities that takes account of the normal practice in the relevant commercial sector and all the other circumstances of the case.

c) Tarnishment (detriment to the repute)

➤ The nature of the injury

An association which is degrading to the image, prestige of the earlier mark.

➤ Relevant public

Average consumers of the goods or services of the earlier reputed mark.

➤ The assessment

Use of the contested mark would prompt inappropriate or negative mental associations with the earlier trade mark, or associations conflicting with the image it has acquired in the market.

c) Tarnishment

EMILIO PUCCI

clothes and shoes for women

Emidio Tucci

non-perfumed toilet paper

General Court: use of the sign 'Emidio Tucci' in respect of toilet paper is likely to cause undesired and negative associations with the earlier mark 'Emilio Pucci' which has acquired reputation in the luxury clothing sector.

HOW TO PROVE THE RISK OF INJURY

Evidence of actual infringement

Contested mark in opposition:

ماسٲر
Master

Contested mark as
used in trade:



Coca-Cola

HOW TO PROVE THE RISK OF INJURY

Evidence of actual infringement

*GC: it is possible to take into account any evidence intended to facilitate that analysis of the probabilities as regards the **intentions** of the proprietor of the trade mark applied for, and — a fortiori — any evidence relating to the **actual commercial use** of the mark applied for.*

*the evidence produced by Coca-Cola manifestly constitutes relevant evidence for the purposes of establishing such a **risk of free-riding***

(judgment of 11 December 2014, T-480/12, ‘Master’, paragraphs 88-90)

ABSENCE OF DUE CAUSE

- Successful due-cause defence - extremely rare

- Examples of possible justifications:
 - previous agreement expressly authorised use of the mark
 - longstanding, undisturbed coexistence in the same market

- Burden of proof reversed

- Due cause to be examined only if the other conditions of Article 8(5) are otherwise met

BAD FAITH



C-104/18 P, Stylo & Koton (fig)



BoA: G&S different, no bad faith

GC: no LoC, no bad faith

ECJ: concept and guidance!!

- BAD FAITH presupposes a dishonest state of mind or intention (para. 45).
- It applies where it is apparent from relevant and consistent indicia that the proprietor of an EUTM filed its application for registration:
 - Not with the aim of engaging fairly in competition, but with the intention of undermining the interests of third parties in a manner inconsistent with honest practices,
 - 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 (para. 46).
- LoC is NOT a prerequisite of bad faith: in the absence of any LoC between the sign used by a third party and the contested EUTM, other factual circumstances may constitute relevant and consistent indicia establishing the bad faith of the EUTM applicant (para. 56).

T-772/17 Café del Mar (fig.)



- One of the three partners in the company that owned CAFE DEL MAR applied for the registration of this EUTM **figurative mark** for services in **Classes 35, 38 and 41** on 16 February 2001.
- An invalidity application based inter alia on bad faith was filed by the **two other partners** in the company that owned CAFÉ DEL MAR .

FACTS:

- **Cancellation Division upheld the invalidity application** and found **bad faith**.
- **BoA upheld the appeal: bad faith had not been proven** at the time of filing the application for registration.
- The invalidity applicants filed an action with the GC. **The GC upheld the action and found bad faith** on the basis of Article 52(1)(b) CTMR.



T-772/17 Café del Mar

- All the companies incorporated by the 3 partners (2 invalidity applicants and the EUTM proprietor) belonged to the three partners **equally**. One of these companies, Can Ganguil, S.L., incorporated in 1997, granted a **power of representation** to the EUTM proprietor to act **on behalf of the company and to represent it**.
- **GC: BoA erred** in considering the **power of representation granted to the proprietor as an explicit consent** to register rights in its name.
- Even if the company's representative **plays an outstanding role** in the promotion and development of the sign, **he is not entitled to use its power in his own name**
- By registering in his own name a trade mark generating confusion with the earlier sign 'Café del Mar' while he was the representative of one of the companies exploiting said sign and by paying the registration costs with **funds from that company**, he **departed from accepted principles of ethical behaviour or honest commercial and business practices** and therefore acted in bad faith.



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Thank you