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4B Trademark Law Session. Trademark Applications and Enforcement in Bad Faith: Developments in the Courts and Legislature

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**TWENTY-EIGHTH ANNUAL CONFERENCE
INTERNATIONAL INTELLECTUAL PROPERTY
LAW & POLICY**

Thursday, April 8, 2021 – 1:00 p.m.

SESSION 4: TRADEMARK LAW

**4B. Trademark Applications and Enforcement in Bad Faith:
Developments in the Courts and Legislature**

Moderator:

Sven Schonhofen

Reed Smith LLP, Munich

Speakers:

Alexander Tsoutsanis

DLA Piper Nederland N.V., Amsterdam

Skykick and Beyond

Magdalena Berger

Curi Platz LLP, New York

How the USPTO Addresses Overly Broad Filings

Gareth Dickson

Taylor Vinters, LLP, Cambridge

Hallmarks of Bad Faith in the UDRP

Paul Maier

European Intellectual Property Office, Alicante

Cumulation of Intellectual Property Rights and Evergreen: The Role of Bad Faith

Panelist:

Daniel R. Bereskin C.M., Q.C.

Bereskin & Parr LLP, Toronto

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SVEN SCHONHOFEN: Welcome back here at Fordham. Day one is in full swing and we now have the second trademark session here which will cover bad faith and over-broad trademark registrations. I think cluttering the trademark registers and non-use has become an international issue over the last couple of years. There's been a lot of activity in the EU. We have tons of

decisions by now whether it's the *SkyKick* judgment,¹ obviously by the CJEU, but also some General Court decisions and then the *Neymar* case,² which dealt with taking advantage of the name of the famous football player or the EUIPO³ decision in the *Monopoly* case.⁴

In the U.S., we have now the Trademark Modernization Act,⁵ which has become law last year and introduces new tools to cancel trademarks that have not been used and also some activity in China. There's a lot going on. In this area, we have an outstanding panel today that will look at bad faith and overly broad trademark registrations from various angles. We have Alexander Tsoutsanis from DLA Piper who will talk about the *SkyKick* case, and Magdalena Berger from Curi Platz. She will give us a U.S. update on overly broad filings, bad faith, and the TMA.

Then we have Gareth Dickson here from Taylor Vinters, who will talk about bad faith and the UDRP proceedings.⁶ We have Paul Maier here from the EUIPO. He will talk about evergreening and the cumulation of IP rights. Then we have a fantastic panelist here, Daniel Bereskin from Bereskin & Parr. I am Sven Schonhofen from Reed Smith here in Munich. We wanted to start with Alexander, and he wanted to talk about the *SkyKick* case.

ALEXANDER TSOUTSANIS: Thank you. Let's talk about intent to use from an EU perspective, but I'm quite aware of the fact that we're at least all virtually in the U.S. Instead of just immediately going into the specifics of EU law, let's first take a step back and think about U.S. and EU notions on. I think two very relevant concepts are intent to use and "specificity" of the designated goods and service. Clearly, EU and U.S. systems are in some shape or form aligned but not entirely aligned. As regards "use", the U.S. and EU have signed up to the 1993 TRIPS Agreement⁷ in which article 15 states that you cannot require actual use as a requirement for filing a trademark.

However, if a country signed up for a specific exemption, such country is able to have an intent to use as a special requirement. Now, the U.S. signed up for that in 1993 already I believe. India signed up for it, New Zealand, Ireland, the United Kingdom as well. However, the EU itself as a legislator never signed up to requiring an intent to use requirement upon filing a ("federal") EU mark, which extends to this huge 500 million consumer market.

It's very helpful to be aware of (a) the U.S. requiring or at least enabling applicants to file an intent to use declaration while (b) for a EU mark - which is perhaps the majority of our filing practice nowadays in the European Union - does not have such a mechanism in place because they simply didn't sign up for it.

Another important aspect is specificity, clarity, precision with identifying designated goods and services. The system followed by EU was

¹ *Sky plc and another v SkyKick UK Ltd and another* ([EU:C:2020:45], [2020] ETMR 24) ("Sky CJEU")

² *Moreira v EUIPO - Da Silva Santos Júnior*, T-795/17 (NEYMAR) [2019/C 230/40]

³ European Union Intellectual Property Office.

⁴ *Hasbro v EUIPO - Kreativni Dogadaji* (MONOPOLY), T-663/19 [2021/C-373/21 P]

⁵ Trademark Modernization Act of 2020 (TMA)

⁶ Uniform Domain-Name Dispute-Resolution procedures.

⁷ The Agreement on Trade-Related Aspects of Intellectual Property Rights.

always lenient in that regards, allowing class headings,⁸ effectively allowing ‘one size fits all’.

The U.S. has always been perhaps more strict in specifying what services or products you would designate to use the mark for. Software is one of the examples here. Software is never permitted as such for filing in the US, as it is considered too broad. You have to specify which purpose that software serves. Well in the EU, you are still able to file a mark for the over-broad, ambiguous, open concept of software. It's helpful just as a primer to be aware of that. Now if you then go to the EU law on bad faith, clearly the source of all wisdom here is the European court of justice in Luxembourg.⁹

There are three landmark decisions on bad faith, the *Sky vs. SkyKick* decision, which was rendered last year, and in which I was involved in on the side of SkyKick. The *Koton* decision¹⁰ a year earlier, which is perhaps even more important in terms of impact than *Sky*. Already 12 years ago, a shape mark matter involving an Easter bunny involving Lindt, the well-known chocolate manufacturer.¹¹ Those are the three, let's say landmark decisions shaping the legal landscape in EU law on bad faith.

How do we summarize this without talking about each matter individually? I think the fair assessment here really is that the notion or the ambiguous open norm of bad faith has two meanings: (1) an absolute meaning and (2) a relative meaning. I say that because when we are explaining to lawyers or law students, for example, how the system of trademark law works, we often explain that there are “absolute” grounds for inadmissibility and there are “relative” grounds for inadmissibility. Filing opposition is a ground for relative inadmissibility, while objecting to a mark for inherently not having, let's say distinctiveness, is a matter of absolute inadmissibility.

Perhaps the odd thing is that the open norm of bad faith has always had that dual meaning: absolute and relative. The underlying rationale is the same. The ECJ said in the *Koton* decision that the purpose of trademark law is fostering fair competition, allowing competitors to file for trademark protection for their signs to be used in the trade of commerce etc., and it should serve and that's clearly nothing new, the functions of an identifier of source, a source-identifier distinguishing goods and services.¹²

There's also a uniform framework for assessment as well, e.g. on what's the evidence required, the legal effect of the invalidity, when to assess bad faith etc.

But the real novel element is not in admitting an argument of bad faith as a ground of *relative* inadmissibility in which the ECJ said you are then unfairly undermining third-party interest rights. The classic example is, you file a mark while you clearly know that somebody else in the same marketplace you're operating in is already using that sign. The *Lindt* ruling 12 years ago explains that sort of relative ground of inadmissibility in the concept of bad faith. The new dimension, if we can say so, in the field of invalidating marks on

⁸ Class headings describe, in broad terms, the nature of the goods or services contained in each class.

⁹ (ECJ)

¹⁰ *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ v EUIPO*, [2019-C-104/18 P] (EU:C:2019:724)

¹¹ *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [Case C-529/07, 11 June 2009] (EU:C:2009:361)

¹² *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ v EUIPO*, §46

the grounds of bad faith is in the dimension of serving as an *absolute* ground of inadmissibility.¹³

To be clear, it was already framed as a ground of absolute ground for invalidity but it was never really expressly said what that actually means in the concept of bad faith. Now the two new decisions, first the 2020 *Sky* decision and the 2019 *Koton* decision explain that a bit more. They say you are also acting in bad faith as an applicant when you're filing a mark and you are not filing it with an *intent to use*, precluding therefore the mark to then function as a mark, as an identifier of origin serving to subsequently distinguish goods and services. Even though the EU never signed up for requiring intent to use at such, it is now in a way nested in there, in the concept of bad faith as a ground for invalidity.

SVEN SCHONHOFEN: I'm sorry to interrupt, you have run out of time. Can you maybe sum up in half a minute and then we can go into further discussion afterwards?

ALEXANDER TSOUTSANIS: Yes, sure, I'm glad to do that. The interesting thing really is, the impact here for brand owners. The question really is what should you do with your existing portfolio? In future filings on the EU side of the mark, you should really be more specific. The question really is for lawyers out there to file more specific because overbroad filings are now vulnerable to be invalidated on the grounds of bad faith. It is all about speaking to your client, be in the clear about commercial logic, etc. instead of simply filing for overbroad goods and services.

There is also now a matter pending before the ECJ on the matter of repeat filings. The takeaway of that dispute is that a brand owner should be very careful: 'evergreening' is not considered acceptable but updating your mark is, e.g. if you are having to update your corporate house style, for example. Sven, I'm handing back over to you and look forward to any questions from the panel.

SVEN SCHONHOFEN: Yes sir. Thank you very much. The *SkyKick* judgment obviously has been heavily discussed over the last year. My question to you, Alex, first is, what do you actually think will be the implications? Do you think there will be a new trend with regard to trademark specifications, that they will be a lot more specific, or do you think this year's general trend of broad specifications that we have at the moment will continue and the consequences of the judgment aren't actually that big?

ALEXANDER TSOUTSANIS: Let me be very clear. Lawyers are never self-serving, they're clients-serving. The question really is, what is the interest of the client? There are some clients out there which are well-known marks in which is very well acceptable that you would be filing in other areas in which you are not already active in. But in reality, the old way of simply filing for let's say three classes because you are allowed to file for three classes for free, is really old-school thinking. Now clearly you have to pay already per class so that helps loosening thinking there.

It really has to be understanding the field your client is active in and therefore proper specific filing for those goods and services while still having some flexibility there. I'm calling that 'stretch zone' or stretching out to other areas maybe in the future, with regard to the foreseeable future. To be clear, it's never in the interest of a client to be suddenly falling victim to witness hearings,

¹³ *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, §34

having to explain commercial logic behind a certain filing. You already have seen at the EU level for example, that the EUIPO does not shy away from sometimes ordering even witness hearings to explain what their commercial logic underlying their trademark application is.

SVEN SCHONHOFEN: Okay, thank you Alexander. I obviously don't have to ask you if the court got it right here, but I would like to hand this question over to Daniel. What do you make of this *SkyKick* decision?

DAN BERESKIN: I have to say that although Alex has undoubtedly forgotten a lot more about EU law than I will ever know, I don't really see *SkyKick* as making any significant change to the manner in which trademark applicants approach applying for EU trademarks. True it is, that in the UK and other places you have to have a bona fide intent to use but I have seen so many cases where there's gross overclaiming. There are two kinds of gross overclaiming. One is where the goods that are of primary interest to the applicant, let's say ice cream, are related to other goods such as candy.

If you combine ice cream and candy in one application even though you don't have any immediate plans to launch the trademark for candy, I don't see anything wrong with that. On the other hand, there is a world-famous trademark for a soft drink that is known to everybody here that covers in addition to soft drinks, preparations for eradicating vermin, artificial insemination of semen and purification installations for sewage. Well, that's ridiculous and of course, I hope nobody would think of doing that anymore, but gross overclaiming is still going on. I recently encountered a trademark registered in the USPTO¹⁴ by a German company where the trademark registration runs to something like 25 pages. The word count of the description of goods and services is an excess of 13,000. A lot of people don't seem to be getting the message that you must have a bona fide intention to use the trademark in the USA.

ALEXANDER TSOUTSANIS: I think you raised a very interesting question previously, about the role of let's say the regulation, which has a specific clause in the EU regulation requiring clarity and precision. To identify goods and services, which is similar to this requirement of specificity in the U.S. The odd thing is, the ECJ never went as far as saying lack of clarity as such is an independent ground for refusal or invalidity in the EU system. When you think about areas for improvement, clearly that may be one of them.

SVEN SCHONHOFEN: Thank you to the both of you. We are moving now on to the U.S. view. Lena, the stage is yours. I hope that the slides will work.

MAGDALENA BERGER: I named my talk *Claim More, Use Less, and Other Bad Guys: Bad Faith during Trademark Prosecution*. The first question that comes up in the U.S. is, what does bad faith actually look like? There's different aspects of bad faith that come up. It could be the intention to never really use the mark or to use the mark for only one good, but you file for a gazillion goods just like we discussed.

It can also be the intention to exclusively sell the mark. Meaning you grab a mark that you know is going to be very valuable, think of newborn babies of celebrities. Then there's the classic, intention to trade off of goodwill. You intentionally use a trademark that's very similar to a famous trademark. Whenever I talk to you as trademark practitioner's, they're like "There can't be

¹⁴ United States Patent and Trademark Office.

bad faith in the U.S., we have so many safeguards. You can go to the TTAB,¹⁵ you can go to the courts. Bad faith is one of the factors. We have it right there. It's not pretty clear, it might be unclear in Europe, but not in the U.S.."

Non-use is grounds for cancellation. So, why do we have an issue? There's even safeguards during prosecution. Dan just mentioned it. You have to declare under penalty of law when you file for a trademark application, stating that the applicant is using or intending to use the mark and that the trademark that the person is actually, the owner and that he has a right to use the mark. You have to prove use by submitting specimens of use that are actually, evaluated by a real person. The description of goods and services must be specific.

We have the threat of perjury, the requirements for use by submitting specimens, and also, the description of goods and services has to be specific and not just somewhat specific. In the U.S. it means specific, definite, clear, accurate and concise. One could say that all these words somewhat mean the same, but there has actually, been case law on this requirement for specific, definite, clear, accurate, concise. Meaning, we can't just file a trademark application in the U.S. for software. No, we have to say, is it downloadable or non-downloadable? What does the software actually do? Is it a software that is used to track motion that is detected by a motion sensor and then processes that to give you a video channel?

This applies to all applications: The application under section one, which is use based;¹⁶ Under section 44¹⁷ and 66,¹⁸ 44 is the Paris convention¹⁹ claiming priority and 66 are the international registrations under Madrid.²⁰ But there are loopholes.

Those loopholes really get the U.S. register. The trademark applications based on Paris and Madrid do not have to show actual use in commerce until they renew. That's between year five and six. They often start out with a very broad description of goods and services. They're filed in Europe, for example, where they just click down the list and take them all, take the class headings and then everything that's under there. They'll sit on the U.S. register for five to six years, without proving that they're using the market in the U.S.

And then there are loopholes for the U.S.-based trademarks as well. If you file based on intent to use, it means you only say that you are intending to use the mark, but you need some more time to really settle everything. Then you have up to three years where you don't have to use the mark. During this time, you are already on the register and you will block younger applications for that period of time.

Then you have to prove use. You have to provide a specimen of use. If you have a whole lot of things in one class, one specimen for one good or one service is, technically speaking, enough. You might be claiming every cleaning product under the sun in class one and every chemical product under the sun.

¹⁵ Trademark Trial and Appeal Board.

¹⁶ Section 1 of the Lanham Act – Application for registration; verification (15 U.S.C. §1051)

¹⁷ Section 44 of the Lanham Act – International conventions; register of marks (15 U.S.C. §1126)

¹⁸ Section 66 of the Lanham Act – Effect of filing a request for extension of protection of an international registration to the United States (15 U.S.C. §1141f)

¹⁹ Paris Convention for the Protection of Industrial Property (1883)

²⁰ Madrid Agreement Concerning the International Registration of Marks (1891)

You may have to only provide one picture of one bottle. That's sufficient to prove use. When the range is wide, the range of items is wide, the examining attorney may request an additional specimen. Whether that happens or not, that's up to your good luck.

What can third parties do about bad faith and about non-use and about all those questionable specimens aside from going to court? Because no one wants to look at going to court. That's expensive and it takes forever. There used to be a specimen protest program that was just discontinued. One of the probably most undervalued things that you can do in the U.S. is what we call a letter of protest.

It's a very low-key method to send a note to the Trademark Office and say, "Hey, with this examination there's something going wrong." Any third party can submit evidence that's relevant to a ground for refusal of registration: likelihood of confusion, saying the examining attorney did not see this registration and he or she really should have. Anyone can say, "Oh, this trademark application is really descriptive or generic." Anyone can say "This trademark is really suggesting a false connection." You have to do that during the application process, and it's only \$50, which is nothing in the U.S. trademark system.

Now we have the wonderful Trademark Modernization Act. It was just signed into law last year. It creates two new cancellation proceedings that are meant to be taken care of at the stage of the Office, not the TTAB, which would save a lot of money.

It can be filed by any third party. There will be no question of standing and you do not have to reveal who's behind it. It's meant to be super fast and super cheap. Those are really meant for all the trademarks that are not used either because they've never been used for some goods and services. That's expungement, that's really for those Paris and Madrid registrations or it's meant for those marks who have questionable specimens or claim a date of first use that's really not quite true. The goal would be to remove some or all of the goods and services that were claimed overly broadly.

The details are fuzzy because it's brand new. There will be specific rules. No one knows yet how much this is going to cost, no one knows anything about deadlines. No one knows what evidence you'll have to have because the implementation won't happen until 2021, but that's how the U.S. is trying, I guess, to tackle it. If you want to know more about the Trademark Modernization Act, you have to go to the session tomorrow, the U.S. Trademark Update, where there's going to be an in-depth review of this. With that, I'm done. Thank you so much.

SVEN SCHONHOFEN: Thanks, Lena. Following up on the Trademark Modernization Act, how relevant will these new mechanisms be, or is it just difficult to determine at this point, because the procedures aren't really clear as you just mentioned.

MAGDALENA BERGER: Everyone is really excited about it because until now, we really only have cancellations at the TTAB, and that's a full-blown proceeding. It's a little less than going to court, but it's costly and it takes a lot of time and it will eventually lead to a full-blown discovery. Whenever my clients see discovery, they are like, "I can't afford this, this is not worth it." Those new tools, if they really work the way they're advertised right now, they might actually help to get those registrations early in a cheap way and get them

to shave off those goods and services that they're not using. I agree with Dan in that sense, no one has gotten the lesson yet that it's not worth it to overclaim. It's just in our DNA. Part of it is also that attorneys really – we have to make sure that we get our clients the most protection so there is this tension between, I have to advocate for as much as they can get without risking anything. The risk was relatively low up until now, even in the U.S. where the risk was higher than in the EU, in the EU, there seems to be no risk whatsoever.

SVEN SCHONHOFEN: Okay, thank you. Something, that also goes in that direction and that's experienced a lot in the States right now, is at least failure to function refusals.²¹ Can you give us some background why there's such a trend of these refusals at the moment? Is that maybe part of a bigger picture that the USPTO is generally making it harder to register trademarks? What are your thoughts on this?

MAGDALENA BERGER: There seems to be a trend going on to make it harder to register trademarks right now in the U.S. I feel like in the eight years that I've been doing this here, I've gotten more office actions out of the blue, I've gotten more weird questions about things. I've gotten more refusals that are borderline to the point that I wish I had the kind of client who could go on appeal. The failure for function refusal seems to be the newest pet, it almost seems like they had a retreat at the USPTO and then they all decided to use it from now on. It really feels like this because we haven't seen them and now they keep popping up. It's hard to say because it's really how many symbols, devices, and words can there be that can't function as a trademark? For example, they refused "She Knew She Could" for goods like jewelry, blank journals, and beach bags.²² I don't know why. The refusal was based on the fact that it's a common sentence, "She Knew She Could." Okay. Good for them. The other one was "Legal Landmines" for a business coaching and educational services, failure to function.²³ I'm not sure. It seems like they just use it in addition. In general, specimens have been refused more often. There have been more additional requests for specimens. One of my colleagues snarkily said it might be that because of COVID, they have so much time to Google now that they just Google everything and then they give you a hard time.

SVEN SCHONHOFEN: Okay, thanks, Lena. We are moving on now to Gareth and—

MAGDALENA BERGER: Wait, Sven. Alex, did you have a question? You unmuted yourself.

ALEXANDER TSOUTSANIS: Yes. Well, just very simple for the understanding of the EU lawyers in this virtual room. My question really and I clearly know that you also have an EU record as well, Lena, but my question really was failure to function, what is the single sentence summary for that? Is that the separate ground for invalidity or refusal?

MAGDALENA BERGER: It's not being able to be used as a trademark, so it can't be a source identifier. The idea is it can't be a source identifier because it's so commonplace. It's oftentimes tied to descriptiveness. That's what it makes it so hard, but the nutshell is it can't be used as a trademark even though you try,

²¹ This applies when a trademark has been considered as merely informational matter.

²² *In re PIF Group LLC*, TTAB Serial No. 88084519 (November 23, 2020) [not precedential]

²³ *In re Nancy D. Greene*, TTAB Serial No. 87830154 (November 18, 2020) [not precedential]

because it can't be a source identifier.

ALEXANDER TSOUTSANIS: Which in EU wording would mean the mark has no distinctive character, is it broader than that?

MAGDALENA BERGER: It's broader than that. It's bigger than that.

ALEXANDER TSOUTSANIS: Thanks.

MAGDALENA BERGER: You could call it the original sin. It's like you can't even be a trademark, you tried but you can't be one, but yes, it's tricky. I looked it up when I got the first refusal, I was like, "What's that?"

SVEN SCHONHOFEN: No problem. Let's hand it over to Gareth now, and he will talk about bad faith and the UDRP proceedings and especially this brand-new *Hallmark* case.²⁴ Gareth, the stage is yours.

GARETH DICKSON: Okay, thank you. I'm going to try to share my screen as well. Okay, perfect. We have five minutes for my session today, and we're going to look at hallmarks of bad faith in the Uniform Domain Name Dispute Resolution Policy. We're going to look at where that began, and how it introduced into the domain name system a three-stage cumulative test for the transfer of domain names, of which bad faith is a key and possibly *the* key component. We'll end up with a couple of comments on how the system has developed to interpret bad faith through panelist consensus, rather than as a matter of strict precedent.

As you might already know, the UDRP was the first consensus policy adopted by ICANN.²⁵ That means that the multi-stakeholder groups within ICANN, which are trademark owners, users, registrars, registries, governments, etc., all accepted this policy. It was established back in 1999 and it hasn't actually been updated in the more than 20 years since then, despite landmark developments in technology that we now use to communicate and advertise online. During this time, the central premise and the purpose of the UDRP has remained the same. That is, as it has always been, to target clear cut cases of cybersquatting.

The three-stage test that it sets out is probably well known to many of you. First of all, the complainant has to show that they have rights in a trademark and that the disputed domain name is confusingly similar to that trademark; it's effectively a standing threshold requirement. The rights or legitimate interest ground, (i.e. asking whether the registrant has rights or legitimate interests in respect of the domain name) operates as a bit of a check on the third requirement, namely that the complainant shows that, on the balance of probabilities or by a preponderance of the evidence, the respondent has used the domain in bad faith and registered it in bad faith.

What this means is that if a respondent can show that they have rights or legitimate interests in the domain name, then notwithstanding that there may have been a finding of bad faith, they can retain their domain name because the test under the UDRP is cumulative and all conditions must be satisfied.

Looking back to the origins of the UDRP back in 1999, the policy itself sets out four non-exhaustive examples of what constitutes or may constitute evidence of bad faith. It really reflects the fears of trademark owners at that time, by trying to answer the question: "How did we think that the internet might be detrimental to our trademark interests?" So you can see them here on the slide, they're quite

²⁴ *Hallmark Licensing, LLC v. Jarod Hallmark*, January 21, 2021, Claim Number: FA2101001929310, ADR Forum (National Arbitration Forum)

²⁵ Internet Corporation for Assigned Names and Numbers.

predictable sorts of malfeasance: for example, registering a domain name and trying to sell it for an inflated price to the trademark owner; trying to sell it to a competitor or threatening to do that; acquiring the domain name in order to block a trademark owner from acquiring the domain themselves, either to put them at a commercial disadvantage, because they aren't able to get that valuable piece of online real estate, or potentially to disrupt their business.

Then there's the good old-fashioned trademark infringement style of cybersquatting, where you register a name that is confusingly similar to another mark and you use it to try to piggyback off its fame and reputation, or just to confuse consumers into purchasing your goods and services when in fact they're looking for others.

But it doesn't take much thought to realize that there are going to be plenty of disputes that arise around the edges of those four examples of bad faith, that don't fall exactly within them, and that is context for how the requirement of "bad faith" has evolved in the UDRP.

In understanding how bad faith, in particular, has been developed within the UDRP, you need to bear in mind that UDRP decisions are made by panelists from all around the world. They're all independent, and they might come from a variety of backgrounds. There's diversity of language, cultures, maybe even professional interests, a political perspective, ideas about free market, and so on.

They also provide decisions which are not technically binding. Yet, notwithstanding that there has been a lot of change in internet use and the tools that are available to users, and also to how cyber squatters operate in the 20 odd years since the UDRP was first adopted, there's been no change at all to the UDRP itself. So what has developed in its place is a consensus among panelists as to how it should be applied in light of changing circumstances, and WIPO²⁶ has just recently produced version three of its jurisprudential overview of panelists' consensus on various questions,²⁷ to help registrants and domain name owners and speculators and trademark owners, understand what falls within and what falls outside of the UDRP, the aim being to make the UDRP more predictable.

Broad consensus, by its very nature, works most of the time for most people, but, also by its nature, there are always going to remain examples around the edges. The hallmark.tv is one such recent case, where Mr. Jarod Hallmark registered the domain name <Hallmark.tv> but didn't participate in the complaint filed against him by Hallmark. The panel in this case, acknowledged that on the face of it, the registrants' name was indeed "Hallmark" and that might be prima facie evidence of him having a right or legitimate interest in the domain name, which would mean the UDRP's cumulative three-step test had not been met by the complainant and he would get to keep his domain name. However, the panel went on to say that because there was no corroborating evidence of the registrant's name before the panel, it was not prepared to make a finding that the registrant did in fact have a right or legitimate interest in <hallmark.tv>. The panel then drew the further inference that because the registrant must have known of the complainant's trademark because it was well

²⁶ World Intellectual Property Organization.

²⁷ WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Third Edition ("WIPO Jurisprudential Overview 3.0")

known, the domain name had been registered and was being used in bad faith. And that more or less the end of the analysis.

A lot of commentators believe this decision indicates that nowadays under the UDRP, and to its detriment, bad faith i) is presumed, thereby reversing the burden of proof in the UDRP and holding respondents to a higher standard of proof than complainants, and ii) is held in such high regard that it unjustifiably diminishes the requirement that a complainant prove that all three tests are satisfied before a panel can dispossess a respondent of their domain name, and is causing an imbalance in the system.

That one example aside, though, the concept of bad faith fits well when you remember what the UDRP exists for. It is for clear-cut cases of cybersquatting. If a dispute is around the edges, then perhaps the simplified administrative process provided for by the UDRP is not going to be quite suitable. Bad faith is of course a necessary component of that test, but when you look at the need for complainants to *also* prove rights and legitimate interests, you can see that it is not intended to be the sole determining factor and must be balanced against other exonerating factors. It's a necessary but not a sufficient component of the test.

The consensus that has developed among panelists on interpretation of the UDRP over two decades has made the policy much more predictable. It works for most people most of the time, but even so reasonable people can still disagree over cases that exist around the edges.

SVEN SCHONHOFEN: Thank you, Gareth. Just a brief question on the *Hallmark* case, actually, do you think that the panelists got it right here? Because the domain owner, it was his last name. He used it, and let's assume he would use it, I don't know, for his family pictures or whatever he has on that website. Would you think this is actually a case of bad faith? Do you think this is a one-off decision or is that the more general trend here?

GARETH DICKSON: I think if the domain name had been in any other top-level domain, the outcome might have been different. If it had been in, maybe even dot travel, or dot photos or something other than dot tv, it may have been slightly different, but the fact that this was a well-known trademark for television services, and there's a Hallmark TV channel, meant that the respondent really did need to explain why he had chosen to use the dot tv top-level domain. I think if I had been deciding this case I would have focused on that narrower question, rather than the potentially much broader issue of a respondent's standard of proof in corroborating their own name, for example.

What is also interesting is that some post-fact investigation revealed that this probably was a real person, there probably was somebody called Jarod Hallmark. There's a seemingly legitimate LinkedIn profile that appears to correspond with the registrant information and so on, but nonetheless the respondent didn't participate and the panelist should only really decide the case on the basis of the evidence submitted. Under the WIPO Jurisprudential Overview that I mentioned above, one of the factors that you can look at in determining whether somebody has a genuine right and a legitimate interest in the domain name and whether there is bad faith, is whether or not they participate in the proceedings.

Of course, in this case, there was no participation, and some panels will say, "Well, that's okay. That weighs in favor of a finding of the domain name

transfer." With the advent of the GDPR,²⁸ however, a lot of registries and registrars are now feeding information from the public to registrants through web forms, and a lot of those emails find themselves consigned to the spam filter, or they end up in the junk email bin and so the respondent never actually sees the complaint and *that alone* is the reason why they don't participate in the proceedings even though their registration may be entirely legitimate. The first thing they knew about it may have been when they logged into their domain name account one day and find that the domain name has been transferred to somebody else.

So what this means is, in the same manner that Lena was saying, a lot of the procedures we have in place are good in theory, but we mustn't forget about the execution of them. Having a rigorous practical appreciation of what registrants and trademark owners and examiners each must go through is part and parcel of having an effective system.

SVEN SCHONHOFEN: Okay. Thank you, Gareth. We are now moving on to our final talk by Paul on the cumulation of IP rights.

PAUL MAIER: Thank you very much. I will speak a little bit on evergreening, but also bringing it back into the general framework of bad faith. Alexander has said a lot already about bad faith in EU trademark law. One must first recall that there is no definition in EU law of "bad faith". The Court of Justice ruled that the notion of "bad faith" must be construed on the usual meaning in everyday language of the words.

It also is an autonomous concept of EU law, which means that there can only be one concept of bad faith in the EU that applies in all Member States, which the Court of Justice then further defines through its case law. This solution is the only one that could allow EU law to function properly. If national jurisdictions could have their own independent view of the notion of bad faith this could have serious consequences on the harmonized application of the law. Another essential characteristic that the Court of Justice has clearly stated, self-evident probably, but still, is that there is a presumption of good faith. In other words, the party that seeks to plead bad faith as a relative or absolute ground, needs to prove it. Unless there is proof to the contrary, good faith will be presumed.

A further rule is that in EU trademark law, bad faith can only occur at the time of filing of the application. This rule has no exception, even if the Court of Justice has found that facts and evidence prior or subsequent to the filing may be taken into account, to evaluate whether a party acted in bad faith. It is at the moment of filing that one has to interpret the trademark owners' intention but facts prior or posterior to that moment in time may enlighten as to the intentions of the actor and can thus be taken into account to make the judgment of whether there was bad faith or not.

Bad faith, of course, also presupposes a dishonest state of mind or intention. All these elements have been clearly established in the landmark case mentioned before (*Goldhase Lindt* case (C-529/07)). The case law has been largely set by this case. I think there is only one really additional element that has come from the case law further on. In the *Koton* case (C-104/18P), the Court of Justice in one of the paragraphs of its reasoning clearly accepts the idea that

²⁸ General Data Protection Regulation (EU GDPR), Regulation (EU) 2016/679, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC

there can be bad faith if the filing was done for purposes other than those falling within the functions of a trademark.²⁹ That is a new element that was not present in the *Goldhase* case. Indeed, I concur with the conclusion of Alexander that on the absolute ground side, this is important.

What are the factors that are likely to indicate the existence of bad faith. There also the *Lindt Goldhase* case gives us important guidance. Firstly, all the relevant factors specific to the case must be taken into account. To assess if a party had acted in bad faith at the moment of filing the Office or the judge must look into the heart of the person. One has to determine whether the party had an intention to be “bad”. To make such a determination, all the various facts must be examined.³⁰ Secondly, there can only be bad faith if there is an identical or confusingly similar sign.³¹ EU trademark law does not have a rule that allows to challenge a filing on the bad faith ground in general. However, provided there is identity and similarity of the signs, there must not necessarily be identity or similarity of the goods and services. This can be explained by the fact that notorious trademarks or trademarks with a reputation, that have a scope of protection that goes beyond the mere goods and services as registered, need to be protected against free riders that act in bad faith.

Thirdly, there can only be bad faith if there is knowledge by the party of the other party's use of the identical or similar sign.³² Fourthly, the degree of legal protection, the nature of the sign and the extent of the reputation will be taken into account also to assess whether there is bad faith.³³

These premises having been set, why do we need to look into the issue of cumulation of rights. Under EU law, it is a long-standing tradition and was even before the EEC was created in a number of Member States. You can freely cumulate protections on the same sign or object under intellectual property rights.

David Stone showed this interesting slide earlier, in which he explains that in the UK some logos or some other elements and signs can be protected in very different ways. If you use the community trademark, national trademarks, the Madrid Protocol,³⁴ unregistered and registered designs, national, EU and international designs, and of course, copyright that may come into play as well as passing off, the list is long. Many of these rights or legal provisions can be invoked cumulatively. However, some think that the cumulation of rights as it is allowed under EU law is too favorable. Some even think that cumulating rights should be fought and that the notion of bad faith can be of help in that matter. They at least think such could be the case for trademarks.

Indeed, bad faith is not applicable in copyright (which is a right that does not require any sort of filing in the EU) or design law in a comparable way. But it is an absolute ground and a relative ground in trademark law. The question is then whether one could consider that the rule in the *Koton* case could be applied to avoid that a trademark filing would come cumulatively to protect a creation covered by a design and or copyright. The argument would be that since the

²⁹*Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ v EUIPO*, §47, §56

³⁰*Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, §37

³¹ *Id.* §36, §46

³² *Id.* §39

³³ *Id.* §50

³⁴ Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid System”), concluded in 1989

object or sign is already protected, a further trademark protection is unnecessary or even in “bad faith” as it seeks to obtain a protection which is for a purpose other than those falling within the function of a trademark. To accept such an argument as valid one would have to consider that the cumulation as such can destroy “the function of a trademark” or its purpose. We believe that such cannot be the case. Design, copyright and trademark protection have different purposes and function differently. The fact that a same sign can be protected by all three types of rights cannot mean that their individual function should be put aside. It is all the more so that the scope of protection of each right is different. Whereas trademark law protects against likelihood of confusion on the market of competing products or services, design law protects against other designs that do not give a different overall impression to the informed user. It actually protects a designer’s work against copying and even too close inspiration by others. The aim of the design right is not to avoid likelihood of confusion. Copyright protects original works against their use by others through a series of rights, the most important ones being reproduction and communication to the public rights. Trademark protection is in principle limited to the goods and services for which the trademark was filed (except for notorious trademarks or trademarks with a reputation for which protection goes beyond the list of goods and services).

The tradition of cumulation is solid and parties do not plead that it should be put into question. I certainly did not find a case in which this was pleaded as a matter of principle. One must conclude that one cannot count on the actual cumulation of IP rights in the same subject matter to say that there is bad faith. That is important also because if you want to go from a design right (on a sign or object that you actually use as a distinctive element of your branding) that is about to lapse, to a trademark because your design is per se or has become through us “distinctive”, such a filing is legitimate. The fact that the protection of such a distinctive sign could potentially be extended indefinitely is not a convincing argument either to call this legitimacy into question. The fact that the design would have had to fall into the public domain is thus irrelevant. It would be strange indeed, if a logo, which by definition is a design, could not be trademark protected just because the term of protection of the design right has lapsed. Neither could one think that there is bad faith just because the trademark filing occurs towards the end of the term of protection of the design.

Let us now come to refiling and evergreen. Evergreen can be defined as the refiling of a trademark that was not used (or at least not used for all the goods and services it was registered for) before the end of the five year period during which use must have occurred, in order to avoid invalidation. In doing so a trademark owner ensures that his trademark can be protected again for five years through refiling even if he does still not use it. Many consider this as an “abusive use” of provisions of the law for a purpose that was not contemplated as being appropriate. A majority of people consider that there should not be evergreen. It can clutter the registers and is simply not legitimate. There are two cases though I think that we should look at that were decided upon by the EU courts. One is *Pelikan*, T136-2011,³⁵ and the other is *Voodoo* T501-13³⁶ of the General

³⁵ *pelicantravel.com v OHIM - Pelikan (Pelikan)*, [2011/ Case T-136/11]

³⁶ *Think Schuhwerk GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* – Müller (VOODOO), [2009/Case T-50/13]

Court. The Court of Justice of the EU, as far as I am aware, has not yet had to decide on such cases.

The General Court ruled in *Pelikan*, on a case of the refiling of a slightly modified version of the trademark, an update of the trademark. The evolution of a trademark over time is a common feature of the commercial and branding life of distinctive signs. Logos are refreshed to suit the taste of the times and marketing people spend much energy and money to make sure modern and more appealing signs are introduced from time to time. The General Court³⁷ stated that “a repeat application for a revoked EU trademark registration, in respect of the same services, could potentially amount to bad faith”³⁸ but accepted that this refiling is legitimate and such was also the case because not only was the sign itself slightly different but also the applicant revised and modified the list of goods and services making it narrower. The Court then found that there was not sufficient evidence of bad in the case at hand. This landmark case thus clearly found that repeat applications or refiling can be a case of bad faith. It establishes that evergreen is not legitimate in EU law. This being said, this principle must be applied with much care as bad faith must be proven as the rule in *Goldhase* shows.

Another interesting General Court³⁹ decision is the *Voodoo* case (T-50/13). The GC rebutted the invalidity applicant’s contention that bad faith could be inferred from the fact that the trademark owner tried to circumvent the obligation of use. The GC found that there was no bad faith as the owner/applicant had changed from a list of goods and services based on the class heading to a specific list of goods and services thus limiting the scope of the trademark and at the same time making it much more precise and clear. As one can see, the GC is prudent and refiling is far from being prohibited.

The Boards of Appeal of the EUIPO have had a number of cases in which bad faith was claimed by one of the parties. One can mention the cases *Pathfinder* (R 1785/2008-4),⁴⁰ *Canal+* (R 1260/2013-2)⁴¹ and *Monopoly* (R 1849/2017-2).⁴² The *Pathfinder* case is seen as the strictest application of bad faith. The *Monopoly* case is the most telling as it may well be the real synthesis of the cases mentioned above. Indeed, the Board found in *Monopoly* that in this case of refiling before the end of the five year grace period to avoid the need to bring evidence of use of the sign, there may be bad faith. However, the Board limited its finding of bad faith to the goods and services identical in both the registered trademark and the new application. Since in the new application new goods and services were introduced, those could not be seen as having been filed in bad faith.

ALEXANDER TSOUTSANIS: Just very briefly, presuming good faith, my question is you cannot prove a negative as a legal standard in evidentiary law. My question really is if then the EUIPO or the CTM court dealing with the claim for bad faith should essentially reverse the burden of proof requiring the applicant to explain the commercial logic behind the goods and services because

³⁷ General Court (European Union), Fifth Chamber.

³⁸ *pelicantravel.com v OHIM*, §27

³⁹ General Court (European Union), First Chamber.

⁴⁰ *Pathfinder*, OHIM Fourth Board of Appeal, 15 November 2011 (No. R-1785/2008-4)

⁴¹ *KabelPlus / Canal + et al.*, 13 February 2014 (No. R1260/2013-2)

⁴² *Kreativni Dogadaji d.o.o. v Hasbro, Inc.* (*Monopoly*), Second Board of Appeal, 22 July 2019, (No. R 1849/2017-2)

it's hard for a claimant to show for 35 classes that there was no commercial logic whatsoever, ranging from soap in class two or whatever for, soft drinks in class - what is it? 33, I believe.

SVEN SCHONHOFEN: Daniel, what's your view on this?

DAN BERESKIN: I think you have to sympathize with examiners to some extent. An examiner cannot test the subjective thinking of an applicant. All an examiner can do is to test for objective evidence. For example, in the United States, if somebody applies to register a trademark for 500 different goods in many disparate classes, an examiner is entitled to say, what concrete plans do you have to use the trademark for all of these goods?

Also, I wonder whether the text of the declaration of intent to use should be modified in order to avoid the *In re Bose* case. In other words, *quaere* whether the result in *In re Bose* can be avoided if applicants are required to state that they make the declaration with the knowledge that if it is made recklessly or willfully misleadingly, this would be tantamount to fraud. If this were done it might be easier to invalidate the application or registration in its entirety or at least it might have a sobering effect on applicants or their legal advisors, such as the case I mentioned where the description of goods runs to more than 13,000 words.

MAGDALENA BERGER: That question comes up a lot. My two personas fight with each other because my American persona says yes because that's how it works in the U.S. Everything we do with the federal government, when I lie here, it's going to be perjury and I'm going to go to jail forever and ever, but that doesn't deter anyone. I try to scare my clients to death with that, and they look at me and they say, but who would find out and when, and even if they find out later, then I still have the trademark for three years, right?

There's just this idea of if you make it a perjury to lie, then you will get people to move a certain way. It does not seem to work very well in the U.S. It just doesn't unfortunately because it is already a very high threshold.

Theoretically, you could go to jail for lying on your trademark application. I am not aware of anyone who ever went to jail because they lied on their trademark application. It's also the disconnect between what could happen and who would actually care enough to police it. That's actually my one question for Alexander. Assuming we have the higher standard, and now you people have to be very concise and very specific in their description of goods and services, what's the policing look like? How is it actually going to come up?

ALEXANDER TSOUTSANIS: Yes, I think it's a very relevant question. One thing at the EUIPO level is that the, let's say the fees are awarded if you were to lose, are pretty low. There was no, let's say financial exposure there precluding applicants from filing overbroad. My sense is that ultimately it will play out on an enforcement level. Beyond the realm of the EUIPO, which is all about registering the marks, my sense says that when you invoke a mark and you are not using the mark for relevant goods and services, clearly you are going to face a claim revoking the mark for non-use.

The interesting question is what do you do when somebody is enforcing the mark not in year five, in which you have to show use but in year four, before the expiry of the non-use period? Going back to the 1993 TRIPS treaty, it only required three years and then enabling countries to allow a revocation for non-use. The EU accepted five, which is very understandable. Interesting question. Should we go back to, let's say the minimum threshold instead, revoking the

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mark for non-use within three years?

For me, that would be fairly acceptable, and it may also mean more work perhaps for lawyers as well. Who am I to flag that? Yes, there is a big concern, and if I'm hearing you correctly, Lena, you're saying that intent to use declarations are not effective in the U.S. while me as an EU lawyer, I am looking at the U.S. system of actually being an example or hallmark of filing specifically for the goods and services. We should clearly speak about this further on another day with fellow panelists.