

## Bad Faith as a Ground for Opposition Proceedings

September 22, 2009

**Sponsoring Committee:** Opposition and Cancellation Standards & Procedures Subcommittee of the Enforcement Committee

### Resolution

**WHEREAS**, the registration of a trademark in a particular jurisdiction confers certain rights to the owner thereof with respect to the use of that mark in that jurisdiction in connection with specific goods and services listed in the registration;

**WHEREAS**, jurisdictions have a general obligation to protect the integrity of the trademark register for that jurisdiction, to prevent trademark piracy and other clear cases of misappropriation of trademarks, and to avoid conflict with others' rights and potential consumer confusion;

**WHEREAS**, resource constraints prevent many trademark owners from registering their marks in every jurisdiction throughout the world;

**WHEREAS**, this practical constraint provides opportunities for unscrupulous parties to acquire trademark registrations in circumstances that represent a violation of norms of reasonable, honest and fair commercial behavior;

**WHEREAS**, a trademark application filed or a registration obtained in such circumstances should be considered as having been done in bad faith;

**WHEREAS**, the filing of a trademark application or procuring a registration in bad faith should be an available ground for trademark owners to oppose or seek to cancel the trademark application or registration; and

**WHEREAS**, the requirements for establishing that an application was filed or registration obtained in bad faith should be stringent enough to minimize any risk that a legitimate trademark applicant/registrant will be deprived of trademark rights based on a finding of bad faith.

**BE IT RESOLVED**, that INTA affirms the importance of enabling trademark owners to prevent trademark piracy and other clear cases of misappropriation of trademarks that are identical or substantially identical to that of the trademark owner, regardless of the trademark owner's trademark rights in the jurisdiction in which registration is sought, provided that bad faith is narrowly construed to capture only conduct clearly inconsistent with norms of honest and fair commercial behavior.

**BE IT FURTHER RESOLVED**, that INTA recommends the following requirements be imposed for a finding of bad faith application/registration:

1. the applicant/registrant knew of the third-party's rights or legitimate interests in a mark identical to or substantially identical to the mark applied for/registered, where such knowledge is actual or may be inferred from the surrounding circumstances; and
2. the applicant/registrant's conduct in applying for/registering the mark is inconsistent with norms of reasonable, honest, and fair commercial behavior.

**BE IT FURTHER RESOLVED**, that INTA recommends the following non-exhaustive list of factors be considered in determining whether the applicant's/registrant's conduct is inconsistent with norms of reasonable, honest and fair commercial behavior:

1. whether the mark was applied for/registered primarily to appropriate a trademark well known in other jurisdictions or to disrupt the business of a competitor;
2. whether the mark was applied for/registered primarily to sell, license, or otherwise transfer the registration to the party opposing or seeking to cancel or to a competitor of that party;
3. whether the mark was applied for/registered primarily to prevent the party opposing or seeking to cancel from acquiring trademark rights in the jurisdiction in which the application was filed;
4. whether the applicant/registrant has a legitimate interest in the mark applied for;
5. whether the applicant/registrant applied for/registered the mark with the intention of creating confusion as to the source, sponsorship, affiliation, or endorsement of the applicant's/registrant's goods or services;
6. whether the applicant/registrant knowingly made false statements in connection with the trademark application/registration;
7. whether the applicant/registrant has engaged in a pattern of applying for/registering marks in which it had no legitimate interest; and
8. the degree of distinctiveness of the mark applied for.

## **Background**

The Opposition and Cancellation Standards & Procedures Subcommittee of the Enforcement Committee has determined that bad faith exists as a ground for trademark opposition or cancellation in a number of jurisdictions throughout the world. By its very nature, bad faith is extremely difficult to define, and the jurisdictions that recognize bad faith as a ground for opposition or cancellation typically do not attempt a definition. Consistent among the standards adopted by various jurisdictions for finding bad faith is a requirement that the applicant/registrant must have had knowledge of the prior mark. If knowledge is found, the bad faith analysis typically turns on whether the application was filed or registration obtained in violation of the norms of reasonable, honest and fair commercial behavior.

The Subcommittee surveyed jurisdictions that do recognize bad faith as a ground for opposition and cancellation and examined the underlying legal framework. The results of this study are detailed in the Subcommittee's report that accompanies this resolution. The Subcommittee found the U.K test for assessing bad faith trademark applications to be particularly instructive,

and thus, the two-part test envisaged above to assess bad faith essentially follows the current U.K test. The non-exhaustive list of factors listed above are not expressly part of the U.K test, but were rather developed by the Subcommittee as guidelines to assist jurisdictions in determining bad faith.

The Subcommittee has concluded that bad faith should be recognized as a ground to oppose trademark applications or cancel trademark registrations, provided that the standards for finding bad faith are stringent enough to minimize any risk that a legitimate trademark applicant or registrant will be deprived of trademark rights based on a finding of bad faith. Bad faith should be available as a ground only to defeat trademark piracy and other clear cases of misappropriation of trademarks.