**Court of Justice EU, 27 June 2013, Malaysia v Dairy**


**TRADEMARK LAW**

**"Bad faith" an autonomous concept of European law which must be given uniform interpretation. Irrelevant that the concept is optional**

- **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.**

**No room for specific, deviating domestic systems of protection based on knowledge of foreign mark**

- **Consequently, the answer to the third question is 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.**

**Knowledge of third party's foreign use of mark which is liable to be confused insufficient to determine bad faith**

- **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 his 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.**

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**Court of Justice EU, 27 June 2013**

(T. von Danwitz, President of the Chamber, A. Rosas, E. Juhász, D. Šváby and C. Vajda (Rapporteur), Judges)

JUDGMENT OF THE COURT (Fifth Chamber)

27 June 2013 (*)

*"Approximation of laws – Directive 2008/95/EC – Article 4(4)(g) – Trade marks – Conditions for obtaining and continuing to hold a trade mark – Refusal of registration or invalidation – Concept of 'bad faith' of the applicant – Whether the applicant knows of the existence of a foreign mark"*

In Case C-320/12,

REQUEST for a preliminary ruling under Article 267 TFEU from the Højesteret (Denmark), made by decision of 29 June 2012, received at the Court on 2 July 2012, in the proceedings

Malaysia Dairy Industries Pte. Ltd

v

Ankenævnet for Patenter og Varemærker,

THE COURT (Fifth Chamber),

composed of T. von Danwitz, President of the Chamber, A. Rosas, E. Juhász, D. Šváby and C. Vajda (Rapporteur), Judges,

Advocate General: M. Wathelet,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after considering the observations submitted on behalf of:

– Malaysia Dairy Industries Pte. Ltd, by J. Glæsel, advokat,

– Kabushiki Kaisha Yakult Honsha, by C. L. Bardenfleth, advokat,

– the Danish Government, by V. Pasternak Jørgensen, acting as Agent, and R. Holdgaard, advokat,

– the Italian Government, by G. Palmieri, acting as Agent, and G. Palatiello, avvocato dello Stato,

– the European Commission, by H. Støvlbæk and F. Bulst, acting as Agents,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

**Judgment**

1 This reference for a preliminary ruling concerns the interpretation of the concept of 'bad faith' within the meaning of Article 4(4)(g) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25).

2 The reference has been made in proceedings between Malaysia Dairy Industries Pte. Ltd ('Malaysia Dairy') and the Ankenævnet for Patenter og Varemærker (Patents and Trade Marks Appeal Board; 'the Appeal Board'), concerning the legality of a decision delivered by the Appeal Board to cancel the registration of a plastic bottle as a trade mark, on the ground that Malaysia Dairy knew of the foreign trade mark of Kabushiki Kaisha Yakult Honsha ('Yakult') at the time that it filed its application for registration.

**Legal context**

**European Union law**

3 First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) was repealed and codified by Directive 2008/95, which entered into force on 28 November 2008.

4 Recitals 2, 4, 6 and 8 in the preamble to Directive 2008/95 state:

*'(2) The trade mark laws applicable in the Member States before the entry into force of [First] Directive [89/104] contained disparities which may have impeded the free movement of goods and freedom to provide services and may have distorted competition within the common market. It was therefore necessary to approximate the laws of the Member States in order to ensure the proper functioning of the internal market.*

*...*

*(4) It does not appear to be necessary to undertake full-scale approximation of the trade mark laws of the Member States. It will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market.*

*...*

*(6) Member States should also remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration. They can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or in both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an ex officio examination procedure or both. Member States should remain free to determine the effects of revocation or invalidity of trade marks.*

*...*

*(8) Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark be, in general, identical in all Member States. To this end, it is necessary to list examples of signs which may constitute a trade mark, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings. The grounds for refusal or invalidity concerning the trade mark itself, for example, the absence of any distinctive character, or concerning conflicts between the trade mark and earlier rights, should be listed in an exhaustive manner, even if some of these grounds are listed as an option for the Member States which should therefore be able to maintain or introduce those grounds in their legislation. Member States should be able to maintain or introduce into their legislation grounds of refusal or invalidity linked to conditions for obtaining and continuing to hold a trade mark for which there is no provision of approximation, concerning, for example, the eligibility for the grant of a trade mark, the renewal of the trade mark or rules on fees, or related to the non-compliance with procedural rules.'*

5 Under the heading 'Further grounds for refusal or invalidity concerning conflicts with earlier rights', Article 4(4)(g) of Directive 2008/95 provides:

*'Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:*

*...*

*(g) the trade mark 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 faith.'*

6 The wording of Article 4(4)(g) of Directive 2008/95 is identical to the corresponding provision of Directive 89/104. Recitals 2, 4, 6 and 8 in the preamble to Directive 2008/95 essentially correspond to the first, third, fifth and seventh recitals in the preamble to Directive 89/104.

**Danish law**

7 Paragraph 15(3)(3) of the Law on trade marks, in the version of Consolidated Law No 109 of 24 January 2012, introduced in its current wording by Paragraph 1(3) of Law No 1201 of 27 December 1996, provides:

*'A trade mark is also excluded from registration if:*

*...*

*(3) it is identical to or differs only insubstantially from a trade mark 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.'*

**The dispute in the main proceedings and the questions referred for a preliminary ruling**

8 In 1965, Yakult obtained, in Japan, the registration as a model or design of a plastic bottle for a milk drink, which was subsequently registered as a trade mark in Japan and a number of other countries, including Member States of the European Union.

9 Malaysia Dairy has since 1977 produced and marketed a milk drink in a plastic bottle. Following an application filed in 1980, Malaysia Dairy obtained the registration as a trade mark of its similar plastic bottle, inter alia in Malaysia.

10 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.

11 Following an application for registration filed in 1995, Malaysia Dairy obtained the registration, in Denmark, of its plastic bottle as a three-dimensional trade mark.

12 On 16 October 2000, Yakult opposed that registration, relying on the fact that Malaysia Dairy knew or should have known of the existence, abroad, of identical earlier marks of which Yakult is the proprietor at the time that its application for registration was filed for the purposes of Paragraph 15(3)(3) of the Law on

trade marks. By decision of 14 June 2005, the Patent- og Varemærkestyrelsen (the Danish Patent and Trade Mark Office) rejected Yakult's application, stating inter alia that, since Malaysia Dairy had a mark registered in Malaysia whose registration it subsequently applied for in Denmark, its bad faith could not in the present case be demonstrated by the mere fact that, at the time that it filed its application for registration, it knew of the foreign trade mark of which Yakult is the proprietor.

13 Yakult contested the decision of 14 June 2005 before the Appeal Board, which, on 16 October 2006, made a decision to cancel the registration of the trade mark of which Malaysia Dairy is the proprietor. The Appeal Board took the view, inter alia, that Article 15 (3)(3) of the Law on trade marks must be interpreted as meaning that actual or presumed knowledge of a mark in use abroad for the purposes of that provision is sufficient to establish that the person filing the application for registration of a trade mark ('the applicant') is acting in bad faith, even if it can be assumed that the applicant had acquired at an earlier point in time a registration of the mark applied for in another country.

14 Malaysia Dairy brought an action against the decision of the Appeal Board before the Søog Handelsretten (Maritime and Commercial Court), which, by judgment of 22 October 2009, confirmed the decision of the Appeal Board, stating, inter alia, that it was not disputed that Malaysia Dairy knew of Yakult's earlier mark at the time that it filed its application for registration in Denmark.

15 On 4 November 2009, Malaysia Dairy appealed against that judgment before the Højesteret (Supreme Court).

16 According to the referring court, the parties in the main proceedings disagree as to whether, first, the concept of 'bad faith' within the meaning of Article 4(4)(g) of Directive 2008/95 must be given a uniform interpretation in European Union law and, second, whether it is sufficient, in order to establish that the applicant was acting in bad faith within the meaning of that provision, that the applicant knew or should have known of the foreign mark.

17 In those circumstances, the Højesteret decided to stay the proceedings and to refer the following questions to the Court of Justice 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?'*

**The questions referred for a preliminary ruling**

18 The request for a preliminary ruling refers to Directive 2008/95. However, it is apparent that some of the facts at issue in the case in the main proceedings predate the entry into force of Directive 2008/95, namely on 28 November 2008.

19 The reply to the questions referred for a preliminary ruling would however be the same if the dispute in the main proceedings fell within the scope of Directive 89/104, since Article 4 (4)(g) of that directive is identical to the corresponding provision of Directive 2008/95 and the content of the relevant recitals in the preambles to those two directives is essentially the same.

**The first question**

20 By its first question, the referring court asks, in essence, whether the concept of 'bad faith', within the meaning of Article 4(4)(g) of Directive 2008/95, is a concept of European Union law which must be given a uniform interpretation.

21 In their observations, Malaysia Dairy, the Italian Government and the European Commission submit that it is an autonomous concept of European Union law which must, in the various instruments of European Union trade mark law, be given a uniform interpretation.

22 Yakult and the Danish Government take the view that, since it is a concept which is not defined precisely by Directive 2008/95, the Member States are in principle entitled to specify its content, in compliance with the objectives of that directive and the principle of proportionality.

23 It should first of all be recalled that, in its Articles 3 and 4, Directive 2008/95 lists the absolute or relative grounds on the basis of which a mark may be refused registration or, if registered, may be declared invalid. Some of those grounds are listed as an option for the Member States which, as is noted in recital 8 in the preamble to Directive 2008/95, 'should therefore be able to maintain or introduce those grounds in their legislation'.

24 Article 4(4)(g) of Directive 2008/95 contains such an optional ground of refusal or invalidity.

25 In accordance with settled case-law, the need for a uniform application of European Union law and the principle of equality require that the terms of a provision of European Union law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an independent and uniform interpretation throughout the European Union; that interpretation must take into account the context of the provision and the objective of the relevant legislation (see, inter alia, **Case C-482/09 Budějovický Budvar** [2011] ECR I-0000 paragraph 29).

26 It is common ground that the wording of Article 4(4)(g) of Directive 2008/95 contains no definition of the concept of 'bad faith'; nor is that concept defined in the other articles of that directive. Further, that provision makes no express reference to the law of the Member States in respect of that concept. Accordingly, the meaning and scope of that concept must be determined in the light of the context of the provision concerned of Directive 2008/95 and the objective of that directive.

27 As regards the subject-matter and purpose of Directive 2008/95, whilst it is true that, according to recital 4 in the preamble to that directive, it does not appear to be necessary to undertake full-scale approximation of the trade mark laws of the Member States, the directive none the less provides for harmonisation in relation to substantive rules of central importance in this sphere, that is to say, according to the same recital, the rules concerning the provisions of national law which most directly affect the functioning of the internal market, and that recital does not preclude the harmonisation relating to those rules from being complete (see, to that effect, **Case C-355/96 Silhouette International Schmied** [1998] ECR I-4799, paragraph 23, and **Budějovický Budvar**, paragraph 30).

28 It should be added that the optional nature of a provision of Directive 2008/95 has no effect on whether a uniform interpretation must be given to the wording of that provision (see, to that effect, **Case C-408/01 Adidas-Salomon and Adidas Benelux** [2003] ECR I-12537, paragraphs 18 to 21).

29 Having regard to the foregoing considerations, the answer to the first question is 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 second question**

30 By its second question, the referring court asks, in essence, if the answer to the first question is in the affirmative, whether knowledge or presumed knowledge, on the part of the applicant, of a mark in use abroad at the time that its application is filed, which is liable to be confused with the mark whose registration has been applied for, is sufficient to establish that the applicant was acting in bad faith or whether it is necessary to take account of other subjective factors in relation to the applicant.

31 In their observations, Malaysia Dairy, the Italian Government and the Commission take the view, in the light of the case-law of the Court of Justice interpreting that concept in the context of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), that it is necessary to carry out a global assessment of all the circumstances of the case, by relying not only on the applicant's objective knowledge of a foreign mark, but also on its subjective intention at the time of filing its application.

32 The Danish Government and Yakult submit that the concept of bad faith, as interpreted by the Court in the context of Regulation No 40/94, cannot be transposed to Directive 2008/95. They take the view that the concept of 'bad faith', within the meaning of Article 4(4)(g) of Directive 2008/95, must be understood as meaning that the fact that the applicant knew or should have known of the foreign mark at the time that it filed its application may be sufficient to establish that that applicant was acting in bad faith. They submit that the need for predictability of the law and for sound administration militate in favour of such an interpretation.

33 According to the case-law of the Court, the Community trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it; it applies independently of any national system (see **Budějovický Budvar**, paragraph 36 and the case-law cited).

34 It must be stated that the concept of 'bad faith' appears in Article 51(1)(b) of Regulation No 40/94, according to which a Community trade mark is to be declared invalid 'where the applicant was acting in bad faith when he filed the application for the trade mark'. That provision was reproduced identically by Article 52(1)(b) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1), which repealed and replaced Regulation No 40/94.

35 Regulation No 207/2009, which supplements European Union trade mark legislation by creating a Community regime for trade marks, pursues the same objective as Directive 2008/95, namely the establishment and functioning of the internal market. In the light of the need for harmonious interaction between the two systems of Community and national marks, it is necessary to interpret the concept of 'bad faith' within the meaning of Article 4 (4)(g) of Directive 2008/95 in the same manner as in the context of Regulation No 207/2009. Such an approach ensures a coherent application of the various trade mark rules in the legal order of the European Union.

36 It follows from the case-law interpreting that concept in the context of that regulation that, in order to determine the existence of bad faith, it is necessary to carry out an overall assessment, taking into account all the factors relevant to the particular case which pertained at the time of filing the application for registration, such as, inter alia, whether the applicant knew or should have known that a third party was using an identical or similar sign for an identical or similar product. However, the fact that the applicant knows or should know that a third party is using such a sign is not sufficient, in itself, to permit the conclusion that that applicant is acting in bad faith. Consideration must, in addition, be given to the applicant's intention at the time when he files the application for registration of a mark, a subjective factor which must be determined by reference to the objective circumstances of the particular case (see, to that effect, **Case C-529/07 Chocoladefabriken Lindt & Sprüngli [2009] ECR I-4893, paragraphs 37 and 40 to 42**).

37 In the light of the foregoing considerations, the answer to the second question is 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 his 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.

**The third question**

38 By its third question, the referring court asks, in essence, whether Article 4(4)(g) of Directive 2008/95 must be interpreted as allowing Member States to introduce a specific protection of foreign marks, based on the fact that the applicant knew or should have known of a foreign mark.

39 Malaysia Dairy, the Italian Government and the Commission take the view that the Member States' latitude when implementing the grounds of refusal or invalidity listed as an option in Article 4(4) of Directive 2008/95 is limited to maintaining or introducing those grounds in their respective legislation and does not allow them to add further grounds.

40 Yakult and the Danish Government submit, on the contrary, that, since the relevant national provisions covered by Article 4(4)(g) of Directive 2008/95 do not affect the internal market most directly, that provision cannot be regarded as carrying out a complete harmonisation.

41 It should be noted that, although the grounds set out in Article 4(4) of Directive 2008/95 are listed as an option by the European Union legislature, the fact remains that a Member State's latitude is limited to providing or not providing for that ground, as specifically delimited by the legislature, in its national law (see, by analogy, as regards Article 5(2) of Directive 89/104, Adidas-Salomon and Adidas Benelux, paragraphs 18 to 20).

42 Directive 2008/95 prohibits Member States from introducing grounds of refusal or invalidity other than those set out in that directive; this is confirmed by recital 8 in the preamble thereto, according to which the grounds for refusal or invalidity concerning the trade mark itself, for example, concerning conflicts between the trade mark and earlier rights, should be listed in an exhaustive manner, even if some of these grounds are listed as an option for the Member States which should therefore be able to maintain or introduce those grounds in their legislation.

43 Consequently, the answer to the third question is 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.

**Costs**

44 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

**On those grounds, the Court (Fifth Chamber) hereby rules:**

1. Article 4(4)(g) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks 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.

2. Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that, in order to permit the conclusion that the person making the application for registration of a trade mark 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 person making that application knows or should know that a third party is using a mark abroad at the time of filing his 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 person making that application is acting in bad faith within the meaning of that provision.

3. 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 person making the application for registration of a mark knew or should have known of a foreign mark.

[Signatures]

* Language of the case: Danish.