

**European Court of Justice, 11 June 2009, Lindt & Sprüngli v Frans Hauswirth**



**TRADEMARK LAW**

**Registration in bad faith**

• In order to determine whether the applicant is acting in bad faith within the meaning of Article 51(1)(b) of Regulation No 40/94, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trade mark, in particular:

- 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;
- the applicant's intention to prevent that third party from continuing to use such a sign; and
- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.

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**European Court of Justice, 11 June 2009**

(P. Jann, M. Ilešič, A. Tizzano, E. Levits and J.-J. Kasel)

JUDGMENT OF THE COURT (First Chamber)

11 June 2009 (\*)

*(Three-dimensional Community trade mark – Regulation (EC) No 40/94 – Article 51(1)(b) – Criteria relevant to determining whether an applicant is 'acting in bad faith' when filing an application for a Community trade mark)*

In Case C-529/07,

REFERENCE for a preliminary ruling under Article 234 EC from the Oberster Gerichtshof (Austria), made by decision of 2 October 2007, received at the Court on 28 November 2007, in the proceedings  
Chocoladefabriken Lindt & Sprüngli AG

v

Franz Hauswirth GmbH,

THE COURT (First Chamber),

composed of P. Jann, President of the Chamber, M. Ilešič (Rapporteur), A. Tizzano, E. Levits and J.-J. Kasel, Judges,

Advocate General: E. Sharpston,

Registrar: K. Sztranc-Sławiczek, Administrator, having regard to the written procedure and further to the hearing on 19 November 2008,

after considering the observations submitted on behalf of:

– Chocoladefabriken Lindt & Sprüngli AG, by H.-G. Kamann and G.K. Hild, Rechtsanwälte,

– Franz Hauswirth GmbH, by H. Schmidt, Rechtsanwalt,

– the Czech Government, by M. Smolek, acting as Agent,

– the Swedish Government, by A. Falk and A. Engman, acting as Agents,

– the Commission of the European Communities, by H. Krämer, acting as Agent,

after hearing the Opinion of the Advocate General at the sitting on 12 March 2009,

gives the following

**Judgment**

1 This reference for a preliminary ruling concerns the interpretation of Article 51(1)(b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1).

2 The reference was made in the course of proceedings between Chocoladefabriken Lindt & Sprüngli AG ('Lindt & Sprüngli'), established in Switzerland, and Franz Hauswirth GmbH ('Franz Hauswirth'), established in Austria.

3 The essential objective of infringement proceedings brought by Lindt & Sprüngli was that Franz Hauswirth should cease producing or marketing within the European Union chocolate bunnies which were so similar to the chocolate bunny protected by the three-dimensional Community trade mark of which Lindt & Sprüngli is the proprietor ('the three-dimensional mark at issue') that there was a likelihood of confusion.

4 The counterclaim of Franz Hauswirth for a declaration of invalidity of that mark rests, in essence, on the view that, under Article 51(1)(b) of Regulation No 40/94, the mark cannot be protected as a trade mark because Lindt & Sprüngli was acting in bad faith when it filed its application for registration of the mark.

**Legal context**

**Community legislation**

5 Under the heading 'Absolute grounds for invalidity', Article 51(1)(b) of Regulation No 40/94 provides:

'A Community trade mark shall be declared invalid on application to the Office [for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)] or on the basis of a counterclaim in infringement proceedings,

...

(b) where the applicant was acting in bad faith when he filed the application for the trade mark.'

6 Regulation No 40/94 was repealed by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1), which came into force on 13 April 2009. However, given the material time in the main proceedings, the applicable legislation remains Regulation No 40/94.

**National legislation**

7 Paragraph 34(1) of the Austrian Law on the protection of trade marks (Markenschutzgesetz, BGBl. 260/1970), in the version published in BGBl. I, 111/1999, provides:

‘Any person can apply for a trade mark to be cancelled if the applicant was acting in bad faith at the time of application.’

8 Under Paragraph 9(3) of the Austrian Law against unfair competition (Bundesgesetz gegen den unlauteren Wettbewerb, BGBl. 448/1984), in the version published in BGBl. I, 136/2001, the get-up, packaging and wrapping of goods are to be given the same protection as an undertaking’s specific designation if they are regarded by the relevant public as distinguishing signs of the undertaking.

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

9 In both Austria and Germany chocolate bunnies, commonly called ‘Osterhasen’ (Easter bunnies), have been marketed since at least 1930 in various shapes and colours.

10 The individual shapes of chocolate bunnies differed considerably when they were manufactured and wrapped by hand, but since the introduction of automated wrapping, industrially manufactured bunnies have become increasingly similar.

11 Lindt & Sprüngli has since the early 1950s produced a chocolate bunny with a shape very like that protected by the three-dimensional mark at issue. Since 1994, Lindt & Sprüngli has marketed it in Austria.

12 In 2000 Lindt & Sprüngli became proprietor of the three-dimensional mark at issue, representing a gold-coloured chocolate bunny, in a sitting position, wearing a red ribbon and a bell and with the words ‘Lindt GOLDHASE’ in brown lettering, as shown below:



13 That mark is registered for chocolate and chocolate products within Class 30 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

14 Franz Hauswirth has marketed chocolate bunnies since 1962. The bunny at issue in the main proceedings is shown below:



15 In the opinion of the referring court, there is a likelihood of confusion between, on the one hand, the chocolate bunny produced and marketed by Franz Hauswirth and, on the other, the chocolate bunny produced and marketed by Lindt & Sprüngli under the three-dimensional mark at issue.

16 There is a likelihood of confusion particularly because in shape and colour the bunny produced and marketed by Franz Hauswirth is similar to that which is protected by the three-dimensional mark at issue and because Franz Hauswirth affixes a label to the underside of the product.

17 The referring court also states that other manufacturers based in the European Community produce chocolate bunnies similar to that registered as the three-dimensional mark at issue. Moreover, many of those manufacturers clearly display the name of their undertaking on those bunnies, in such a way as to be seen by the purchaser.

18 Before registration of the three-dimensional mark at issue, Lindt & Sprüngli took legal proceedings under national competition law or national industrial property law only against manufacturers of products which were identical to the product for which that mark was subsequently registered.

19 After registration of the three-dimensional mark at issue, Lindt & Sprüngli began to take legal proceedings against manufacturers who, to its knowledge, were manufacturing products so similar to the bunny protected by that mark that there was a likelihood of confusion.

20 The Oberster Gerichtshof (Supreme Court) states that the decision it will have to make on the counterclaim brought by Franz Hauswirth depends on whether Lindt & Sprüngli was acting in bad faith within the meaning of Article 51(1)(b) of Regulation No 40/94 when it filed its application for registration of the three-dimensional mark at issue.

21 In those circumstances the Oberster Gerichtshof decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

‘(1) Is Article 51(1)(b) of ... Regulation No 40/94 ... to be interpreted as meaning that an applicant for a Community trade mark is to be regarded as acting in bad faith where he knows, at the time of his application, that a competitor in (at least) one Member State is using the same sign, or one so similar as to be capable of being confused with it, for the same or similar goods or services, and he applies for the trade mark in order to be able to prevent that competitor from continuing to use the sign?’

(2) If the first question is answered in the negative: Is the applicant to be regarded as acting in bad faith if he applies for the trade mark in order to be able to prevent a competitor from continuing to use the sign, where, at the time he files his application, he knows or must know that by using an identical or similar sign for the same goods or services, or goods or services which are so similar as to be capable of being confused, the

competitor has already acquired a “valuable right” (“wertvollen Besitzstand”)?

(3) If either the first or the second question is answered in the affirmative:

Is bad faith excluded if the applicant’s sign has already obtained a reputation with the public and is therefore protected under competition law?’

#### **The questions referred for a preliminary ruling**

22 By its questions, which should be considered together, the referring court essentially seeks guidance on the relevant criteria to be taken into consideration in order to determine whether the applicant was acting in bad faith when he filed the application for the trade mark, within the meaning of Article 51(1)(b) of Regulation No 40/94.

#### **Arguments of the parties**

23 Lindt & Sprüngli claims, in essence, that the fact that the applicant is aware of market competitors and intends to prevent their entering the market does not constitute acting in bad faith, within the meaning of Article 51(1)(b) of Regulation No 40/94. According to Lindt & Sprüngli, those factors must be accompanied by conduct which is dishonest, in other words contrary to accepted principles of business ethics. In the main proceedings, no such conduct was demonstrated.

24 According to Lindt & Sprüngli, the three-dimensional mark at issue possessed, even before the filing of the application for its registration, both reputation and distinctiveness in the market and was therefore protected in the various Member States of the European Union, under either unfair competition law or trade mark law. Further, that mark was used as a sign for a substantial period before the filing of the application for registration and acquired that reputation as a result of significant expenditure on advertising. Consequently, the object of registration of that sign as a trade mark was to protect its commercial value against products which imitated it.

25 On the other hand, according to Lindt & Sprüngli, if OHIM registers a sign as a trade mark which is thereafter not actually used, third parties can, on the basis of Article 51(1)(b) of Regulation No 40/94, claim before expiry of a five-year period that the applicant was, at the time of applying for that mark, acting in bad faith and request a declaration of the invalidity of the mark on that ground.

26 Franz Hauswirth contends, in essence, that Article 51(1)(b) of Regulation No 40/94 provides the necessary remedy, either where the traditional absolute grounds for refusal of registration do not apply, or where the relative grounds for refusal cannot be applied because no right to protection has been acquired. Accordingly, Franz Hauswirth contends that bad faith is established where the applicant for registration of a sign as a trade mark was aware of the use, by a competitor who had obtained a valuable right (“wertvollen Besitzstand”) in at least one Member State, of an identical or similar sign for identical or similar goods or services, and applied for registration of the sign as a Community trade mark in order to prevent that competitor from continuing to use his sign.

27 Consequently, according to Franz Hauswirth, Lindt & Sprüngli’s intention, in registering the three-dimensional mark at issue, was to eliminate all its competitors. Lindt & Sprüngli was attempting to prevent it from continuing to manufacture a product which had been marketed since the 1960s or, in its present form, since 1997. By reason of having a valuable right (“wertvollen Besitzstand”), Franz Hauswirth ought to retain its market and competitors in the Community should not be able to threaten it.

28 Franz Hauswirth adds that it is clear that the wording of Article 51(1)(b) of Regulation No 40/94 does not expressly provide for the possibility of bad faith being cured when the sign for which registration as a trade mark is sought has a reputation, with the result that, in the main proceedings, no account can be taken of the reputation acquired before registration of the three-dimensional mark at issue.

29 The Czech Government considers, first, that Article 51(1)(b) of Regulation No 40/94 must be interpreted to mean that an applicant who applies for registration of a mark in order to prevent a competitor from continuing to use an identical or similar sign, when he knows or must know, when filing the application for registration, that a competitor has obtained a valuable right (“wertvollen Besitzstand”) through the use of such a sign for goods or services which are identical or so similar as to be capable of causing confusion, must be regarded as acting in bad faith. The Czech Government adds that the fact that the sign used by the applicant has already achieved a reputation does not exclude bad faith.

30 The Swedish Government states, in essence, that if the applicant knew that another economic operator was using the sign capable of causing confusion, that is sufficient for it to be established that there was bad faith, within the meaning of Article 51(1)(b) of Regulation No 40/94. That government states that the objective of registration of a sign as a trade mark, namely to prevent a competitor from continuing to use a sign and to profit from the acquired value of that sign, has no relevance to the question of determining bad faith. The government adds that neither the wording nor the structure of Regulation No 40/94 in any way lends support to intention being a required factor and the converse interpretation would both entail needless evidential difficulties and mean that the economic operator who had been the first to use the sign concerned would have less opportunity to challenge an unwarranted registration.

31 The Commission of the European Communities contends, in essence, that OHIM must check in the course of the procedure of registering a sign as a trade mark whether the mark is being applied for with a view to its being actually used. On the other hand, if OHIM registers a sign as a trade mark which is not then actually used, it is then also open to third parties, on the basis of Article 51(1)(b) of Regulation No 40/94, to claim, within a period of five years, that the applicant was acting in bad faith at the time of registration of that

sign as a trade mark and to request a declaration of invalidity of the mark on that ground.

32 As regards the criteria relevant to determining whether the applicant was acting in bad faith, the Commission refers to the applicant's conduct in the market, the conduct of other operators in relation to the sign which has been submitted for registration, the fact that the applicant, at the time of filing, may have a portfolio of trade marks, and all the other specific circumstances of the particular case.

33 On the other hand, the Commission considers that the relevant factors do not include the fact that a third party has been using an identical or similar sign which may or may not be capable of causing confusion, the fact that the applicant has knowledge of that use, or even the fact that the third party has obtained a valuable right ('wertvollen Besitzstand') in the sign which he is using.

#### **A – The Court's reply**

34 In order to answer the questions referred, it must be observed that it is clear from the wording of Article 51(1)(b) of Regulation No 40/94 that bad faith is one of the absolute grounds for the invalidity of a Community trade mark, to be relied on either before OHIM or by means of a counterclaim in infringement proceedings.

35 It is also apparent from that provision that the relevant time for determining whether there was bad faith on the part of the applicant is the time of filing the application for registration.

36 In that regard, in the present case, the only situation before the Court is the situation in which, at the time when the application for registration was filed, several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration was sought.

37 Whether the applicant is acting in bad faith, within the meaning of Article 51(1)(b) of Regulation No 40/94, must be the subject of an overall assessment, taking into account all the factors relevant to the particular case.

38 As regards more specifically the factors specified in the questions referred for a preliminary ruling, namely:

- 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;
  - the applicant's intention to prevent that third party from continuing to use such a sign; and
  - the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought;
- the following points can be made.

39 First, with regard to the expression 'must know' in the second question, a presumption of knowledge, by the applicant, of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought may arise, inter alia, from general

knowledge in the economic sector concerned of such use, and that knowledge can be inferred, inter alia, from the duration of such use. The more that use is longstanding, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it.

40 However, the fact that the applicant knows or must know that a third party has long been 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 is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.

41 Consequently, in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42 It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43 Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44 That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45 In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, [Joined Cases C-456/01 P and C-457/01 P Henkel v OHIM \[2004\] ECR I-5089, paragraph 48](#)).

46 Equally, the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

47 In such a case, the applicant's sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48 That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant's registration of the sign may be in pursuit of a legitimate objective.

49 That may in particular be the case, as stated by the Advocate General in point 67 of her Opinion, where the applicant knows, when filing the application for

registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation.

50 Moreover, as the Advocate General states in point 66 of her Opinion, the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitors' freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors, so that the trade mark proprietor is able to prevent his competitors not merely from using an identical or similar sign, but also from marketing comparable products.

51 Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed.

52 The extent of that reputation might justify the applicant's interest in ensuring a wider legal protection for his sign.

53 Having regard to all the foregoing, the answer to the questions referred is that, in order to determine whether the applicant is acting in bad faith within the meaning of Article 51(1)(b) of Regulation No 40/94, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trade mark, in particular:

- 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;
- the applicant's intention to prevent that third party from continuing to use such a sign; and
- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.

#### Costs

54 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 (First Chamber) hereby rules:

In order to determine whether the applicant is acting in bad faith within the meaning of Article 51(1)(b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the

time of filing the application for registration of the sign as a Community trade mark, in particular:

- 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;
- the applicant's intention to prevent that third party from continuing to use such a sign; and
- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.

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#### OPINION OF ADVOCATE GENERAL SHARPSTON

delivered on 12 March 2009 (1)

Case C-529/07

Chocoladefabriken Lindt & Sprüngli AG

v

Franz Hauswirth GmbH

(Reference for a preliminary ruling from the Oberster Gerichtshof (Austria))

(Community trade mark – Application for registration – Bad faith)

1. For the first time, the Court is asked for guidance on the concept of bad faith within the meaning of the Community trade mark legislation.

2. In particular, a Community trade mark may be declared invalid 'where the applicant was acting in bad faith when he filed the application for the trade mark'.

3. In the present case, the national proceedings arise out of a situation in which a number of competing undertakings originally marketed similar products in similar shapes and presentations. One of those undertakings then registered its own particular shape and presentation as a three-dimensional Community trade mark. In that situation, what factors may be necessary and/or sufficient to establish that the undertaking was acting in bad faith in applying for the mark?

#### Relevant legislation

4. The reference for a preliminary ruling concerns the Community Trade Mark Regulation. (2) However, the same concept is used, in similar though not identical contexts, in the Trade Marks Directive. (3)

#### the Trade Mark Regulation

5. Under the Trade Mark Regulation, Community trade marks may be registered on application to the Office for Harmonisation in the Internal Market (trade marks and designs), established by Article 2 of the Regulation (also referred to as 'OHIM' or 'the Office').

6. Articles 7 and 8 of the Regulation set out the grounds on which an application for a Community trade mark is to be refused. (4)

7. Article 7(1) lists 'absolute' grounds for refusal. In substance, the following may not be registered: (a) signs which either cannot be represented graphically or cannot distinguish the goods or services of a particular undertaking; (b) marks which have no distinctive character; (c) marks consisting exclusively of signs or indications designating characteristics of goods or ser-

vices; (d) marks consisting exclusively of signs or indications which are customary in current language or bona fide established trade practice; (e) signs consisting exclusively of the inherent shape of goods; (f) marks which are contrary to public policy or accepted principles of morality; (g) marks which may deceive the public as to the nature, quality or geographical origin of goods or services; (h) State emblems, official hallmarks and emblems of intergovernmental organisations, without appropriate authorisation; (i) marks including other badges, emblems or escutcheons of particular public interest, without appropriate authorisation; (j) marks including a geographical indication identifying wines or spirits, for wines or spirits not having that origin; (k) marks including a protected geographical indication or designation of origin, for the same type of product.

8. Under Article 7(3), Article 7(1)(b), (c) and (d) do not apply if the trade mark has become distinctive in consequence of the use which has been made of it.

9. Article 8 sets out the 'relative' grounds on which a third party may successfully oppose registration of a Community trade mark. Article 8(1) provides that the proprietor of an earlier trade mark (5) may oppose registration of (a) an identical mark, for identical goods or services or (b) an identical or similar mark, for identical or similar goods or services, if the similarity gives rise to a likelihood of confusion. Article 8(4) gives a similar right of opposition to the proprietor of an earlier non-registered trade mark or other sign used in the course of trade and of more than mere local significance, if it confers a right to prohibit the use of a subsequent trade mark. And Article 8(5) essentially extends the right under Article 8(1) to situations where the goods or services are not similar, but the earlier mark has a reputation in the Community or the Member State (according to whether it is a Community or national trade mark), and the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark. In a different vein, Article 8(3) allows the proprietor of a trade mark to prevent his agent or representative from registering the mark in his own name without consent or justification.

10. The Regulation provides also for a Community trade mark, once registered, to be declared invalid on either absolute or relative grounds.

11. Article 51 sets out the absolute grounds for a declaration of invalidity. The relevant paragraphs read as follows:

'1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings,

- (a) where the Community trade mark has been registered contrary to the provisions of Article 7;
- (b) where the applicant was acting in bad faith when he filed the application for the trade mark.

2. Where the Community trade mark has been registered in breach of the provisions of Article 7(1)(b), (c) or (d), it may nevertheless not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in

relation to the goods or services for which it is registered.'

12. Article 52 sets out the relative grounds for a declaration of invalidity. The relevant paragraphs read as follows:

'1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

- (a) where there is an earlier trade mark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled;
- (b) where there is a trade mark as referred to in Article 8(3) and the conditions set out in that paragraph are fulfilled;
- (c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.

2. A Community trade mark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right, and in particular:

- (a) a right to a name;
- (b) a right of personal portrayal;
- (c) a copyright;
- (d) an industrial property right;

under the Community legislation or national law governing the protection.'

13. Under Article 53(1) and (2) of the Regulation, the proprietor of an earlier Community or national trade mark or an earlier sign within the meaning of Article 8(4) may not object to the use of a conflicting later Community trade mark if he has been aware of and acquiesced in that use for five successive years 'unless registration of the later Community trade mark was applied for in bad faith'.

14. Finally, Article 9(1) of the Trade Mark Regulation entitles the proprietor of a Community trade mark to prevent all third parties not having his consent from using in the course of trade:

'(a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;

- (b) any sign where, because of its identity with or similarity to the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- (c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.'

#### **The Trade Marks Directive**

15. The present case is concerned with the Regulation, not the Directive, but it is helpful to bear in mind the parallel provisions of the latter.

16. The Directive seeks to harmonise the Member States' national trade mark laws, which remain in place alongside the Community trade mark system but must be coherent with it. It contains provisions (6) broadly equivalent to, but in some respects subtly differing from, those in the articles of the Trade Mark Regulation cited above.

17. Article 3 is entitled 'Grounds for refusal or invalidity'. Article 3(1) sets out compulsory grounds on which all Member States must provide that a trade mark 'shall not be registered or, if registered, shall be liable to be declared invalid'. They are identical to the absolute grounds set out in Article 7(1)(a) to (h) of the Trade Mark Regulation. Article 3(2) adds in particular that Member States may 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:

(a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Community;

...

(d) the application for registration of the trade mark was made in bad faith by the applicant.'

18. Article 4 of the Directive sets out '[f]urther grounds for refusal or invalidity concerning conflicts with earlier rights', broadly equivalent to the relative grounds for refusal or invalidity in Articles 8 and 52 of the Trade Mark Regulation, though with certain modifications to adjust them to the national context. Again, they are grounds both for refusal and for subsequent invalidity and, again, some of them are optional. Among the latter is the criterion in Article 4(4)(g), that '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'.

#### **National law**

19. The referring court mentions in particular the following provisions of Austrian and German law.

20. Paragraph 9(3) of the Austrian Bundesgesetz gegen den unlauteren Wettbewerb (Federal Law prohibiting unfair competition) provides that the appearance of goods, their packaging or wrapping are to be given the same protection as an undertaking's specific designation if they are regarded in the trade circles concerned as distinguishing signs of the undertaking.

21. Paragraph 4(2) of the German Markengesetz (Law on trade marks) provides that trade mark protection is conferred on any sign used in the course of trade which has acquired the reputation of a trade mark with the relevant public.

#### **Facts, procedure and questions**

22. Part of the mythology of Easter is an egg-bearing creature known as the Easter bunny. (7) For many decades, chocolate makers in at least the German-speaking areas of Europe have produced and sold

chocolate bunnies at Easter time, in various shapes and with wrappings of various kinds and colours but often largely of gold-coloured foil, and often decorated with a ribbon and/or bell. Since the introduction in particular of machine wrapping in the 1990s, technical constraints have caused the shapes of those chocolate bunnies to become increasingly similar. (8)

23. The producers concerned include Chocolade-fabriken Lindt & Sprüngli AG ('Lindt'), a Swiss-based company which is claimant in the main proceedings, and Franz Hauswirth GmbH ('Hauswirth'), an Austrian company which is defendant in the main proceedings.

24. Lindt has produced and marketed chocolate Easter bunnies since the early 1950s. Their exact presentation has varied slightly over the years. (9) Lindt first marketed its chocolate Easter bunnies in Austria in 1994. In June 2000, it applied to register as a three-dimensional Community trade mark the form and presentation of an Easter bunny wrapped in gold-coloured foil, with red and brown markings, wearing round its neck a red ribbon with a bell attached, and bearing on its haunch a design including the words 'Lindt Goldhase'. The mark was registered on 6 July 2001:

25. Hauswirth has produced and marketed its own chocolate bunnies since 1962. They are usually decorated with a ribbon, but not a bell. They do not bear any identifying name, although a label is affixed to the underside, and is thus normally not seen when the goods are presented on a shelf:

26. The referring court states that there is a likelihood of confusion between the two presentations. In addition, a number of other models have been marketed since the 1930s, bearing a greater or lesser degree of similarity with Lindt's presentation. Lindt was aware of at least some of those models before it applied to register its trade mark.

27. The referring court also indicates that, before the application for registration was made, the various producers, or at least some of them, had acquired 'valuable rights' (10) to the protection of their products under Austrian competition law and German trade mark law, even though none of the presentations had been registered in any way.

28. Finally, the referring court states that, by registering the mark, Lindt wanted to 'create a basis for taking proceedings against other manufacturers' products which were already available and at least some of which were known to it in Germany'.

29. Following registration, Lindt brought trade mark infringement proceedings against Hauswirth, seeking an order that it should cease producing and marketing its Easter bunnies in a presentation which Lindt claimed was likely to be confused with the registered mark. Inter alia, in reliance on Article 51(1)(b) of the Regulation, Hauswirth counterclaimed that the registration had been made in bad faith and the trade mark should therefore be declared invalid.

30. At first instance, the Handelsgericht (Commercial Court) in Vienna dismissed the main claim and upheld the counterclaim. On appeal by Lindt to the Oberlandesgericht (Higher Regional Court), that judg-

ment was quashed, but not on grounds which gave Lindt satisfaction. According to Hauswirth, the appeal court ruled simply that, since Lindt's presentation had acquired a reputation before the mark was applied for, Lindt could not be held to have acted in bad faith; that, however, whilst disposing of Hauswirth's counterclaim, did not uphold Lindt's main claim. Both parties have therefore appealed further to the Oberster Gerichtshof (Austrian Supreme Court), which now seeks a preliminary ruling on the following questions:

1. Is Article 51(1)(b) of [the Trade Mark Regulation] to be interpreted as meaning that an applicant for a Community trade mark is to be regarded as acting in bad faith where he knows, at the time of his application, that a competitor in (at least) one Member State is using the same sign, or one so similar as to be capable of being confused with it, for the same or similar goods or services, and he applies for the trade mark in order to be able to prevent that competitor from continuing to use the sign?

2. If the first question is answered in the negative: Is the applicant to be regarded as acting in bad faith if he applies for the trade mark in order to be able to prevent a competitor from continuing to use the sign, where, at the time he files his application, he knows or must know that by using an identical or similar sign for the same goods or services, or goods or services which are so similar as to be capable of being confused, the competitor has already acquired "valuable property rights"?

3. If either the first or the second question is answered in the affirmative: Is bad faith excluded if the applicant's sign has already obtained a reputation with the public and is therefore protected under competition law?

31. Both written and oral submissions have been made by the parties to the main proceedings, by the Czech and Swedish Governments and by the Commission.

#### Assessment

##### Scope of the questions

32. The national court seeks guidance on whether certain factors are sufficient to establish or rule out that an application was made in bad faith within the meaning of Article 51(1)(b) of the Trade Mark Regulation, in the context of a specific set of facts which it has either established itself or considers to be established by a lower court. I understand those facts to be, essentially, as follows:

- before Lindt applied for the registration of its trade mark, it and a number of other competing chocolate makers produced similar goods in similar presentations, in some cases with enough similarity to give rise to a likelihood of confusion;
- those various presentations enjoyed some degree of protection under national competition law, constituting a 'valuable property right';
- Lindt cannot have been unaware of the above facts;
- Lindt's presentation had over time acquired a particular reputation with the public;

- Lindt applied for registration of its presentation as a Community trade mark in order to prevent competitors from continuing to use their presentations, to the extent that there was any likelihood of confusion.

33. The factors on whose significance the referring court seeks guidance are, essentially:

- Lindt's knowledge of the pre-existing situation vis-à-vis competitors;
- Lindt's intention to prevent competitors from continuing to use their presentations;
- the reputation already acquired by Lindt's presentation before it applied for registration as a trade mark.

34. On that basis, it seems to me that the three questions may be usefully considered together, paying due attention to the factors mentioned. I shall begin by looking at the meaning of bad faith in its present context.

##### The meaning of bad faith in the scheme of the Community legislation

35. Like a banker, bad faith is no doubt easier to recognise than to define. (11) It is a concept with which not merely lawyers but philosophers and theologians have grappled without quite achieving mastery. It is likely, indeed, that bad faith cannot be defined at all in the sense of determining its precise limits.

36. Here, we are concerned with bad faith in applying to register a trade mark. The concept is not defined, delimited or even described in any way in the legislation, but some guidance may be derived from its place in the scheme of that legislation.

37. In the Trade Mark Regulation, a trade mark may be refused registration or, once registered, declared invalid on either absolute or relative grounds.

38. As regards refusal of registration, (12) absolute grounds are essentially inherent defects in the nature of the mark applied for and are raised ex officio by OHIM. Relative grounds are essentially earlier intellectual property rights which entitle the holder to prevent others from using a conflicting sign, and they are not examined ex officio but may be raised by holders of those rights.

39. A registered mark may be declared invalid, also on absolute or relative grounds. (13) Here, however, both sets of grounds are slightly extended. Bad faith of the applicant at the time of the application is an additional absolute ground, (14) and four more types of right are added to the list of relative grounds. (15)

40. In addition, the holder of an earlier right may not seek the invalidation or oppose the use of a Community trade mark if he has acquiesced in the use of that mark for at least five consecutive years, unless the mark was applied for in bad faith (Article 53).

41. Bad faith therefore appears as an inherent defect in the application (rather than in the trade mark), which fundamentally vitiates the registration regardless of other circumstances. Much the same overall pattern is found in the Trade Marks Directive.

42. Given the way the legislation is organised, there must be a single Community concept of bad faith for both the Regulation and the Directive. Article 51 of the



Regulation provides for both OHIM and national courts to declare a Community trade mark invalid on the basis of bad faith in filing the application, and the same concept must obviously be used by both. Nor does it seem appropriate, given the need for harmonious interaction between the two systems, that national courts should use one concept for Community trade marks and another for national trade marks.

43. With those points in mind, I shall examine some of the specific suggestions which have been made in the written and oral submissions as to what such bad faith does or does not involve, and attempt to reach a view in the light of the varying approaches.

#### **Limited to the circumstances of Article 8?**

44. The Commission, in its written observations, submitted that Article 8 of the Trade Mark Regulation exhaustively lists all the earlier rights which may be invoked to oppose registration. A person must be entitled to register his mark to ensure its priority over other, weaker rights which could not, at the time of application for registration, be relied on in opposition. If holders of such weaker rights could subsequently obtain, by a declaration of invalidity on the ground of bad faith, what they could not have obtained by way of opposition to registration, the intention of the legislature would be circumvented.

45. I am unconvinced by that argument, although I would certainly agree that an application to register a trade mark in the knowledge of a conflicting prior right as listed in Article 8 of the Trade Mark Regulation would be likely to be in bad faith.

46. It is true also that only the earlier rights listed in Article 8 may be invoked to oppose registration of a Community trade mark. However, that does not necessarily rule out any possibility that an application for registration may be in bad faith in relation to other rights which cannot be so invoked – and I note in any event that earlier rights other than those listed in Article 8 may be relied on in support of a declaration of invalidity. (16) Moreover, it seems to me that the Commission's approach would reduce the issue of bad faith to a mere supporting role, a possibly superfluous strengthening of the hand of a competitor already entitled to obtain a declaration of invalidity on the basis of his earlier right (and previously in a position to oppose registration), whereas the scheme of Articles 51 and 52 shows that bad faith is an independent ground for invalidity. It is also an absolute ground, which may be relied upon by any person, including but not limited to the holder of an earlier right. It is not limited, either explicitly or by necessary implication, to bad faith in respect of any particular issue. Any person may seek a declaration of invalidity on the ground that the trade mark application was made in bad faith, whatever the context of that bad faith.

47. What may constitute bad faith in relation to conflicting earlier rights weaker than those listed in Articles 8 or 52 is a separate matter, to be considered below, (17) but I cannot agree that such a category of bad faith is excluded from the concept as it is used in the Regulation.

#### **Absence of intention to use the mark?**

48. At the hearing, the Commission took an approach which appeared to be different from, and narrower than, that which it had taken in its written observations. It submitted that only one type of conduct could be classified as bad faith within the meaning of the legislation – the registration of a trade mark with no intention of using it oneself but in order to prevent others from using it. The Commission presented Article 51(1)(b) of the Regulation as a corollary to Article 50(1)(a), under which a Community trade mark which has not been put to genuine use for a period of five years may be revoked; in its view, Article 51(1)(b) thus allows a person using or wishing to use a conflicting sign or mark to obtain a declaration of invalidity without waiting for the expiry of the five-year period, if the applicant had no intention of using the registered mark himself.

49. I am not convinced by that submission either, though again I would accept that such conduct is almost certainly in bad faith.

50. It seems to me that, if bad faith were limited to situations in which the applicant had no intention of using the mark, Article 53(1) and (2) of the Regulation would make no sense. Those provisions preclude the owner of an earlier trade mark from obtaining a declaration that a later conflicting Community trade mark is invalid if he has acquiesced in the use of that mark for five successive years, unless registration of the later mark was applied for in bad faith. They thus presuppose that a mark can be both applied for in bad faith and used for five successive years. Consequently, I find it difficult to reconcile the Commission's position with the clear wording of the legislation.

#### **Subjective intention or objective criteria?**

51. Lindt cites a number of OHIM decisions to argue that bad faith cannot be inferred without dishonest intent. For example: 'Bad faith is a narrow legal concept in the [Community Trade Mark Regulation] system. Bad faith is the opposite of good faith, generally implying or involving, but not limited to, actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive. Conceptually, bad faith can be understood as a "dishonest intention". This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the applicant of the [Community trade mark] at the time of filing.' (18) Or: 'Bad faith may be defined as referring to the state of someone, who knowingly by doing something contrary to accepted principles of ethical behaviour or honest commercial and business practices, gains an unjust advantage or causes unjust damage to others.' (19) The same approach, Lindt submits, is taken by the German Bundesgerichtshof (Federal Court of Justice). (20)

52. Hauswirth takes a similar line, citing an often-quoted dictum of Lindsay J in the English High Court: 'Plainly [bad faith] includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour ob-

served by reasonable and experienced men in the particular area being examined.’ (21)

53. The Commission suggests in its written observations that bad faith may be likened to conduct which is not ‘in accordance with honest practices in industrial or commercial matters’, (22) of which one example would be an intention to prevent others from entering the market.

54. Similarly, the Czech Government considers that the notion of bad faith in the legislation has a significant moral or ethical element; it implies a contravention of accepted norms of conduct. The Czech Government sees such bad faith essentially in an application to register a trade mark for a purpose other than that of enabling it to ‘fulfil its essential function, namely that of ensuring that the consumer or the end user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those emanating from a different origin, without any risk of confusion’. (23) Registration simply in order to prohibit others from using a similar mark (which is merely an ancillary function of the trade mark) would therefore be in bad faith.

55. By contrast, the Swedish Government argues that what matters is not the trade mark applicant’s intention but his objective knowledge: whether he was, or should have been, aware that another person was already using the same or a similar mark. That, it asserts, is how the concept of bad faith is used in a number of Member States – the Benelux countries, Denmark, Estonia, Finland, Italy and Sweden itself. (24)

56. There are, thus, a number of subtly and not so subtly nuanced submissions before the Court. It is necessary, therefore, to adjudicate to some extent between the more subjective and the more objective definitions of bad faith, though I believe that it is in fact more a question of ensuring a proper symbiosis between the two approaches.

57. It seems to me clear that, in normal usage, the concept of bad faith implies a subjective mental state of a general nature, as outlined in the various descriptions cited by Lindt, Hauswirth and the Commission, rather than the more specialised definition proposed by the Czech Government. As a matter of principle, I would be even more reluctant to confine the concept, for trade mark purposes, solely to such specific, objectively defined, circumstances as those put forward by the Swedish Government. And it seems to me impossible to do so when the Community legislation contains neither any explicit provision limiting the concept in that way, nor any indication of an intention to do so.

58. On the other hand, I appreciate the difficulties which would arise if only proof of subjective intention could suffice to establish bad faith – difficulties which have no doubt been influential in shaping the more objective approach favoured in some Member States. In that regard, in both its written and its oral submissions, the Commission has suggested that, while the applicant’s intention is a central element in determining bad faith, that subjective intention should be determined by reference to the objective circumstances of the case. I

agree that – other than in the perhaps unlikely case of an admission of bad faith on the part of the trade mark proprietor (25) – the presence or absence of bad faith must normally be inferred from all the relevant objective circumstances.

59. Among those objective circumstances might be (to draw inspiration from the Czech Government’s suggestion) the suitability of the mark to fulfil its essential function of distinguishing goods or services according to their origin. However, although that criterion may be helpful when it is applicable, I do not consider that it can serve alone as the only relevant test.

#### **Conclusion on the nature of bad faith**

60. I thus reach the view that the concept of bad faith on the part of a trade mark applicant within the meaning of the Community legislation

(i) cannot be confined to a limited category of specific circumstances such as the existence of a particular kind of prior right, a lack of intention to use the mark or actual or constructive knowledge of the existing use of a similar mark, and

(ii) relates to a subjective motivation on the part of the trade mark applicant – a dishonest intention or other ‘sinister motive’ – which will none the less normally be established by reference to objective criteria (of which circumstances such as those listed under (i) may well form part); it involves conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices, which can be identified by assessing the objective facts of each case against such standards.

#### **Significance of the factors referred to in the questions**

61. In that light, bad faith must be assessed case by case, taking account of all the available evidence of the relevant circumstances. The national court seeks guidance in particular on the significance of four aspects of the evidence before it: knowledge that competitors were already using similar marks (in the form of the shape and presentation of a product), knowledge that the use of those marks enjoyed a degree of protection under competition or trade mark law, intention to prevent the continued use of those marks, and the reputation and protection enjoyed by the trade mark applicant’s own mark.

62. As regards knowledge in general, it seems clear that behaviour can be described as unethical, or intent as dishonest, only if the party concerned is aware of the factual context in which a qualification such as ‘unethical’ or ‘dishonest’ becomes appropriate. For example, to seek a benefit for oneself is not in itself unethical or dishonest; to seek such a benefit by providing inadequate or misleading information, by circumventing (rather than actually contravening) the applicable rules or by pre-empting the claim of another party with greater or prior entitlement might be so qualified – but not unless the person seeking the benefit was aware that the information was inadequate or misleading, that the rules were being circumvented or that the other party’s entitlement was greater or enjoyed priority.

63. Where such awareness can be directly established, there is no need to rely on constructive knowledge. In many cases, however, direct proof of actual knowledge may be difficult to provide, whereas the circumstances may be such as to justify a presumption of knowledge. Awareness that information is inadequate or misleading might, for example, be inferred from a presumption of reasonable understanding of business and administrative matters; awareness that rules were being circumvented (though not actually contravened) might be inferred from a presumption of knowledge of the law; and awareness of another party's entitlement might be assumed from proof that the entitlement in question was common knowledge in the relevant sector.

64. Consequently, it seems to me, the trade mark application of a party in Lindt's position cannot be qualified as being in bad faith unless that party at least had knowledge of the circumstances which could form the basis of a finding of bad faith – which are alleged to be, in the present case, the use of similar marks by competitors, and protection of those marks under competition law. However, does such knowledge suffice to establish bad faith?

65. In my view, it does not, because that would amount to discounting actual intention as irrelevant. It does, however, provide already a context in which perhaps not a great deal more evidence will be required to decide the matter. It is in that context that the national court should take account of Lindt's aim of preventing others from using their similar marks and of the reputation enjoyed by its own mark. But regard must be had also, I think, to the whole historical commercial context.

66. A point which seems significant to me in the present case is the fact that the 'marks' in question consist of the entire shape and presentation of a product, rather than the more commonplace conception of a mark as a sign affixed to a product. It therefore seems important to ascertain the extent to which existing competitors are at liberty to choose the shape and presentation, and to what extent they are limited in their choice by technical or commercial factors – the shape in which the product can be moulded and/or wrapped automatically, customer expectations as to appearance, and so on. An application to register a mark of that kind, in the knowledge of the existing situation, can much more easily be judged as being in bad faith if the freedom of choice is limited, so that the trade mark proprietor will in effect be able to prevent competitors not merely from using a similar mark but from marketing a comparable product.

67. The situation would be quite different if an examination of the context were to reveal, for example, that the trade mark applicant had been successful in a lucrative commercial field, but knew that newcomers were seeking to profit by copying his presentation in the absence of any obstacle to their marketing distinct presentations. In those circumstances, an application to register the mark with a view to shaking off such parasites would be much less likely to appear dishonest,

unethical or in any other way underhand, so that it would be correspondingly more difficult to find it to have been made in bad faith.

68. Thus, the significance of an intention to prevent competitors from using the similar marks which they already use must be assessed in the light of all the surrounding circumstances. It cannot be taken as an automatic indication of bad faith or otherwise.

69. The fourth aspect referred to is that of the reputation already acquired with the public by the applicant's mark – giving rise to protection under national law – before the application was made. Again, it seems to me, that is a factor which must be viewed in context, and cannot automatically preclude the possibility that the application was made in bad faith.

70. The referring court indicates that Lindt's presentation had acquired a significant reputation in Austria and Germany by around the time it registered its Community trade mark, with some 50% or more of the population associating chocolate Easter bunnies wrapped in gold-coloured foil with Lindt. That reputation allowed it to prevent competitors from marketing identical presentations, even before registering its trade mark. The referring court mentions two such actions, brought in 1980 and 2000 respectively, (26) but indicates that an attempt to prevent the marketing of presentations which were not strictly identical would have been very uncertain of success – a point confirmed by counsel for Hauswirth at the hearing. Consequently, the referring court states, registration served only to facilitate the bringing of proceedings.

71. However, it is not clear to me from the case-file or from what was said at the hearing whether the effect of registration is indeed merely to extend the proprietor's procedural rights or whether it does not in fact broaden the scope of his substantive rights, by enabling him to prevent the use not only of identical or near-identical presentations, but also of those which are merely similar enough to give rise to a likelihood of confusion. Nor is it clear whether (if other presentations also enjoy protection) a presentation may acquire greater protection by virtue of the extent of its reputation or of the length of time for which it has been present on the market.

72. These are, of course, matters for the national courts to determine. However, they might weigh in the balance when assessing here whether Lindt's trade mark application was made in bad faith.

73. If registration as a trade mark merely confirms an existing substantive right to prevent others using similar presentations while affording improved means of enforcing that right, and if presentations with a wider reputation and longer presence on the market enjoy correspondingly greater protection, then an application to register as a trade mark the presentation which has the widest reputation and the longest presence, with the purpose simply of consolidating and affirming existing rights, would not appear to be in bad faith.

74. At the other end of the scale, if all presentations enjoy equal rights, regardless of reputation or seniority, and those rights are appreciably more restricted than

those conferred by registration as a Community trade mark, then an application for registration by one market participant might be seen as unfair, and thus more readily judged as being in bad faith, vis-à-vis his competitors – a fortiori if he were in fact a recent market entrant and/or one whose presentation enjoyed only a relatively slight reputation.

75. To sum up, the gist of my analysis is that there is no simple, decisive test for establishing whether a trade mark application was submitted in bad faith. The various sets of circumstances which have been advanced before the Court as exhaustively delimiting the notion of bad faith are in fact illustrative examples of that concept. Bad faith is a subjective state – an intention incompatible with accepted standards of honest or ethical conduct – which is ascertainable from objective evidence, and which must be assessed case by case. It requires, at least, knowledge of the circumstances from which incompatibility with accepted standards of honest or ethical conduct may be deduced. Whether the trade mark applicant possesses such knowledge is an issue which may be determined by reference to the common state of knowledge in the economic sector concerned, if direct evidence is lacking. An intention to prevent competitors from continuing to use unregistered signs which they have hitherto been entitled to use and to defend against competition from other such signs is indicative of bad faith. However, the assessment must take account of all relevant factual and legal elements which might justify such an intention or, on the contrary, underline its dishonest or unethical nature.

#### **Conclusion**

76. In the light of all the above considerations, I suggest that the Court should answer the Oberster Gerichtshof's questions as follows:

In order to determine whether 'the applicant was acting in bad faith when he filed the application for the trade mark' within the meaning of Article 51(1)(b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, a national court must take account of all the available evidence from which it is possible to conclude that the applicant was or was not acting knowingly in a manner incompatible with accepted standards of honest or ethical conduct. In particular:

- an intention to prevent others from using similar signs in respect of similar products may be incompatible with such standards if the applicant was, or must have been, aware that others were already legitimately using similar signs, particularly if that use was substantial and longstanding and enjoyed a degree of legal protection, and if the nature of the sign was dictated to some extent by technical or commercial constraints;
- however, such an intention would not necessarily be incompatible with those standards if the applicant himself had enjoyed similar or greater legal protection in respect of the mark applied for and had used it in such a way, to such an extent and over such a time that the use by others of their similar signs could be considered to derive unjustified benefit from the applicant's

sign, and if those others were not constrained in their ability to choose dissimilar signs.

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1 – Original language: English.

2 – Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1, subsequently amended; 'the Trade Mark Regulation' or 'the Regulation').

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), very recently replaced (though not substantively amended) by 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 (Codified version) (OJ 2008 L 299, p. 25). I shall refer to them jointly as 'the Trade Marks Directive' or 'the Directive'.

4 – Their provisions are rather lengthy. Since in the present case nothing turns on their specific wording, I shall summarise them here.

5 – Which is, under Article 8(2), essentially, a Community trade mark, a national trade mark, an international trade mark having effect in a Member State or in the Community, with a date of application earlier than that of the opposed mark, or a mark which is 'well known' in a Member State before the application date.

6 – The wording cited is from the codified version of the Directive, which does not differ materially from that in the original version.

7 – Different languages categorise the creature as a hare or a rabbit, and the English 'bunny' is perhaps flexible enough to encompass both. In Australia, where rabbits are viewed with disfavour, its mythological niche has been partly taken over by the 'Easter bilby' (although, given the animal's possibly oviparous nature, one might have expected an 'Easter platypus'). The article sold under the trade mark in issue in the present case is termed by its manufacturer 'Goldhase' in German, 'Gold bunny' in English, 'Lapin d'or' in French, 'Coniglio d'oro' in Italian, etc. Fortunately, the exact zoological classification of this (probable) lagomorph is entirely irrelevant to any of the issues in the case.

8 – The selection displayed at the hearing suggests that there are two basic forms which meet those technical constraints, with the animal sitting in either a crouching or an upright position.

9 – For example, the ribbon encircling the bunny's neck was brown rather than red in the late 1960s, and there was no little bell.

10 – Wertvoller Besitzstand in German; the referring court does not indicate any precise legal definition for this concept.

11 – 'Like many other beings, a banker is easier to recognise than to define' (United Dominions Trust v Kirkwood [1966] 1 All ER 968 at 975, per Lord Denning MR). I do not suggest that bankers and bad faith have anything else in common.

- 12 – Articles 7 and 8 (see points 6 to 9 above).
  - 13 – Articles 51 and 52 (see points 10 to 12 above).
  - 14 – Article 51(1)(b).
  - 15 – Article 52(2).
  - 16 – Article 52(2)(a) to (d) of the Regulation.
  - 17 – In particular at point 66 et seq.
  - 18 – Lindt cites a number of cancellation division decisions which employ this formulation; the most recent (in English) appears to be decision 1313C of 17 April 2007, *Firstfind v China White*, point 26 (consultable on [http://oami.europa.eu/LegalDocs/Cancellation/en/C001284025\\_850.pdf](http://oami.europa.eu/LegalDocs/Cancellation/en/C001284025_850.pdf)).
  - 19 – First Board of Appeal, decision R 255/2006 of 31 May 2007, *Johnson Pump*, point 29.
  - 20 – It cites the judgment of 20 January 2005 in Case I ZR 29/02 ‘The Colour of Elegance’.
  - 21 – *Gromax Plasticulture v Don & Low Nonwovens* [1998] EWHC Patents 316, paragraph 47.
  - 22 – An expression used, in particular, in Article 12 of the Regulation and Article 6(1) of the Directive, under which a trade mark does not entitle a trade mark proprietor to prevent a third party from using certain indications in accordance with such practices.
  - 23 – Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48.
  - 24 – The Swedish Government refers to Bad faith provisions in the European Union and in the EU candidate countries, a 2002 report of the International Trade Mark Association ([http://www.inta.org/images/stories/downloads/tap\\_bad\\_faith2002.pdf](http://www.inta.org/images/stories/downloads/tap_bad_faith2002.pdf)).
  - 25 – The INTA report cited in footnote 24 mentions at p. 13 the ‘Red Lobster’ case in Denmark, in which the trade mark applicant subsequently confessed in a newspaper interview that he had been ‘strongly inspired by the American chain of RED LOBSTER. The Americans do a tremendous job and as they have protected neither the concept nor the name in Scandinavia I do not see any obstacle to my inspiration.’ Such spontaneous declarations are unlikely to be common.
  - 26 – Both apparently under German trade mark law, although it seems that similar protection would have been available under Austrian competition law (see points 20 and 21 above).
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