

The Trademark

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Jurisdictional Briefing, US: bad faith and morality – an EU update and where the US stands

Benjamin Cantor, Associate at Cantor Colburn, compares the EUIPN's CP13 and CP14 to the recently updated measures for handling bad faith and morality in US trademark law in the pursuit of solutions for tackling similar issues.

In October 2022, the European Union Intellectual Property Network (EUIPN) released its first drafts for public comment of Common Practice 13 'Trademark Applications Made in Bad Faith' ("CP13") and Common Practice 14 'Trade Marks Contrary to Public Policy or to Accepted Principles of Morality' ("CP14"). CP13 and CP14 intend to provide a common understanding of newly established principles on bad faith and morality for the European Union Intellectual Property Office ("EUIPO"), Member States' Intellectual Property Offices ("MS IPOs"), and other stake holders. CP13 and CP14 come



Benjamin Cantor

Résumé

Benjamin Cantor advises domestic and international clients in trademark clearance, prosecution, monitoring, and enforcement, and is very interested in the differences in European and US trademark laws. He is active with trademark industry associations INTA and ECTA. At the 2023 ECTA annual meeting, he is presenting an educational session on the differences in C13 and C14 in Europe and the US. Ben also has experience in copyright law, assisting and advising clients in obtaining and protecting copyrights.

shortly after the United States updated its own measures handling bad faith and morality in trademark law.

As the EU embarks on establishing updated principles on bad faith and morality for intellectual property owners and stakeholders, this article analyzes how CP13 and CP14 compare to the updated standards in the United States.

Without the guardrail of requiring proof of use prior to registration in the EU, as opposed to the use requirement in the United States, CP13 offers guidance on how to examine bad faith in the cases of (1) misappropriating the rights of a third party or (2) as an abuse of the EU trademark system.¹ CP13 presents factors for examining bodies to consider if a suspicion of bad faith is present. While acknowledging a bad faith assessment is performed on a case-by-case basis, CP13 advises the mandatory factor in a bad faith filing is an Applicant's dishonest intention. Nonmandatory factors include the pattern of the applicant's behavior or actions, the honest commercial logic behind filing a contested mark, and the origin of a contested mark and its use, among other factors. Scenarios that may give rise to a bad faith consideration include parasitic behavior by an Applicant, defensive registrations filed to prevent competition, or re-filing.²

Rather than issuing a guidance document like CP13, the United States has taken on bad faith in trademarks by instituting new requirements for

filing and options for enforcement. First, the Post Registration Audit program, launched in 2017, began randomly selecting trademark registration maintenance filings for intensive audits to ensure trademarks are in use with each good or service claimed. Next, the US Patent and Trademark Office (USPTO) required foreign filers to obtain counsel based in the United States. This step required attorneys under the jurisdiction of the United States and state bars to represent foreign filings, adding a new element of accountability and enforcement. Finally, Congress passed the Trademark Modernization Act (“TMA”), effective in December 2021. The TMA added three new options for third parties to challenge nonuse of trademarks and prohibit bad faith actors from successfully abusing the trademark system.³ These options include expungement proceedings (applicable between three and 10 years after the date of registration), reexamination proceedings (applicable for registrations younger than five years old), and letters of protest (applicable when an application is still under examination).

The inherent discrepancies in the EU’s first-to-file system compared to the United States’ first-to-use system create a difference in approach to curtailing bad faith actors in the trademarks. CP14 illustrates more pronounced differences in approach between the respective jurisdictions when it comes to evaluating principles of morality in trademarks.

CP14 establishes general principles for assessing trademarks contrary to public policy or to accepted principles of morality. While acknowledging each assessment is carried out on a case-by-case

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- ¹ Common Practice 13, *Trademark Applications Made in Bad Faith*, EUIPN, 1st draft (October 2022).
- ² Id.
- ³ Trademark Modernization Act 2020
- ⁴ Common Practice 14, *Trademarks Contrary to Public Policy or to Accepted Principles of Morality*, EUIPN, 1st draft (October 2022).
- ⁵ *Matal v Tam*, 137 S Ct 1744, 1765; 198 L Ed 2d 366 (2017).

basis, CP14 provides examples of trademarks that violate principles of morality and guidance for when to consider additional context such as (1) the identification of goods and services or (2) the consumers most likely to encounter the trademark.⁴ CP14 advises trademark examining bodies to balance public policy and principles of morality with freedom of expression.

Alternatively, the United States no longer considers such a balance after recent precedential decisions. In 2017, the Supreme Court held that the disparagement clause of the Lanham Act was unconstitutional, violating the free speech clause of the First Amendment.⁵ In practice, this struck down the USPTO’s ability to refuse trademarks for immorality. In light of CP14, a wide range of trademarks considered contrary to accepted principles of morality or public policy in the EU are registerable in the United States.

The inherent differences between the EU and the United States create variations in solutions for tackling the same issues. As policies continue to shift, it remains critical for brand owners and stake holders to monitor the successes and drawbacks of these altering approaches.

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