



## **FREQUENTLY ASKED QUESTIONS (FAQs)**

### **CB13. TRADE MARK APPLICATIONS MADE IN BAD FAITH**

**MARCH 2024**

## CP13 FREQUENTLY ASKED QUESTIONS

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## 1 THE COMMON PRACTICE

### 1.1 General

#### 1.1.1 *What is the purpose of this Common Practice?*

Although bad faith must be assessed on a case-by-case basis, taking into account all facts and evidence relevant to a particular case, this Common Practice aims to provide guidance and serve as a reference to the relevant authorities, including Member States IP Offices (MS IPOs), as well as to users, applicants and/or claimants (and their representatives). It also aims to ensure a similar and predictable outcome when assessing bad faith in trade mark applications, regardless of the type of proceedings in which bad faith is assessed.

#### 1.1.2 *Has the Common Practice taken into account EU case-law?*

Yes. This Common Practice cites 6 judgments from the Court of Justice, 39 judgments from the General Court, and 3 Opinions from the Advocate General. This case-law provides a solid foundation for – and serves to illustrate – the principles contained in the document. Additionally, a reference to 4 final EUIPO Boards of Appeal decisions have been included as illustrative non-binding examples, with the intention of providing additional information on some specific matters included in the Common Practice.

#### 1.1.3 *What would happen if there is a judgment from the General Court or Court of Justice that impacts any of the principles of the Common Practice?*

Should there be any EU case-law issued after the adoption of the Common Practice that may have an impact on its principles, the ‘Maintenance of Common Practices’ project (or any equivalent subsequent project) would analyse and study it and decide whether it is necessary to adapt the document to it.

#### 1.1.4 *Why is the term ‘cancellation’ used in the Common Practice instead of the term ‘invalidity’?*

The term ‘cancellation’ is used in the Common Practice as a broader term that comprises both invalidity and revocation proceedings. This term is used to avoid confusion among the users of the Common Practice across the European Union, as the legislation of some MS IPOs has merged the concepts of invalidity and revocation into the notion of ‘revocation’, and not into the notion of ‘invalidity’ (e.g. the Swedish legislation).

### 1.2 Scope

#### 1.2.1 *To what type of proceedings is the Common Practice applicable?*

Depending on the provisions of the Trade Mark Directive (TMD) that have been transposed by each Member State in its national legislation <sup>(1)</sup>, bad faith in trade mark applications can be assessed by the MS IPOs in different types of proceedings (i.e. as an absolute ground for refusal, as an absolute ground for cancellation, or as a relative ground for refusal or cancellation). Bearing this in mind, the Common Practice has been drafted to be applicable regardless of the type of proceedings on which bad faith is assessed.

#### 1.2.2 *Where can I find the provisions of the TMD that have been implemented by each Member State in order to know in which proceedings each MS IPO assesses bad faith?*

The [CP13 ‘Overview of Implementations’](#) includes, purely for informational purposes, a column with the relevant provisions of the TMD that have been transposed by each Member State.

#### 1.2.3 *Why is the assessment per se of Article 5(3)(b) TMD out of the scope of the Common Practice?*

The assessment per se of Article 5(3)(b) TMD (which deals with unauthorised filing(s) of a proprietor’s trade mark by its agent or representative) is out of the scope because, even though it is considered as a specific

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<sup>(1)</sup> Article 4(2) and Article 5(2)(c) TMD.



manifestation of the principle that commercial transactions must be conducted in good faith, it constitutes a separate relative ground for refusal and/or invalidity. As such, it is subject to its own formal and substantive requirements, which do not include bad faith, and therefore it might apply even if the agent's behaviour would not qualify as 'bad faith'. In any event, the Common Practice includes the breach of a fiduciary relationship scenario, where among others, it will need to be checked whether there was any agreement of business cooperation between the applicant and the claimant of a kind that gives rise to a fiduciary relationship, or if such a relationship was imposed by law.

#### *1.2.4 Why is the assessment per se of Article 5(2)(d) TMD out of the scope of the Common Practice?*

Article 5(2)(d) TMD refers to well-known marks as one of earlier rights on which an opposition/cancellation action can be based. Even though the fact that an earlier trade mark is well known or enjoys another degree of legal protection may be a relevant factor for the assessment of bad faith, the assessment per se of this provision as well as of the well-known character is not specific to bad faith cases, and thus is only covered in the document insofar as it is connected with, or constitutes a factor for the assessment of bad faith.

#### *1.2.5 Why is the assessment per se of Article 9(1) TMD out of the scope of the Common Practice?*

According to Article 9(1) TMD, the fact that a trade mark was filed in bad faith is an exception to the general rule that precludes the filing of a declaration of invalidity when there has been acquiescence in the use of the contested trade mark. Bearing in mind that the Common Practice aims to provide guidance on how to assess bad faith in trade mark applications, the assessment per se of this provision is out of the scope of the Common Practice.

### **1.3 Principles of the Common Practice**

#### *1.3.1 Does the Common Practice aim to give fixed definitions of 'the general notion of bad faith in trade mark applications' or other notions related to the assessment of bad faith?*

No. The document merely reflects the agreement reached at EU level on the common understanding of several notions related to the assessment of bad faith in trade mark applications to ensure a harmonised and consistent application of the principles of the Common Practice. Any common understanding included in the document must be interpreted in light of the concrete circumstances of the relevant case and not strictly or narrowly.

#### *1.3.2 Why is the list of common factors for the assessment of bad faith non-exhaustive?*

The list of common factors made available in the Common Practice contains only the most frequent examples of common factors extracted from EU case-law. The assessment of bad faith needs to be performed on a case-by-case basis, and consequently, other factors not included in the Common Practice may come into play.

#### *1.3.3 When dealing with a bad faith case, does the presence of a certain number of factors mean that the trade mark application was filed in bad faith?*

No. The Common Practice includes a non-exhaustive list of 11 non-mandatory factors to assist in the assessment of bad faith. However, none of them will immediately lead to the conclusion that there is bad faith. Similarly, the absence of one or more factors will not mean that it can be concluded that there was no bad faith on the part of the applicant when filing a trade mark application, since its determination will depend on the concrete circumstances of each case. As mentioned in the document, there is only one factor that is mandatory and will always need to be present: the applicant's dishonest intention.

*1.3.4 Why is the ‘applicant’s dishonest intention’ considered a factor? Is it not the result of the outcome of the assessment of bad faith?*

The applicant’s dishonest intention is considered a factor by the EU case-law <sup>(2)</sup> and has been considered as such in the Common Practice. However, it is also the outcome of the whole bad faith assessment. This is because the applicant’s dishonest intention (which is the cornerstone of the existence of bad faith) must always be examined and established during the assessment of bad faith. For doing so, all facts, evidence and circumstances of the specific case will have to be analysed. The Common Practice provides useful information regarding other factors that may be relevant during the assessment of bad faith and which will help to establish (by reference to relevant, consistent and objective criteria) the existence of a dishonest intention on the part of the applicant.

*1.3.5 The Common Practice mentions that ‘the applicant’s knowledge or presumed knowledge that the third party is using/has an earlier identical/similar right’ factor is crucial in cases of misappropriation of the right/s of the third party and will play an important role when assessing bad faith under this facet. Why?*

In cases concerning the misappropriation of the right/s of a third party, an applicant intends to undermine, in a manner inconsistent with honest practices, the interests of a third party. Having this in mind, it is crucial to assess and verify (among other factors), whether the applicant, at the time of filing the contested trade mark, had knowledge (or should have had knowledge) of a third party’s earlier identical/similar right. This is because the ownership of an earlier right cannot be unjustly appropriated if one is not aware of its existence.

*1.3.6 In the context of bad faith, is the claimant required to establish the existence of likelihood of confusion as under Article 5(1)(b) TMD?*

No. Likelihood of confusion is not a condition or a prerequisite of bad faith. It is only one factor, among others, that could be relevant. For example, there could be identity/similarity between the contested trade mark and the earlier right/s but dissimilarity between the goods and/or services at issue. In this situation, although there will be no likelihood of confusion, bad faith could still be determined if a dishonest intention on the part of the applicant can be established.

*1.3.7 When can it be considered that the applicant had an ‘honest commercial logic behind the filing of the contested trade mark’?*

The Common Practice does not intend to define what an honest commercial logic behind the filing of the contested trade mark (including its business strategy) may be, as this will depend on the facts and evidence of the case; therefore, it will need to be determined based on the information available during the proceedings.

*1.3.8 Who bears the burden of proof in bad faith cases?*

As stated in EU case-law <sup>(3)</sup>, in bad faith cases there is a presumption of good faith of the applicant until proof of the contrary is adduced. Therefore, the initial burden of proof is on the claimant, who has to prove the objective circumstances which make it possible to conclude that the contested trade mark was filed in bad faith. However, where the relevant authorities, including MS IPOs, find that the objective circumstances of the particular case will lead to the rebuttal of the presumption of good faith, the burden of providing evidence and arguments will be shifted to the applicant, who should provide plausible explanations on the objectives and commercial logic pursued by the application for registration of that trade mark.

*1.3.9 Are all the possible scenarios of bad faith included in the Common Practice?*

No. The Common Practice includes only the most typical or notable examples of scenarios of bad faith in trade mark applications, to illustrate how different factors relevant for the assessment of bad faith appear and

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<sup>(2)</sup> For example, 11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 53.

<sup>(3)</sup> 13/12/2012, T-136/11, Pelikan, EU:T:2012:689, § 57; 23/05/2019, T-3/18 & T-4/18, ANN TAYLOR / ANNTAYLOR et al., EU:T:2019:357, § 34.

interplay in each scenario. Whenever several factors for the assessment of bad faith come into play there can be a bad faith scenario, irrespective of whether it is explicitly outlined in the Common Practice.

*1.3.10 What is the purpose of the tables included under each of the scenarios of bad faith?*

In general, all the Common Practices developed by EUIPN stakeholders <sup>(4)</sup> include examples that serve to illustrate the principles included therein. However, in CP13 it was not possible to create made-up examples because bad faith cases heavily depend on the specific circumstances of the case, the arguments submitted by the parties and the evidence in the file. For this reason, and in order to provide information on how the relevant factors of bad faith can interplay in a concrete bad faith scenario, the document includes several tables with EU judgments. These tables highlight the relevant factors that played a role in each situation, demonstrating how they were taken into account.

*1.3.11 The ‘parasitic behaviour’ scenario covers, among others, situations where the applicant filed the contested trade mark with the dishonest intention to free-ride on the reputation of an earlier right. Does this mean that the claimant is required to establish reputation in the same manner as under Article 5(3)(a) TMD?*

No. In the context of bad faith, the focus is put on whether the applicant had a dishonest intention when filing the trade mark application. The fact that the earlier right (which may or may not be a registered trade mark) is reputed is only one factor, among others, that may be relevant during the assessment of bad faith. On the contrary, Article 5(3)(a) TMD constitutes a separate ground for refusal or invalidity and is subject to its own formal and substantive requirements.

*1.3.12 The ‘parasitic behaviour’ scenario covers situations where the applicant filed the contested trade mark with the dishonest intention of benefiting from an earlier right regardless of its degree of recognition on the market. What does this mean?*

This means that this scenario not only covers situations where the applicant intended to free-ride on the reputation of an earlier right. It also covers those cases where the applicant had the intention of creating an association or imitating a third party’s earlier right, as closely as possible, in order to benefit from its attractiveness and/or knowledge of it in the market, and which may derive from its goodwill, success, prestige and/or a real presence, which the third party’s earlier right has acquired in the market, regardless of the degree of recognition on the market.

*1.3.13 What is relevant to determine the existence of bad faith in the ‘defensive registrations’ scenario?*

The defensive registrations scenario is one of the scenarios included under the abuse of the trade mark system facet. Under this scenario, what is relevant is whether there was a rationale for the application for registration in light of the aims referred to in the TMD. Bearing this in mind, and considering the fact that the applicant cannot be required to declare or to show its intent to use a trade mark at the moment of its filing, a registration will be liable to be cancelled or restricted in scope (prior to the expiry of the five-year grace period for non-use) when it is proven that the application was made in bad faith. This will be the case when the registration did not pursue a legitimate trade mark function (in particular the essential function of indicating origin) and was intended – without any honest commercial logic – to: a) only increase the scope of protection of the applicant’s other earlier right/s; and/or b) prevent third parties from registering or using identical/similar rights for identical/similar goods and/or services in the future.

*1.3.14 When will a re-filing be considered made in bad faith?*

It is to be recalled that according to EU case-law <sup>(5)</sup>, a proprietor can have a legitimate interest in re-filing a

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<sup>(4)</sup> <https://www.tmdn.org/#/practices>

<sup>(5)</sup> 13/12/2012, T 136/11, Pelikan, EU:T:2012:689 § 35-36, 49, 51; 21/04/2021, T 663/19, MONOPOLY, EU:T:2021:211 § 70, 75.

trade mark application. Therefore, re-filings will be considered made in bad faith only under concrete and specific circumstances, when it is proved that the applicant's intention was to abuse the trade mark system.

Consequently, although the elements mentioned in the Common Practice <sup>(6)</sup> will have to be analysed in detail in order to verify whether there is a re-filing, none of them, neither on their own nor collectively, will suffice to permit the conclusion that the applicant was acting in bad faith when re-filing the trade mark application. In order to establish bad faith in the context of a re-filing, other factors relevant to the particular case will have to be determined, and especially the applicant's dishonest intention.

#### *1.3.15 Can bad faith be found for only part of the goods and/or services?*

Yes. Although bad faith will generally exist in respect of all the contested goods and/or services, according to EU case-law <sup>(7)</sup>, a partial refusal/cancellation is possible.

## **2 METHODOLOGY**

### **2.1 Development and effects of the Common Practice**

#### *2.1.1 How were IPOs and UAs involved in the development of the Common Practice?*

The MS IPOs, the non-EU IPOs, as well as the User Associations (UAs) were consulted through questionnaires, videoconference calls and phone calls, with a view to collecting valuable input. The draft Common Practice was subject to consultations at several stages during development to obtain feedback from all interested parties, with a view to guaranteeing that any concerns expressed could be considered, analysed and discussed by the Working Group members in the corresponding meetings (Working Groups, workshops, etc.). Status updates were also provided during various meetings with stakeholders.

#### *2.1.2 Which MS IPOs and UAs participated in the CP13 Working Group?*

The Working Group that developed the CP13 Common Practice was composed of representatives of 10 MS IPOs (DE, DK, EE, ES, EUIPO, FI, GR, PL, PT and SE), as well as of 3 UAs (CITMA, INTA and MARQUES).

#### *2.1.3 What effect will the Common Practice have on the past/ongoing/future proceedings of the implementing MS IPOs?*

Each implementing MS IPO provides information about when they are going to implement the Common Practice and as to whether it will apply to proceedings pending on the implementation date and/or initiated after that date. This information is included in the [CP13 'Overview of Implementations'](#) table, linked within the Common Communication document.

#### *2.1.4 Is the Common Practice legally binding?*

Despite the fact that the Common Practice has no legally binding effect on national or European Courts, the principles contained in the document will be equally applied by all the implementing IPOs, and will constitute internal instructions that will be followed by their examiners when assessing bad faith in trade mark applications.

### **2.2 Implementation of the Common Practice**

#### *2.2.1 What does 'implementation' mean?*

Implementation refers to the incorporation of a Common Practice into the MS IPOs' practices. Implementation dates and the proceedings affected are included in the Common Communication document and more

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<sup>(6)</sup> Section 2.5.2.2 Re-filing.

<sup>(7)</sup> 29/01/2020, C-371/18, SKY, EU:C:2020:45, § 81.



specifically in the [CP13 'Overview of Implementations'](#) table. The implementation date and the proceedings affected are especially important as the outcome of certain decisions related to these proceedings may be different once a Common Practice is implemented at a concrete IPO.

#### *2.2.2 Can an MS IPO implement the Common Practice at any time?*

Yes. All MS IPOs are strongly encouraged to implement the Common Practice regardless of their participation and contribution to its development. Full network-wide convergence is dependent on the number of implementing Offices. More implementing Offices means a wider reach of the Common Practice and thus greater legal certainty, transparency and efficiency of IP practices across the EU. Therefore, the more implementing MS IPOs there are, the closer we will be to fulfilling that goal. However, implementation of the Common Practice is on a voluntary basis.

#### *2.2.3 Can non-EU IPOs implement the Common Practice?*

Yes. Non-EU IPOs are welcome to implement the Common Practice. The more implementing Offices there are, the wider the reach of the Common Practice and, therefore, the more efficient and transparent the respective IP systems for users and Offices.

### **2.3 Common Practice and Common Communication**

#### *2.3.1 What is the difference between the Common Communication and the Common Practice?*

The Common Practice is the result of the agreement reached between the EUIPO, MS IPOs and UAs on the general principles regarding the matters that were included in the scope (see Section 1.3 of the Common Practice).

Through the Common Communication, which contains a summary of the Common Practice, the MS IPOs inform users about the implementation of the Common Practice in their Offices. The Common Communication includes a link to the [CP13 'Overview of Implementations'](#), which provides the proceedings and dates on which the Common Practice was implemented, following confirmation from the respective MS IPOs. In addition, this document includes relevant information regarding the bad faith provisions of the TMD that have been transposed by each Member State.

The full text of the Common Practice is attached as an annex to the Common Communication. This single document is published on the EUIPN website in all available languages, and will be made publicly available by the implementing MS IPOs on their websites.