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Bad faith trademark registration

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Introduction

The possibility of invalidating trademark registrations on the basis of bad faith is an interesting and developing field of trademark law. Following the European Court of Justice's (ECJ's) much-noticed decision in *Skykick* (C-371/18) and the market evolution (or perhaps devolution) that has created serial offender 'trademark trolls' applying for trademarks in apparent bad faith on an industrial scale,⁽¹⁾ new Swedish jurisprudence concerning bad faith has made it clear that evidence to substantiate nebulous claims about what is in a trademark applicant's mind in such cases is of central importance (for further details please see "[Recent wave of decisions clarifies position on concept of bad faith](#)").

In a new judgment (PMÅ 7287-20 BERGLÖFSLÅDAN), the Patent and Market Court (PMC) further developed Swedish jurisprudence on bad faith and carefully weighed a number of creative objections to a claim of bad faith.

Facts

In the 1950s an industrial container called 'Berglöfslådan' was launched on the Swedish market. The inventor and original producer declared bankruptcy in 1980s, but 'Berglöfslådan' lived on as a generic name for a particular type of industrial container in Sweden.

In 2011 the defendant sought to register BERGLÖFSLÅDAN as a Swedish trademark for containers. The plaintiff filed an opposition based on bad faith, among other things, but the Swedish Patent and Trademark Office (PTO) granted the registration. The plaintiff turned to the (then) Court of Patent Appeals, which found that the application had been made in bad faith and invalidated the trademark.

A mere two months after the Court of Patent Appeal's judgment, the defendant re-filed an application for a trademark that was identical to the trademark which had just been found to have been registered in bad faith. The plaintiff opposed again but its tough luck persisted at the PTO, which found yet again that the defendant had invoked arguments and evidence which showed that the application had not been made in bad faith. The plaintiff proceeded to have the trademark invalidated at the (now) PMC on the basis of bad faith, showing, if nothing else, admirable persistence.

Decision

The PMC reiterated that the bad faith provisions in Section 8 of the Trademark Act (SFS 2010:1887) should be interpreted in light of the ECJ's well-known jurisprudence, such as *Malaysia Dairy Industries* (C-320/12) and *Lindt* (C-529/07).

While bad faith undoubtedly has a moral connotation in everyday language, its meaning within trademark law under the ECJ's jurisprudence is more nuanced. Bad faith is recognised as an autonomous concept of EU law that must be given an independent and uniform interpretation throughout the European Union, taking into account the context of the provision and the objective of the relevant trademark legislation.

In order to establish bad faith in the mind of the applicant, it is necessary to carry out an overall assessment, taking into account all of the factors that are relevant to the particular case at the time of filing the application. Such facts may, for example, include 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, even such clear indications as the applicant *de facto* knowing that a competitor is using such a sign is insufficient to establish bad faith. Consideration must also be given to the applicant's intention at the time of filing the application, a subjective and nebulous factor that must be determined by reference to the objective circumstances of the particular case.

The PMC found that the ECJ jurisprudence signalled a broad interpretation of the concept of bad faith and arguably a broader interpretation than that of traditional Swedish jurisprudence. The court also placed the burden of proof with the plaintiff in accordance with *Peeters Landbouwmachines BV v OHIM* (T-33/11).

Applied to the somewhat unusual circumstances of the case, the PMC found that the assessment of the defendant's intention should especially take into account its commercial motivations for applying for the trademark, in accordance with *Internetportal und Marketing* (C-569/08).

In this assessment, the fact that the name 'Berglöfslådan' had been used by various traders in connection with industrial containers for decades was damning. Allowing the registration to stand under these circumstances would likely lead to the defendant exercising the trademark right to stop its competitors from using 'Berglöfslådan' in connection with these goods. Similarly, the fact that the same parties had sparred once before in 2015 about the defendant's registration of an identical trademark was found to clearly establish that it must have been abundantly clear for the defendant that the plaintiff objected to this registration.

In a final effort to establish some kind of legitimate commercial reason for the trademark application that would show an honest good-faith intention on its behalf, the defendant also argued that it had acquired the original drawings to Berglöfslådan and "the right to register the trademark BERGLÖFSLÅDAN" from a descendant of the original inventor. According to this argument, the defendant had strong commercial motivations to apply for the trademark according to the agreement and could somehow establish a right that predated all

other use of the trademark in Sweden. However, the PMC found the agreement to raise more questions than it answered: what right had the descendant to the trademark in the first place? What does it even mean to sell the right to register a trademark? What about the fact that the original inventor's company had gone bankrupt in the 1980s?

Based on a holistic assessment of the arguments and evidence in the case, the PMC found no evidence for the claim that the defendant's trademark application had been motivated by legitimate commercial reasons. Instead, the defendant had applied for the trademark with the intention of capitalising on the product's good name and history in Sweden and in order to stop its competitors from continuing to use the term for industrial containers. The court found that defendant had thus registered the trademark BERGLÖFSLÅDAN in bad faith and the trademark was declared invalid.

Comments

Bad faith continues to be an interesting field of trademark law and national courts continue to prod the outskirts of the concept. This case emphasises the point that Swedish litigation in this field often turns on the evidence invoked, rather than on clear legal precedent (for further details please see "[Recent wave of decisions clarifies position on concept of bad faith](#)"). Even though the defendant's argument on honest commercial motivations for the application was found lacking in this case in the face of damning circumstances, the court's willingness to entertain creative arguments on this point means that it is likely that there will be more Swedish case law pushing the boundaries of bad faith in the future.

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Endnotes

(1) For further information, please see "[Trademark Trolling](#)".