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# The Monopoly case – EUTM re-filings and the concept of bad faith

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## ABSTRACT

*An European Union Trade Mark (EUTM) can be declared invalid if the applicant acted in bad faith when filing the trade mark application. The concept of 'bad faith' is not defined in the EUTM legislation, but the Court of Justice of the European Union (CJEU), has in several cases interpreted the meaning of bad faith and the concept is constantly evolving.*

*On 22 July 2019, the Second Board of Appeal at the European Union Intellectual Property Office (EUIPO) delivered a decision in which the EUTM 'MONOPOLY' was partially invalidated (case No. R 1849/2017-2). Most importantly, the Board stated that the applicant acted in bad faith when re-filing an already registered word mark, for goods and services covered by its earlier EU registrations.*


## BACKGROUND

The EUTM system is based on the 'first-to-file' principle, which means that a trade mark can only be registered if it is not precluded by an earlier trade mark. After registration the EUTM proprietor receives the exclusive rights to the trade mark. At the same time, there is no justification for protecting an EUTM not being put to genuine use (recital 24 of the preamble to the EUTMR) as that could obstruct competition by limiting the possibility for others to register trade marks, and denying competitors the possibility to use a similar or identical trade mark for goods and services identical or similar to those covered by the particular mark, on the internal market. The non-use of EUTM's could therefore obstruct the open market and the free movement of goods and services.

Consequently, an EUTM needs to be put to genuine use in the territory within a five-year grace period. After this period, the proprietor can, upon request by a third party, only withhold the exclusive right if actively showing genuine use of the relevant trade mark(s), following e.g. a request by the cancellation applicant in a revocation proceeding or the opponent in an opposition proceeding.

However, an EUTM can be declared invalid if the applicant acted in bad faith when filing the application for registration of the trade mark (Art. 59(1)(b) of the EUTM Regulation 2017/1001). The cancellation applicant has the burden of proof for showing that the registration applicant acted in bad faith. While undefined in legislation, the concept of bad faith is defined by practice as referring to the registration applicant's subjective motivation, namely a dishonest intention or ominous motive, resulting in conduct not in line with accepted principles of ethical behaviour or fair commercial practices.

The meaning of the concept bad faith has been assessed by the CJEU. The most noteworthy case is Chocoladenfabriken Lindt & Sprüngli (C-529/07), where the court established three factors which can be taken into consideration for assessment of bad faith, in each case:

(i) the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought,
(ii) the applicant's intention to prevent that third party from continuing to use such a sign, and
(iii) the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.

However, these factors only constitute examples as many other factors can also be taken into account when assessing if the applicant acted in bad faith when filing the application.

In the Pelikan case (T-136/11), the CJEU dealt with the issue of re-applications. The court stated that when a repeated application of a trade mark already registered has been filed by the EUTM proprietor in order to avoid the trade mark from being total or partial revoked due to non-use, this can be taken into account in order to determine if the proprietor acted in bad faith.

## FACTS OF THE 'MONOPOLY' CASE

The decision concerned the question of whether the registration of the word mark 'MONOPOLY' was conducted in bad faith regarding the goods and services already covered by earlier registrations of exactly the same word mark. Hasbro, the proprietor of the word mark 'MONOPOLY' registered the mark in 1996 for goods in classes 9, 25 and 28, in 2008 for services in class 41 and 2010 for goods in class 16. In 2015, Kreativni Dogadaji filed an application for declaration of invalidity of the word mark 'MONOPOLY', arguing that the EUTM was a repeated filing of the proprietor's earlier registrations for the trade mark. Through protecting the same trade mark for more than 14 years, the cancellation applicant stated that the EUTM proprietor had a dishonest intention when filing the application of the contested EUTM.

## DECISION BY THE CANCELLATION DIVISION

On 22 June 2017, the Cancellation Division rejected the request for a declaration of invalidity and stated that the contested EUTM and the earlier one's are identical but that the contested EUTM covered a wider range of goods and services in the relevant classes. It was considered a fairly common procedure for companies to apply for a large variety of goods and services when applying for an EUTM. The Cancellation Division also stated that protecting the same trade mark for more than 14 years is not an indication of improperly extension of the five-year grace period per se. However, the decision by the Cancellation Division was overruled by the Board of the EUIPO.

## DECISION BY THE BOARD OF APPEAL

The Second Board of Appeal stated that it is not acceptable for an EUTM proprietor to circumvent the genuine use criteria by disguising the re-filing of a trade mark through additional goods and services added to the application. The Board of Appeal referred to the witness statement by a representative of the EUTM proprietor held before the Board in the oral hearing. The representative stated that the EUTM proprietor re-files its already registered trade marks for a number of reasons but that the filings are not identical since the new applications includes goods and services not already registered.

In light of the foregoing, the Board of Appeal stated that this implied that the EUTM proprietor's intention was to take advantage of the EUTM legislation by artificially creating the situation where it did not have to prove genuine use of the already registered marks. It is not relevant whether the proprietor could prove genuine use since only the applicant's intention should be evaluated. Consequently, the EUTM proprietor acted in bad faith when filing the application of the contested EUTM. The Board of Appeal declared the contested EUTM invalid for the goods and services for which it had already been registered.

## CONCLUDING REMARKS

The concept of bad faith re-filings was derived from the Pelikan-case where it was established that an EUTM proprietor cannot file a re-application for the same goods and services that the trade mark is already registered for to avoid the genuine use criteria. In the present case, the Board of Appeal developed the concept of bad faith to be applicable also to re-filings of EUTM's when already registered goods and services are "hidden" by a broader scope of goods and services.

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