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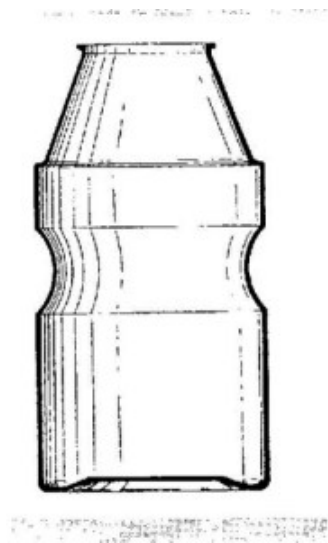
ECJ considers interpretation of concept of 'bad faith'
European Union - MAQS Law Firm

Examination/opposition
International procedures

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In *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker* (Case C-320/12, June 27 2013), the Court of Justice of the European Union (ECJ) has answered three questions referred by the Danish Supreme Court concerning the interpretation of the concept of 'bad faith'. An 18-year-old trademark application was finally allowed after the ECJ instructed the Danish Supreme Court that the Danish concept of 'bad faith' was too narrow.

On June 2 1995 Malaysia Dairy Industries Pte Ltd applied for registration in Denmark of the following three-dimensional trademark in Classes 29 and 30 of the [Nice Classification](#):



(Although the mark applied for was not published in the instant decision, *WTR* has chosen to publish this image taken from the original Danish application).

[Kabushiki Kaisha Yakult Honsha](#) lodged an opposition against the application, claiming that Malaysia Dairy had known, or should have known, of Yakult's registrations (dating back to 1965), in Japan and a number of other countries, including member states of the European Union, for a trademark representing a similar bottle.

Since 1977 Malaysia Dairy has produced and marketed a milk drink in the plastic bottle at issue. Following an application filed in 1980, Malaysia Dairy obtained the registration as a trademark of its plastic bottle in Malaysia, among other countries.

In 1993 Malaysia Dairy and Yakult entered into a settlement agreement which laid down their rights and mutual obligations concerning the use and registration of their respective bottles in a number of countries. In other words, the parties knew each other prior to Malaysia Dairy's filing of the Danish application in 1995.

The relevant provision of the [Danish Trademark Act](#), Section 15(3)(3), states as follows:

*"A trademark is also excluded from registration if... it is identical to, or differs only insubstantially from, a trademark which, at the time of the application, or as the case may be, the time of priority claimed in support of the application, has been brought into use abroad and is still used there for goods or services of the same or similar kind as those for which the later mark is sought to be registered, and at the time of the application the applicant **knew or should have known** of the foreign mark."*

This is based on Article 4(4)(g) of the [Trademarks Directive](#) (2008/95/EC), which states as follows:

*"Any member state may, in addition, provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that... (g) the trademark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was **acting in bad***

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faith."

Yakult's opposition failed, in that the Danish Patent and Trademark Office held, among other things, that since Malaysia Dairy had a mark registered in Malaysia, and had subsequently applied for the same mark in Denmark, its bad faith could not in the present case be demonstrated by the mere fact that, at the time it filed its application for registration, it knew of the foreign trademark of which Yakult is the proprietor.

Yakult appealed to the Danish Board of Patent and Trademark Appeals, which, in October 2006, reversed the decision of the Patent and Trademark Office, finding that Malaysia Dairy knew of the earlier Yakult registration in Japan. Malaysia Dairy further appealed to the SØ- og Handelsretten (Maritime and Commercial Court), which affirmed the decision of the board, stating, among other things, that it was not disputed that Malaysia Dairy **knew** of Yakult's earlier mark at the time it filed its application for registration in Denmark.

In November 2009 Malaysia Dairy appealed that judgment to the Danish Supreme Court.

The Supreme Court decided to stay the proceedings and refer the following questions to the ECJ for a preliminary ruling:

1. *"Is the concept of 'bad faith' in Article 4(4)(g) of Directive 2008/95... an expression of a legal standard which may be filled out in accordance with national law, or is it a concept of European Union law which must be given a uniform interpretation throughout the European Union?"*
2. *If the concept of bad faith in Article 4(4)(g) of Directive 2008/95 is a concept of European Union law, must the concept be understood as meaning that it may suffice that the applicant knew or should have known of the foreign mark at the time of filing the application, or is there a further requirement concerning the applicant's subjective position in order for registration to be denied?"*
3. *Can a member state choose to introduce a specific protection of foreign marks which, in relation to the requirement of bad faith, differs from Article 4(4)(g) of Directive 2008/95, for example by laying down a special requirement that the applicant knew or should have known of the foreign mark?"*

With regard to the first question, the ECJ replied that Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that the concept of 'bad faith', within the meaning of that provision, is an autonomous concept of European Union law which must be given a uniform interpretation in the European Union.

The answer to the second question was that Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that, in order to permit the conclusion that the applicant is acting in bad faith within the meaning of that provision, it is necessary to take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration. The fact that the applicant knows or should know that a third party is using a mark abroad at the time of filing its application, which is liable to be confused with the mark whose registration has been applied for, is not sufficient, in itself, to permit the conclusion that the applicant is acting in bad faith within the meaning of that provision.

With regard to the third question, the ECJ held that Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that it does not allow member states to introduce a system of specific protection of foreign marks which differs from the system established by that provision and which is based on the fact that the applicant knew or should have known of a foreign mark.

The application which is the subject matter of this case was over 18 years old. Besides showing how tenacious parties can be in using the several tiers of the appeal system, it shows how harmonisation truly works when the ECJ deems a trademark concept to be an autonomous concept of EU law. Hopefully the ECJ will soon do the same with other trademark concepts, such as likelihood of confusion and distinctiveness.

Peter Gustav Olson, MAQS Law Firm, Copenhagen

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