



General Court assesses bad faith in trademark revival dispute

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- Mr Jan Nehera's grandchildren applied for a declaration of invalidity of the mark NEHERA, alleging bad faith
- The Board of Appeal found that the applicant had acted in bad faith when filing the application for the contested mark
- The court disagreed, holding that it had not been established that the applicant intended to take unfair advantage of Mr Nehera's reputation

In [*Zdút v European Union Intellectual Property Office*](#) (EUIPO) (Case T-250/21), the General Court has annulled a decision of the Second Board of Appeal of the EUIPO finding that Mr Ladislav Zdút had acted in bad faith when filing the application for NEHERA.

Background

In 2013 Mr Ladislav Zdút applied for the registration of the EU trademark depicted below for goods in Classes 18, 24 and 25, including leather products and clothing.

Nehera

In the 1930s and 1940s, Nehera was a successful Czechoslovak fashion business, which referred to the surname of its founder, Mr Jan Nehera. To market its goods in Czechoslovakia and abroad, Mr Nehera used a trademark identical to the contested mark, which was registered in 1936 in Czechoslovakia, but lapsed in 1946 when the business was nationalised.

Mr Nehera's grandchildren filed an application for a declaration of invalidity of the contested mark in accordance with the provisions of Article 59(1)(b) of Regulation 2017/1001, alleging that the applicant was acting in bad faith when he filed the application for registration.

Although the Cancellation Division of the EUIPO dismissed the application on the grounds that bad faith had not been established, the Board of Appeal annulled the decision and declared the trademark to be invalid. The board considered that the applicant's intention was to take unfair advantage of the reputation of the earlier trademark and of its holder, and found that the applicant had acted in bad faith.

Decision

The applicant submitted a single plea in law: that the board had erred in holding that he acted in bad faith.

As a preliminary consideration, the court clarified that:

1. the concept of 'bad faith' presupposes the presence of a dishonest state of mind or intention;
2. any claim of bad faith must be subject to an overall assessment;
3. the relevant public for the purpose of assessing the existence of the reputation of a former sign or name and of the unfair advantage taken of that reputation is the public targeted by the contested mark; and
4. good faith is presumed until proven otherwise.

In its overall assessment, the court found as follows:

- On the date of filing of the application, the former sign and name were no longer registered or protected, nor were they used to market clothing, nor did they enjoy prestige among the relevant public. On that basis, the court held that the applicant's subsequent use of that mark was not, in principle, capable of constituting free-riding behaviour indicating bad faith.
- The applicant was aware of the past existence and reputation of Mr Nehera and its trademark. In that respect, the court stated that the mere fact that an applicant knows (or ought to know) that a third party has used an identical or similar trademark to the one applied for was not sufficient to establish the existence of bad faith on the part of that applicant.
- The concept of unfair advantage covers a situation in which a third party takes advantage of a formerly renowned sign or name in order to benefit from its power of attraction, reputation or prestige, and to exploit the commercial effort made by the proprietor or user of that sign or of that name. However, in this case, it was established that the applicant had restored the trademark's past reputation at his own expense.

Accordingly, the court concluded that the board had erred in finding that the applicant had acted in bad faith, and annulled the board's decision.

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