

## **Bad Faith Trademark Applications and Registrations**

November 11, 2020

Sponsoring Committee: The Enforcement Committee

### **RESOLUTION:**

**WHEREAS**, a robust trademark system enables identification of the source of goods and services, protects goodwill and reputation, and helps consumers make safe and informed choices;

**WHEREAS**, abusive filing and Bad Faith use of third party trademarks may cause significant consumer confusion and damage to rights holders, undermine the purpose and function of trademark registration systems worldwide, and impact rights holders' ability to protect and enforce legitimate trademark rights;

**WHEREAS**, instances of Bad Faith trademark applications and abuse based on Bad Faith registrations have continuously increased across many jurisdictions over the years;

**WHEREAS**, a lack of adequate and consistent practices for addressing Bad Faith can facilitate Bad Faith filing;

**WHEREAS**, in 2009, INTA adopted a [Resolution](#) which, inter alia, affirmed the importance of supporting trademark owners in their fight against Bad Faith trademark violations by recommending that Bad Faith be recognized as a ground to oppose or to seek cancellation of trademarks; and

**WHEREAS**, a recent review of practices for addressing Bad Faith across jurisdictions worldwide suggests that rights holders and trademark offices would benefit from a consistent set of standards in prosecution and contentious proceedings addressing Bad Faith filings, and providing procedures, remedies and sanctions to both remove Bad Faith registrations and deter their filing;

**BE IT RESOLVED**, that the International Trademark Association recommends that the following best practice standards be adopted to address Bad Faith trademark applications and registrations:

1. Bad Faith should be explicitly recognized as a basis for the refusal of a trademark application, and trademark offices should be granted the power to refuse such applications *ex officio* during the process of initial examination.
2. Bad Faith should be explicitly recognized as a basis for opposing an application or invalidating a registration throughout the term of the registration.

3. Upon submission of prima facie evidence of Bad Faith in prosecution and contentious proceedings, the applicant/registrant should bear the burden of proving bona fide adoption or use and/or an honest interest in the trademark.
4. Trademark offices should be encouraged to maintain records of applicants and registrants who have been identified as Bad Faith filers either by a trademark office or in a judicial or administrative decision, which records may serve as evidence of Bad Faith in subsequent proceedings.
5. Bad Faith filers should be required to reimburse rights holders for legal expenses and related costs incurred in combating Bad Faith filings, and violations should be subject to remedies, including the payment of fines and damages, to serve as a meaningful deterrent to Bad Faith filings.

**BE IT FURTHER RESOLVED**, that the following non-exhaustive list of factors should be considered when assessing whether a filing was made in Bad Faith, but in no case should any of these factors be deemed a precondition for a finding of Bad Faith:

1. The applicant or registrant has been identified as a Bad Faith filer by a trademark office or in a judicial or administrative decision.
2. The applicant or registrant has had a prior relationship with the rightful trademark owner, including but not limited to, as a franchisee or distributor of the rightful owner's goods/services.
3. The applicant or registrant has attempted to sell, for a price greater than out-of-pocket expenses, an application or registration to the rightful owner of the mark.
4. The mark is identical or highly similar to a mark having a degree of reputation in the relevant jurisdiction. It shall not be necessary that the rightful owner has registered, filed or used the mark in the jurisdiction where the Bad Faith application has been filed, provided that the rightful owner can demonstrate its reputation in that jurisdiction.
5. The rightful trademark holder possesses related intellectual property rights in the mark in the relevant jurisdiction, including but not limited to designs, trade names, copyright and/or personal names.
6. There is other evidence indicating a similar pattern of behavior, such as but not limited to, domain name squatting/trafficking, copying of trade dress, trade name use or registration.
7. The application or registration establishes an indiscriminate coverage of all or most classes of the Nice Agreement Concerning the International Classification for Goods and Services for the Purposes of Registration of Marks (Nice Classification) which is obviously incompatible with the applicant or registrant's intent to use and/or honest interest in the trademark.
8. The applicant or registrant has made multiple filings of third-party marks or of other types of intellectual property belonging to multiple third parties.
9. The applicant or registrant has made multiple 'nuisance filings' as identified in INTA's 2015 [Board Resolution](#).

10. The applicant or registrant fails to produce evidence of genuine business activity or a bona fide intention to use the mark.

## BACKGROUND:

Bad Faith filings worldwide have increased significantly over the past years. Notorious cases such as the one individual who filed more than 2,500 trademark applications and registered over 5,300 domain names through the use of over 1,100 shell companies as of October 2017, have made headlines. But many jurisdictions faced with Bad Faith filings are ill-equipped to handle this abusive conduct effectively. Because Bad Faith filings cause immense damage to brand owners as well as consumers, INTA has made combatting bad faith a priority issue of its overall advocacy mission.

To develop measures to harmonize government policies and actions on this issue, the Bad Faith Task Force was established in 2018 as part of INTA's Enforcement Committee. During the 2018-19 committee term, the Task Force conducted a survey to identify common trends and effective strategies to combat Bad Faith registration around the world. The survey gathered responses from 90 different jurisdictions and, where possible, sought responses from at least two INTA members per jurisdiction to ensure the accuracy of the results. Survey questions focused on the definition of Bad Faith, identifying jurisdictions where Bad Faith filings are an issue, impediments to successful bad faith claims, and effective measures to deter Bad Faith filings. [The results are summarised in a Report that can be accessed [here](#).]

Most members who responded to the survey believe Bad Faith filings are a severe problem or at least an issue worthy of attention. But while the majority of jurisdictions recognize the concept of Bad Faith in the trademark registration process, some do not. Moreover, the survey revealed that, even where bad faith filing is recognized, there is tremendous variation between jurisdictions in what constitutes Bad Faith and how it is established. Some impediments to successful actions against Bad Faith filings are primarily procedural (e.g., notarization, translation of documents into national language). But substantive limitations that handicap the effective handling of Bad Faith filings also abound. Most jurisdictions do not consider Bad Faith at the examination phase. Rather, they place the burden of raising the issue on an opponent at the opposition phase and/or on a petitioner in proceedings to invalidate a registration. A disturbing trend to eliminate Bad Faith as a basis for claims even at the opposition stage has recently emerged. Further, some jurisdictions require a right holder to produce a significant amount of evidence of consumer confusion and/or proof that its mark has a reputation or is well known. Others have unduly restrictive standing requirements, such as a requirement that the petitioner has a pending application or registration for a similar mark.

The Task Force reviewed and analyzed all of the good, better and best practices identified across jurisdictions, and from them derived INTA's proposal set forth in the Resolution for the minimum acceptable standards that all jurisdictions should adopt to deal with Bad Faith filings.

The following section provides further guidance to assist with interpretation and application of the Resolution, but the examples and illustrations listed below are not intended to be exhaustive:

## A Minimum Acceptable Standards

### 1. Bad Faith as a ground for refusal at examination

Applications filed in Bad Faith should be subject to challenge on examination and the examiners should be given the power to reject where sufficient evidence of Bad Faith exists by whatever procedure the jurisdiction decides is appropriate. Where such evidence is prima facie, the application can be automatically rejected ex-officio. In addition, Offices may consider further mechanisms to facilitate consideration of Bad Faith at the examination stage, including tools or mechanisms such as accepting third-party observations to be filed against pending applications.

Addressing bad faith at the examination stage will significantly reduce the cost and damage to brand owners, conserve judicial and administrative resources, and serve as a deterrent to Bad Faith applicants.

## 2. Bad Faith as a ground for opposition or cancellation

Bad Faith should be an explicit and valid ground for bringing opposition and cancellation actions before the office and/or court.

Consideration should be given to introducing appropriate procedures that will allow for multiple proceedings which involve common questions of law or fact to be consolidated into a single action. These measures also allow for a more effective, immediate removal of bad faith applications that were not rejected during examination, without forcing the right holder to initiate lengthy and expensive judicial proceedings.

## 3. Burden of proof where prima facie evidence of Bad Faith exists

In prosecution and contentious proceedings where prima facie evidence of Bad Faith is established, such proceedings should provide for a shift in the evidential burden away from the opponent, instead requiring the applicant/registrant to demonstrate their bona fide adoption or use and/or an honest interest in the trademark or meet the legal burden of showing that there is no Bad Faith. Bad Faith will inevitably involve a subjective 'intent' element, and, in the absence of a discovery/disclosure process, there is an information disparity which will make it very difficult for an opponent to meet the legal burden. Conversely, it should be relatively easy for an applicant to prove an honest interest in the mark. A shifting of the burden is also likely to assist cost effective evidence preparation.

## 4. Maintaining records regarding Bad Faith filers

INTA supports the creation of public, searchable records to identify Bad Faith filers, which may be by publication of decisions, cooperation and communication between public registers, or even establishment of local or coordinated international registers of Bad Faith filers, all of which can be referenced by examiners or judges in assessing whether there is evidence of Bad Faith.

## 5. Punitive measures to be imposed in respect of Bad Faith activity

In contested registration proceedings, trademark offices and courts should be given the power to award attorneys' fees and levy fines in order to potentially deter repeat offenders from filing future applications. To maximize deterrence, these authorities should be provided the power to impose fines or other appropriate punitive sanctions in cases of prolific Bad Faith filers, trademark pirates, submitting fraudulent evidence, false Statutory Declarations of intention to use, repeated activity by the same trademark agent representing prolific Bad Faith applicants, etc.

## **B Evidence of Bad Faith**

Of primary importance in effecting the above is the need for mutually understood substantive and procedural evidentiary standards that will allow legitimate trademark owners and trademark offices to effectively evaluate trademark applications or registrations to determine whether particular practices were undertaken in Bad Faith. In some instances, it may be immediately evident that a particular application or registration was pursued in Bad Faith, while in other instances, a more thorough review will be needed. Jurisdictions should be prepared to undertake a holistic review of evidence and to shift the burden of proof to the applicant or registrant where prima facie evidence suggests Bad Faith practices. That holistic review should include consideration of all relevant factors, including but not limited to the factors enumerated in this Resolution.

To simplify and streamline procedures, jurisdictions should give consideration to easing the burdens faced by trademark owners seeking to defend their rights against Bad Faith activities, such as combining multiple proceedings involving the same parties, streamlining proceedings involving allegations of Bad Faith, removing requirements such as legalisation of evidence submitted to illustrate Bad Faith, and implementing other procedural mechanisms to make the proceedings more accessible.

Earlier domestic use, registration or application by the trademark owner should not be required to challenge Bad Faith registrations. However, in such cases evidence in respect of registration and use by the trademark owner outside of the jurisdiction and demonstrable reputation/well-known status acquired may be required to support an action based on Bad Faith. For purposes of analysing reputation/well-known status, jurisdictions are encouraged to develop regulations or guidance confirming that it may be appropriate to consider a trademark's reputation in all relevant jurisdictions, including not just the jurisdiction of the current application or registration, but other jurisdictions where the pre-existing trademark has been filed or used and has gained reputation. This is particularly important in today's "Internet age" where bad faith actors can easily identify brands of growing reputation long before those brands are widely known in the actors' domestic market.

A well-known mark may be established locally, internationally by virtue of Article 6bis or by reference to INTA's [Board Resolution guidance](#) which sets out evidence that may demonstrate the well-known status of a mark. Furthermore, jurisdictions should create regulations accepting informal evidence of, among other things, international use and reputation of the prior mark and recognition inside the Bad Faith territory.

#### 1. Prima Facie Evidence

Where prima facie evidence of bad faith exists, jurisdictions should have procedures in place to refuse the application or cancel the registration in an expeditious manner. Such procedures should include permitting examiners to accept evidence of Bad Faith and ex officio power to conduct their own investigations/research. If the evidence of Bad Faith is deemed sufficient, then the application/registration should be refused/cancelled without delay. At a minimum, where prima facie evidence of Bad Faith is present, the burden of proof should shift to the applicant/registrant to prove good faith or an absence of bad faith, without objection or delay.

In addition, where prima facie evidence of Bad Faith exists, jurisdictions should provide fast tracked/streamlined opposition and cancellation action procedures.

Jurisdictions are encouraged to establish local registers or similar records of information regarding prolific Bad Faith applicants/registrants to provide rights holders, examiners and courts with a resource for establishing prima facie evidence of Bad Faith, which will also deter Bad Faith activity.

#### 2. Probative/Indicative Evidence

As more particularized in this resolution, evidence probative or indicative of Bad Faith may include, among other things, evidence that: the applicant/registrant has been identified as a Bad Faith filer by a Trademark Office or in a judicial or administrative decision; the mark is identical or highly similar to a mark having a degree of reputation in the relevant jurisdiction; the applicant or registrant has engaged in domain name squatting/trafficking, copying of trade dress, and/or use or registration of confusing tradenames; the application or registration establishes an indiscriminate coverage of all or most Nice Classes obviously incompatible with the applicant's or registrant's intent to use and/or honest interest in the mark; the applicant or registrant has made multiple filings of third-party marks or of other types of intellectual property belonging to multiple third parties; and/or applicant or registrant has made multiple 'nuisance filings' as identified in INTA's 2015 [Board Resolution](#).

### CONCLUSION:

Despite that a number of countries worldwide have introduced measures to address the issue of Bad Faith filings, this illegal practice continues to be a global problem for rights holders. Advocating for the creation and adoption of consistent minimum acceptable standards for dealing with Bad Faith trademark applications and registrations across jurisdictions, developing a toolkit for trademark owners, providing training and support to local examiners and assisting in the development of local registers of prolific Bad Faith filers should continue to be a high priority for INTA in the coming years. Accordingly, the Enforcement Committee recommends that the Board adopt this Resolution and accompanying guidance.