

## Die Seite der AIPPI / La page de l'AIPPI

### Bad faith trademarks

#### REPORT OF SWISS GROUP\*

##### I. Current law and practice

###### *Bad faith – prior third party use or filing*

**1. Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?**

Yes. The Swiss Trademark Act provides that trademark protection shall not be available to signs contrary to applicable law (art. 2 [d]). Art. 2 of the Swiss Unfair Competition Act provides that "[A]ny behaviour or business practice that is deceptive or that in any other way infringes the principle of good faith and which affects the relationship between competitors or between suppliers and customers shall be deemed unfair and unlawful". Depending on the case at hand, other provisions of the Swiss Unfair Competition Act may also be relevant.

In addition, art. 2 of the Swiss Civil Code states that "[E]very person must act in good faith in the exercise of his or her rights and in the performance of his or her obligations. The manifest abuse of a right is not protected by law". This general principle applies in all areas of Swiss law, including trademark law.

**2. Is the application or registration as described under question 1) above denoted as "bad faith"? If not, what is it called?**

Yes, it is called bad faith. It might also be called fraudulent or abusive.

**3. Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?**

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services
- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services
- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)
- the degree of legal protection enjoyed by Party B's sign and the sign used by Party A

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other

In order to assess the potential bad faith character of a trademark filing, Swiss courts will evaluate all the circumstances of a particular case (e.g. unpublished decision of the Swiss Supreme Court 4C.82/2007, “Gmail”, in: *Journal des Tribunaux* 2008, 396, and sic! 2008, 733).

In addition to the above factors, Party A’s lack of intent to use the trademark may be a relevant factor. A trademark that is registered in Switzerland by Party A without any intent to use it, but solely to prevent Party B’s registration or use of such trademark, may qualify as a bad faith trademark (unpublished decisions of the Swiss Supreme Court dated 23 February 2011, 4A\_429/2011/4A\_435/2011, “Yello / Yallo II”, in: sic! 2012, 457; published decision of the Swiss Supreme Court [“ATF”] 127 III 160, “Securitas (fig.)”, in: sic! 2001, 313).

Furthermore, Party A’s intention to “free-ride” on the reputation of Party B’s sign may be relevant in the assessment of bad faith (unpublished decision of the Swiss Supreme Court dated 10 July 2013, 4A\_100/2013, “Noir Mat”, in: sic! 2013, 718)<sup>1</sup>.

There was some debate amongst the Swiss Group as to the application of this principle in the context of bad faith trademarks, in particular regarding the issue as to whether the fact for Party A to file as a trademark a sign that Party B has used in another jurisdiction while (i) Party A knows that Party B has used that sign in another jurisdiction, (ii) Party A has a genuine intention to use the trademark in Switzerland, (iii) Party A has no intention to prevent Party B from using the sign in Switzerland, and (iv) Party B’s sign enjoys no reputation – or merely an average reputation in Switzerland, qualifies as bad faith or not. This situation has not been addressed by the Swiss Supreme Court yet.

It sounds logical that in order to find that Party A has the intention to “free-ride” on the reputation of Party B’ sign, the latter must assume a certain degree of knowledge amongst the relevant public (decision of the civil court of the canton Vaud, dated 4 December 2012, 140/2012/PBH, “Noir Mat”<sup>2</sup>; P. GILLIÉRON, *Les divers régimes de protection des signes distinctifs et leurs rapports avec le droit des marques*, Berne 2000, 335–337<sup>3</sup>; see also report of the Swiss Group regarding Q245 AIPPI “Taking unfair advantage of trademarks; parasitism and free riding” (2015), question 4<sup>4</sup>). The Swiss Group could not agree on assessing the degree of reputation that Party B’s sign must reach in this context, but is of the view that Party A’s intention to “free-ride” on the reputation of Party B’s sign may be found even if Party B’s sign is not well-known in the sense of art. 6<sup>bis</sup> of the Paris Convention.

A similar reasoning goes for a sign that has been used in Switzerland in the past and still enjoys a “residual” reputation, such as in the “Simca” case addressed by the European Court of Justice (judgment of the General Court dated 8 May 2014, T-327/12). There is no federal case law regarding this specific topic in Switzerland. However, it is of note that the former Swiss Trademark Act, in force until 1993, provided that a trademark which had lapsed could be refiled by a third party after the expiration of a period of 5 years (art. 10 of the former Swiss Trademark Act)<sup>5</sup>. Such principle, which aimed *inter alia* at preventing a third party from benefiting from the reputation of an abandoned trademark (L. DAVID, *Kommentar zum Schweizerischen Markenschutzgesetz*, 1974, MSchG 10 N 1)<sup>6</sup>, is no longer mentioned in the Swiss Trademark Act currently in force and it is unclear whether Swiss courts would take it into consideration when applying the contemporary law.

<sup>1</sup> «C’est [...] sans sombrer dans l’arbitraire que la cour cantonale a retenu qu’au moment de déposer ses signes distinctifs, la recourante avait l’intention de profiter de la réputation de l’intimé [...] [I]l n’est [...] pas douteux qu’une telle intention doit être qualifiée de déloyale [...]»

<sup>2</sup> «[...] l’enregistrement d’un signe distinctif peut également s’avérer frauduleux [...] lorsque celui qui y procède le fait tout en connaissant l’utilisation antérieure du signe par un concurrent et dans le but [...] d’en tirer profit, ce qui suppose souvent que le signe en question jouisse d’une certaine renommée.»

<sup>3</sup> «La simple connaissance ne suffit cependant pas : pour que le comportement du déposant soit jugé déloyal, ce dernier doit poursuivre un but contraire à la bonne foi; tel est le cas si le dépôt est effectué dans le seul but de l’opposer au premier utilisateur et d’en tirer profit, ce qui suppose le plus souvent de la part de ce signe une certaine renommée (Besitzstand).»

<sup>4</sup> «Under unfair competition law the fact of exploitation of reputation or dishonest link or association presupposes first that there is a good reputation of a competitor or of one of his products that could be exploited.»

<sup>5</sup> «Une marque radiée du registre ensuite du non-renouvellement du dépôt ou de la renonciation du propriétaire ne peut être valablement déposée par un tiers, pour les mêmes produits ou marchandises, qu’après l’expiration de cinq ans à partir de la radiation.»

<sup>6</sup> «Damit wird bezweckt, den unbefugten Dritten zu hindern, den Ruf einer aufgegebenen Marke und den im Publikum noch vorhandenen Glauben, es handle sich um das Kennzeichen des früheren Inhabers, auszubeuten.»

It is likewise uncertain under Swiss law whether it pertains to Party B, alleging that Party A filed a trademark in bad faith, to show that it (Party B) holds a market position which is worth of protection (a "schutzwürdige Marktposition"). Such a condition must be met in disputes regarding the risk of confusion between two distinctive signs (ATF 125 III 193, "Budweiser")<sup>7</sup> and is put forward by certain authors in the case of an alleged risk of confusion between a trademark that has not been used during a long period of time and a more recent sign; these authors opine that in such a case, by analogy with the consequences of non-use set out in the Swiss Trademark Act and in application of the general principles of good faith, Party B's market position should not be considered as worth of protection (BIRKHÄUSER / SPITZ, UWG, 2010, 338)<sup>8</sup>. Such a reasoning approximates the one held by the German Supreme Court in another "Simca" decision dated 2011, where a party was the owner of the "Simca" trademark but had not used it for decades. Said party claimed that the filing by a third party of the same mark had been made in bad faith. The German Supreme Court upheld the lower court's view that the complainant lacked a legitimate position ("ein schutzwürdiger Besitzstand")<sup>9</sup> to raise such a claim (decision of the Bundesgerichtshof dated 27 October 2011, I ZB 23/11, para 15).

**4. Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.**

No, as a rule, none of the above factors is sufficient on its own.

The Swiss Federal Court has repeatedly stated that all circumstances of a particular case have to be taken into account when assessing whether or not a trademark application or registration may be challenged on the basis that its owner acted in bad faith (see, amongst others, unpublished decisions by the Swiss Supreme Court dated 10 December 2009, 4A\_242/2009, "Coolwater", in: sic! 2010, 353 and abovementioned "Gmail" decision)<sup>10</sup>.

In particular, Party A's knowledge of the previous use by Party B of a sign capable of being confused is not sufficient, *per se*, to find Party A's bad faith (GILLIÉRON, 335–337<sup>11</sup>; I. CHERPILLOD, *Le droit suisse des marques*, Lausanne 2007, 139<sup>12</sup>).

However, if it can be proven that an application for a trademark was filed by Party A with the sole intention to prevent Party B from continuing to use the earlier sign or to only allow such continued use under certain conditions, and that Party A has no intention to use that trademark on its own, such circumstances (factors) may, on their own, be sufficient to support a finding that the application was made in bad faith.

**5. Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?**

- whether Party A operates in the same or a similar field of business as Party B
- whether the earlier sign is well known or enjoys a reputation

<sup>7</sup> «[...] [N]ach dieser Vorschrift handelt unlauter, wer Massnahmen trifft, die geeignet sind, Verwechslungen mit den Waren, Werken, Leistungen oder dem Geschäftsbetrieb eines andern herbeizuführen [...] Dieser Schutz gegen Ausnutzung setzt jedoch grundsätzlich voraus, dass überhaupt eine schutzwürdige Marktposition gegeben ist.»

<sup>8</sup> «[...] Eine schutzwürdige Marktposition dürfte auch dann fehlen, wenn ein Ansprecher eine Verwechslungsgefahr mit Bezug auf (nicht registrierte) Kennzeichen bzw. Ausstattungen geltend macht, die in der Schweiz von ihm (noch) gar nicht oder während längerer Zeit nicht mehr benutzt wurden. Während im ersteren Fall schon die Gebrauchspriorität fehlen dürfte, liegt im letzteren Fall eine Analogie zum Markenrecht (Nichtgebrauch gemäss Art. 12 MSchG) nahe. Gleichzeitig ergibt sich diese Lösung einerseits aus dem Gebot von Treu und Glauben (Art. 2 ZGB) und andererseits – auf der prozessrechtlichen Ebene – aus dem Erfordernis eines Rechtsschutzinteresses [...].»

<sup>9</sup> «Auf die Bekanntheit des Zeichens «SIMCA» als Marke der Antragstellerin brauchte das Bundespatentgericht aus seiner Sicht nicht gesondert einzugehen, weil es einen schutzwürdigen Besitzstand der Antragstellerin wegen mangelnder Benutzung ihrer Marken über einen längeren Zeitraum verneint hatte [...].»

<sup>10</sup> «Ob eine solche rechtsmissbräuchliche Hinterlegung einer Marke vorliegt, hat das Gericht in einer Gesamtwürdigung aller Umstände zu beurteilen.»

<sup>11</sup> «La simple connaissance ne suffit cependant pas: pour que le comportement du déposant soit jugé déloyal, ce dernier doit poursuivre un but contraire à la bonne foi; tel est le cas si le dépôt est effectué dans le seul but de l'opposer au premier utilisateur et d'en tirer profit [...].»

<sup>12</sup> «[...] Le juge devrait admettre l'existence d'un [dépôt frauduleux] lorsqu'il est établi (i) que le déposant savait lors du dépôt que la marque était déjà utilisée par un tiers [...] et (ii) que le déposant n'utilise pas le signe et ne peut justifier d'un projet d'utilisation véritable [...].»

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)
- other

Swiss case law and doctrine are scarce regarding the relevant factors for establishing whether Party A was aware (actual knowledge) or should have been aware (constructive knowledge) of Party B's prior use of an identical or similar sign abroad for identical or similar goods or services.

Given that Swiss courts form their opinion on the basis of their free assessment of the evidence (art. 157 of the Swiss Civil Procedure Code), any of the above mentioned factors as well as any other circumstances may be relevant in the context of this Question N5, such as: (i) the degree of inherent distinctiveness of the litigious sign, insofar as the more the sign is inherently distinctive the less likely Party A's choice of an identical or similar sign may be a mere coincidence; (ii) Party A's behaviour taken overall, e.g. whether Party A has filed, in addition to the litigious trademark, other trademarks identical or similar to prior marks owned by Party B, or whether Party A has registered domain names identical or similar to prior marks owned by Party B; (iii) Party A's explanations, if any, regarding the reasons why he chose the litigious sign. In the event that Party A does not provide any explanations, Swiss courts may take this into consideration when appraising the evidence (art. 164 of the Swiss Civil Procedure Code); (iv) whether Parties A and B are active in the same limited geographical area where the earlier sign of Party B, while not necessarily being well known or enjoying a reputation, has a rather strong presence so that it appears rather unlikely that it may have gone unnoticed by Party A.

**6. Is the degree of similarity between the signs relevant? Please explain why in either case.**

Yes, it is.

The degree of similarity between the conflicting signs is relevant in all cases, i.e. irrespective whether the action against the application or registration for a trademark by Party A is based on an allegedly prior right of Party B in a trade mark, in a company name, in a trade name or in a domain name. The degree of similarity between the conflicting signs has to be such that a relevant likelihood of confusion may be created.

Absent such a sufficient degree of similarity between the conflicting signs a relevant likelihood of erroneous association between the parties involved, or of erroneous attribution of Party A's sign to Party B cannot exist (cf. also the abovementioned "Coolwater" decision, Question N 4).

**7. Is the degree of similarity between the goods/services relevant? Please explain why in either case.**

The degree of similarity between the goods/services is relevant in all cases, i.e. irrespective whether the action against the application or registration for a trademark by Party A is judged in view of an allegedly prior right of Party B in a trade mark, in a company name, in a trade name or in a domain name. However, unlike in "classical" conflicts between trademarks, in the presence of bad faith registrations / applications the principle of speciality ensuing from the trademark law is not always applicable. This already derives from the fact that there exist not only conflicts between trademarks, but also possible conflicts between prior company names or trade names or domain names on the one side, and trademarks filed in bad faith on the other side. Company names and trade names enjoy a broader scope of protection than trademarks: their protection is not limited to specific goods or services but covers at least the whole activity of the respective enterprise. The degree of similarity between the goods/services can thus not always find its borderline in the application of the principle of speciality in the sense of the trademark law. However, the goods /services must at least to some degree be related. Therefore, e.g. a trademark "Coolwater" for cosmetics in class 3 may be a bad faith application if there already exists e.g. a prior trade name "Coolwater" in the fashion industry, because the relationship between cosmetics and the fashion industry would be close enough (the goods belong to adjacent markets and are closely related) for the creation of a likelihood of wrong association.

*Repeat filings*

**8. Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?**

First of all, such a filing cannot be refused *ex officio* by the Swiss Institute of Intellectual Property (I. CHERPILLOD, in: sic! 2000, 359, 360)<sup>13</sup> and cannot be cancelled in the frame of trademark opposition proceedings either (decision of the Federal Administrative Court dated 7 December 2009, B-4151/2009, "Golay / Golay Spierer"<sup>14</sup>; see also the Trademark Guidelines issued by the Federal Institute of Intellectual Property, January 2017, 204<sup>15</sup>).

However, the cancellation of such a filing can be requested in the frame of civil proceedings, and the Swiss Institute of Intellectual Property will cancel the filing on the basis of a final civil court decision (art. 35 let. c of the Swiss Trademark Act). Further, in an infringement action, the defendant is entitled to raise the objection that the action is based on a registration resulting from a repeat filing, which is therefore invalid.

The conditions to be met in order to cancel a repeat filing as being made in bad faith are discussed below, Question N 10.

**9. Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?**

Yes, it is.

**10. Which of the following factors are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled?**

- the degree of overlap between the goods / services
- whether or not the signs are identical
- if the signs are different, the degree of difference
- absence or presence of intent to use
- other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements)
- the number of goods/services
- other

Please explain how each of the factors selected above influence the assessment.

As stated by the Swiss Group in the frame of a previous AIPPI Question (Q218), a trademark owner is allowed to re-register a trademark which has not been used (see also E. MEIER, L'obligation d'usage en droit des marques, Bâle 2005, 127)<sup>16</sup>. However, such trademarks are usually considered null and void if there was and is no relevant intention of use at all, i.e. that the mark was and is filed for mere defensive purposes (see the "Securitas" and "Gmail" decisions, *supra* Questions N 3 and N 4; see also C. GASSER, Markenschutzgesetz (MSchG), Bern 2009, MSchG 5 N 41 ff.).

<sup>13</sup> «Ces difficultés d'identifier une marque défensive ont légitimement conduit l'IPI à accepter l'enregistrement même simultané de marques très semblables par le même déposant, et à considérer qu'il incombe le cas échéant au juge de prononcer la nullité de telles marques [...]»

<sup>14</sup> «Selon la doctrine et la jurisprudence, la cognitio en matière d'opposition est en substance limitée aux motifs relatifs d'exclusion prévus à l'art. 3 al. 1 LPM [...]. Il en résulte que le titulaire de la marque attaquée [...] ne peut pas faire valoir que l'opposant [...] fonde son opposition sur une marque défensive, cette question relevant exclusivement de la compétence du juge civil dès lors qu'il s'agit d'un motif absolu d'exclusion [...]»

<sup>15</sup> «L'interdiction de l'abus de droit, qui est une facette du principe de la bonne foi, est un principe qui s'applique à l'ensemble de l'ordre juridique. Il n'est cependant pas possible en procédure d'opposition d'invoquer l'abus de droit que constituerait l'enregistrement d'une marque dite défensive.»

<sup>16</sup> «Le titulaire est libre de faire enregistrer plusieurs fois sa marque. Chaque enregistrement fait courir un nouveau délai de carence [...] pour autant qu'il existe une volonté sérieuse du titulaire de faire usage de la marque. A défaut d'une telle volonté, l'enregistrement est nul. Admettre le contraire ouvrirait la porte aux abus et permettrait de contourner aisément l'obligation d'usage.»

The mere fact that a party owns several identical trademarks with overlapping goods does not automatically lead to the conclusion that said trademarks are null and void. The Federal Administrative Court held that an efficient licencing can justify such registrations (decision of the Federal Administrative Court dated 26 August 2008, B-3553/2007, "Swiss Army"). Further, a trademark owner can have a genuine interest to slightly adjust the wording of its specifications or to file further trademarks, which are part of a series of trademarks.

Typical constellations where the defensive intention is obvious are, among other elements, when a filing claims goods or services which are incompatible with the applicant's activity or if a "cascade" of new filings are made shortly before the end of the 5-year grace period (see the "Yello / Yallo II" decisions, *supra*, Question N 3)<sup>17</sup>.

One has to show restraint before finding that a repeat filing is made with no intention of use. Indeed, business plans often require a significant development period, and financial or technical obstacles may postpone the launch of a product or service (A.-V. LA SPADA-GAIDE, CR-PI, Bâle 2013, LPM 5 N 27–28)<sup>18</sup>.

**11. Are the answers to questions 8)–10) above different if the previous trademark is no longer in force? Please explain.**

If "no longer in force" means that the previous trademark has not been seriously used and is therefore vulnerable to a cancellation action, the answer is in the positive. Indeed, as previously mentioned, the existence of a "cascade" of new filings made shortly before the end of the 5-year grace period is a relevant factor in the assessment of bad faith. On the other hand, we are not aware of any cases where Swiss courts have found that there was bad faith repeat filing after the end of such 5-year grace period or even after a registration has lapsed.

*Defensive marks*

**12. Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?**

No, it is not.

This being said, it is sufficient that the applicant has the intention to use the trademark within the 5-year grace period, and not necessarily from the date of filing (I. CHERPILLOD, *Le droit suisse des marques*, Lausanne 2007, 187)<sup>19</sup>. In addition, filing a trademark with the intention to have it exclusively used by third parties (licensees) is not considered as bad faith (CHERPILLOD, 187)<sup>20</sup>.

Any third party is entitled to invoke the fact that a trademark was filed for mere defensive purposes, and bears the burden to prove it. Given the subjective and negative nature of such fact, the owner of the contested trademark must contribute to clarify its genuine intentions (MEIER, 126)<sup>21</sup>.

Filings made in relation with a broad list of goods or services do not necessarily amount to defensive trademarks; however, the fact that a filing claims goods or services which are incompatible with the

<sup>17</sup> «Typische Konstellationen, bei denen die defensive Absicht auf der Hand liegt, sind unter anderem, wenn ein Zeichen für marketingmässig inkompatible Waren und Dienstleistungen beansprucht wird oder wenn kaskadenhafte Neuansmeldungen kurz vor Ablauf der Gebrauchsschonfrist erfolgen [...]»

<sup>18</sup> «[...] Il convient cependant [...] de faire preuve de retenue avant de déclarer qu'une marque de répétition est abusive. En effet, certains projets commerciaux nécessitent un temps de développement important, et des obstacles techniques ou financiers peuvent retarder la mise sur le marché d'un produit ou d'une prestation [...]»

<sup>19</sup> «[...] les marques que l'on enregistre avec l'intention de les utiliser plus tard sont admissibles, pourvu que l'usage commence dans les cinq ans qui suivent l'échéance du délai d'opposition [...]»

<sup>20</sup> «Les marques déposées [...] seulement afin de concéder des licences sont [...] admissibles.»

<sup>21</sup> «Tout intéressé peut invoquer la nullité de l'enregistrement, même avant l'échéance du délai de carence. Il lui appartient de prouver que le titulaire n'a pas la volonté de faire usage de la marque. S'agissant de la preuve d'un fait négatif [...] la partie adverse est tenue de contribuer à éclaircir la situation de fait [...]»

applicant's activity may be an indication of the applicant's lack of intention to use the trademark (see the "Yello / Yallo II" abovementioned decisions, Question N 3<sup>22</sup>; GASSER, MSchG 5 N 39<sup>23</sup>).

The trademark owner's lack of intention of use can be invoked by third parties at any time, including before the grace period has expired (MEIER, 126)<sup>24</sup>. Put differently, the 5-year grace period does not prevent the parties from relying on all circumstances which can be regarded as an abuse of right, i.e. as a bad faith trademark application since bad faith is a distinct ground of cancellation from the one based on non-use (see "Yello / Yallo II" abovementioned decisions, Question N 10)<sup>25</sup>.

**13. Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?**

Yes, it is also denoted as bad faith.

*Other*

**14. Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith under your Group's current law? If so, what conduct and how is it denoted, i.e. as "bad faith" or something else?**

Yes.

The existence of a past commercial relationship between Party A and Party B may be relevant for finding that a trademark application was made in bad faith. The Swiss Supreme Court held in 2004 that it was unfair for a party to, after the end of their collaboration and only two days after receiving a cease and desist letter from a former trading partner, file as a trademark a sign (or a slogan in this particular case) that said trading partner had already been using for many years, thus creating a risk of confusion between the two undertakings (unpublished decision of the Swiss Supreme Court 4C.431/2004, "C'est bon la vie", in: sic! 2005, 463)<sup>26</sup>.

Also, the Swiss Group believes that bad faith should be considered in cases where a trademark contains a geographical indication of source and the trademark applicant accepts – without intention to comply with it – a disclaimer (e.g. a trademark covering goods "originating from Switzerland") in order to avoid being considered as misleading (art. 2 let. c Trademark Act).

*Type of proceedings*

**15. In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?**

See above, Question N 8.

- ex officio* by the trademark/IP office
- opposition proceedings (before the trademark/IP office)
- a cancellation action (before the trademark/IP office)

<sup>22</sup> «Dabei ist der Beklagten Recht zu geben, dass allein die Anmeldung eines breit gefassten Waren- und Dienstleistungsverzeichnis nicht zwingend auf eine Defensivmarke schliessen lässt [...] Die Vorinstanz hat indessen nicht einzig aus dem Umstand, dass die Beklagte das Zeichen 'Yello' für Waren und Dienstleistungen registrieren liess, die sich als marketingmässig völlig inkompatibel mit ihrer Kerntätigkeit [...]»

<sup>23</sup> «Allein lässt die Anmeldung eines breit gefassten Waren und Dienstleistungsverzeichnis nicht zwingend auf eine Defensivmarke schliessen. [...] Andererseits legt marketingmässige Unvereinbarkeit der beanspruchten Waren und Dienstleistungen den Schluss auf ein Defensivvorhaben nahe.»

<sup>24</sup> «Tout intéressé peut invoquer la nullité de l'enregistrement, même avant l'échéance du délai de carence.»

<sup>25</sup> «Die Unzulässigkeit derartiger Defensivmarken stellt neben der Nichtaufnahme des Gebrauchs (Art. 12 Abs. 1 MSchG) einen eigenständigen Tatbestand für den Verlust des Markenrechts dar, und der jeweilige Inhaber der Defensivmarke kann sich nicht auf die Benutzungsschonfrist berufen, andernfalls sich die Frage der Nichtigkeit von Defensivmarken erübrigen würde [...]»

<sup>26</sup> «Deux jours seulement après avoir reçu la mise en demeure de la demanderesse, la défenderesse a fait enregistrer comme marque pour un grand nombre de marchandises [...] le slogan utilisé de longue date par la demanderesse en l'accolant à sa propre marque de haute renommée. [...] Agit de façon déloyale celui qui, après la fin de leur collaboration, fait enregistrer comme marque le signe utilisé en premier lieu par son partenaire commercial et continue à l'utiliser, créant ainsi un risque de confusion entre les deux entreprises.»

- court proceedings concerning a bad faith application
- court proceedings concerning a bad faith registration
- it differs per ground
- other

In case of criminal proceedings regarding trademark infringement the accused should be in a position to defend its case on the basis that he is accused of infringement of a bad faith application. However, we are not aware of any corresponding case law.

## II. Policy considerations and proposals for improvements of your current law

### 16. Could any of the following aspects of your Group's current law be improved?

a) *The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark*

- Yes
- No

b) *The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under Question 8) above*

- Yes

In addition to the case law set out above in Questions N 8 and 10 regarding the refusal or cancellation of repeat filings it would be desirable to gain more clarity about the interplay between the obligation to use a trademark (art. 12 of the Swiss Trademark Act), the grace period and the possibility of refiling the same mark without prior use of it.

- No

c) *The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.*

- Yes
- No

d) *The possibility of taking action against other conduct as described in your response to question 14) above.*

- Yes
- No

### 17. Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

No. In particular, the Swiss group is of the view that the concept of bad faith needs not be introduced into the Trademark Act; its legal basis may remain in the Unfair Competition Act (art. 2 Unfair Competition Act) and/or the Civil Code (art. 2 Civil Code).

### III. Proposals for harmonisation

#### 18. Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

No. Whether there is bad faith is mainly based on soft factors that depend on each culture and legal system. Accordingly, harmonisation does not appear feasible.

*If yes, please respond to the following questions without regard to your Group's current law.*

*Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.*

#### 19. Does your Group consider there should be a harmonised definition of bad faith?

*Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.*

- No; identifying circumstances that can be relevant in assessing whether the types of conduct identified above under question 16) are allowed can be helpful, but a definition as such does not allow sufficient flexibility
- No
- Yes; such would increase the level of legal certainty
- Yes

*Bad faith – third party use or filing*

#### 20. Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?

Yes.

#### 21. Which of the following should be relevant factors for proving an application or registration as described under question 20)?

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services
- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services
- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services
- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)
- the degree of legal protection enjoyed by Party B's sign and the sign used by party A
- other

In determining whether a trademark was registered in bad faith, an assessment of all the circumstances is required. Therefore, there should not be an exhaustive list of factors to be considered.

**22. Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?**

If it is the sole intention of Party A to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (i.e. Party A has no intention to use the mark for which it has applied on its own) such factor should in itself be sufficient to prove that Party A's application was made in bad faith.

Otherwise, none of the above-mentioned factors should, on its own, be sufficient to prove that an application was made in bad faith nor should its presence be required in order to find bad faith. Instead, the finding of bad faith underlying an application should rest on an assessment of all circumstances (factors) present in a particular case.

**23. Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?**

- whether Party A operates in the same or a similar field of business as Party B
- whether the earlier sign is well known or enjoys a reputation
- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)
- other

The Swiss Group is of the opinion that any other circumstances allowing to draw conclusions on the actual knowledge of Party A should be relevant in this context, such as: (i) the degree of inherent distinctiveness of the litigious sign, insofar as the more the sign is inherently distinctive the less likely Party A's choice of an identical or similar sign may be a mere coincidence; (ii) Party A's behaviour taken overall, e.g. whether Party A has filed, in addition to the litigious trademarks, other trademarks identical or similar to prior marks owned by Party B, or whether Party A has registered domain names identical or similar to prior marks owned by Party B; (iii) Party A's explanations, if any, regarding the reasons why he chose the litigious sign; (iv) whether Parties A and B are active in the same limited geographical area where the earlier sign of Party B, has a rather strong presence so that it appears unlikely that it may have gone unnoticed by Party A.

**24. Should the degree of similarity between the signs be relevant? Please explain why or why not.**

Yes, the degree of similarity between the conflicting signs should be relevant: the degree of similarity must be such that a likelihood of confusion may be created (see also above, Question N 6).

**25. Should the degree of similarity between the goods/services be relevant? Please explain why or why not.**

Yes, the degree of similarity between the goods/services should be relevant. However, whilst in a "classical" conflict between trademarks a stricter level of similarity is justified (similarity in the sense of the trademark law), the same level of similarity is not necessarily justified in the presence of a bad faith application/registration (this can already be derived from the fact that there also exist possible conflicts between a trademark on the one hand, and a company name or trade name on the other hand, and the latter signs enjoy a broader scope of protection than trademarks). It suffices in such cases that the goods/services are of adjacent markets and closely related (see also above, Question N 7).

*Repeat filings*

**26. Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?**

Yes.

**27. Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?**

- the degree of overlap between the goods/services
- whether or not the signs are identical
- if the signs are different, the degree of difference
- absence or presence of intent to use
- other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements)
- number of goods/services
- other

Please explain how each of the factors selected above should influence the assessment.

The closer the goods/services of the junior trademark are to those of the senior trademark the more likely the junior trademark is filed in bad faith. Likewise, in case of identical signs it is more likely that a junior filing for identical or similar goods/services is tainted with bad faith. A high degree of difference between the signs speaks against a bad faith application. By contrast, the absence of an intention to use clearly suggests a bad faith application. The filing of an updated version of a trademark to meet evolving market requirements speaks against the existence of bad faith (but not necessarily always).

**28. Should the answers to questions 26)–27) above be different if the previous trademark is no longer in force? If so, how?**

If “no longer in force” means that the previous trademark has not been seriously used and is therefore vulnerable to a cancellation action, the answer should be in the positive.

*Defensive marks*

**29. Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.**

It should not be permissible to file a trademark if the owner does not have any intent to use that trademark. The trademark owner’s intent to start using a trademark within a certain grace period, or the trademark owner’s intent to have the trademark used through licensees should nevertheless be sufficient to avoid a finding of bad faith.

*Other*

**30. Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith? If yes, please explain.**

Yes.

By way of an example (also see Question N 14 above), bad faith should be considered in cases where a trademark contains a geographical indication of source and the trademark applicant accepts – without any intention to comply with it – a disclaimer (e.g. a trademark covering goods “originating from Switzerland”) in order to avoid being considered as misleading (art. 2 let. c Trademark Act).

*Type of proceedings*

**31. In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, insofar as they should be grounds for action in your view?**

- ex officio* by the trademark/IP office
- opposition proceedings (before the trademark/IP office)

- a cancellation action (before the trademark/IP office)
- court proceedings concerning a bad faith applicatio
- court proceedings concerning a bad faith registration
- it differs per ground
- other

As a defence in an infringement action or in criminal proceedings.

*Other*

**32. Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.**

N/A

### Summary

*Swiss Tribunals have not often had to deal with bad faith trademarks and practitioners mainly have to rely on the “Securitas”, “C’est bon la vie”, “Gmail”, “Coolwater” and “Yello / Yallo” decisions issued by the Swiss Supreme Court. German, French, British and community law jurisprudence is more comprehensive and can serve as a source of inspiration for certain pending questions, it being understood however, that the notion of “bad faith” seems to be difficult to harmonise at an international level.*

### Zusammenfassung

*Die schweizerischen Gerichte mussten sich noch nicht häufig mit der Frage der bösgläubigen Einreichung der Markenregistrierung beschäftigen, und der Praktiker ist im Wesentlichen auf die Urteile «Securitas», «C’est bon la vie», «Gmail», «Coolwater» und «Yello / Yallo» vom Bundesgericht beschränkt. Die deutsche, französische und englische Jurisprudenz sowie diejenige der EU ist viel umfangreicher und kann als Inspirationsquelle für bestimmte offene Fragen dienen. Dabei sei jedoch darauf hingewiesen, dass der Begriff des «bösen Glaubens» auf internationaler Ebene schwierig zu harmonisieren sein dürfte.*

### Résumé

*Les Tribunaux helvétiques n’ont pas encore eu à se pencher à de nombreuses reprises sur la problématique du dépôt de marques de mauvaise foi et le praticien se trouve réduit à se référer, essentiellement, aux arrêts «Securitas», «C’est bon la vie», «Gmail», «Coolwater» et «Yello / Yallo» rendus par le Tribunal fédéral. La jurisprudence allemande, française, anglaise et communautaire est bien plus fournie et peut servir de source d’inspiration à l’égard de certaines questions ouvertes, étant toutefois précisé que la notion de «mauvaise foi» apparaît difficilement harmonisable sur le plan international.*