

**General Court reviews factors relevant to determination of bad faith
European Union - Nestor Nestor Diculescu Kingston Petersen**

**Cancellation
International procedures**

November 26 2014

In *Urb Rulmenti Suceava SA v Office for Harmonisation in the Internal Market* (OHIM) (Case T-506/13, November 7 2014), the General Court has upheld a decision of the Fourth Board of Appeal of OHIM dated July 12 2013 in invalidity proceedings between *Urb Rulmenti Suceava SA* and Harun Adiguzel with respect to the Community trademark (CTM) URB (No 007380009).

The mark had been filed by Adiguzel on November 10 2008 for goods in Classes 6 and 7 of the [Nice Classification](#), including "bearings".

On June 29 2010 Urb filed an application for a declaration of invalidity of the CTM based on Article 52(1)(b) (which states that a CTM shall be declared invalid where "the applicant was acting in bad faith when he filed the application for the trademark") and Article 53(1)(a) (under which a CTM shall be declared invalid "where there is an earlier trademark as referred to in Article 8(2) and the conditions set out in Paragraph 1 or Paragraph 5 of that article are fulfilled") of the [Community Trademark Regulation](#) (207/2009). In support of the application, Urb relied on several Romanian collective registrations for URB and on two international figurative URB marks, all of which belonged to a company named SC URB SA, and not to Urb. Moreover, the owner of these URB marks refused to bring an action against the registration of the CTM at issue.

Under the provisions of Regulation 207/2009, an application for a declaration of invalidity of a trademark may be filed by the owners of earlier trademarks and by licensees authorised by the owners of those trademarks. When filing the application for a declaration of invalidity, Urb asserted that it was authorised to use the URB marks, but was unable to prove it before the court. Also, it was not clear from the documents before the court that Urb was entitled to use the earlier collective trademarks at the time when Adiguzel had filed his application for a CTM.

In 2002 the regulation on the use of the earlier collective URB marks was amended and, following that amendment, the regulation no longer contained the list of undertakings authorised to use the collective marks. Furthermore, the amended version of this regulation provided that third parties would have the right to use the collective marks only under a franchise agreement managed by the registered proprietor of those marks. Urb was not party to such an agreement, meaning that, from 2002 onwards, it was no longer entitled to use the earlier collective marks.

Urb underlined that it was disputing from the outset the legality of the regulation on the use of the earlier collective URB marks established by SC URB. Further, it alleged that the regulation had been annulled by a judgment of the *Tribunalul Bucureşti* (local court, Bucharest) of June 5 2012, upheld on February 13 2013 by the *Curtea de apel Bucureşti* (Bucharest appeal court). From the documents before the court, it was not clear whether this judgment was final, as Adiguzel pointed out that an appeal on a point of law had been lodged before the *Înalta Curte de Casaţie şi Justiţie* (High court of Cassation and of Justice, Romania).

In any case, the General Court considered that those judicial decisions had been given on dates later than that on which Adiguzel had filed his application for a CTM, namely November 10 2008. Consequently, the court considered that, on that date, Urb did not have the same rights over the earlier collective marks as Adiguzel and SC RULMENTI Barlad (a company of which Adiguzel is the manager and shareholder).

Therefore, the court considered that Urb had no authority to file the application for a declaration of invalidity of the CTM URB.

As regard the plea that Adiguzel had acted in bad-faith when filling the application for the CTM, the court rejected it for the following reasons.

In *Chocoladefabriken Lindt & Sprüngli* (Case C-529/07), the Court of Justice of the European Union (ECJ) had stated that, in order to determine whether an applicant is acting in bad faith within the meaning of Article 52(1)(b) of the regulation, all the relevant factors specific to the particular case had to be taken into consideration, in particular:

- the fact that the applicant knows or should know that a third party is using, in at least one member state, an identical or similar sign for an identical or similar product liable to be confused with the sign for which registration is sought;
- the applicant's intention of preventing 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.

These three factors are only examples drawn from a number of factors which can be taken into account in order to decide whether the applicant for registration of a trademark was acting in bad faith at the time of filing the application.

In this particular case, Romanian bearing production undertakings were originally state-owned. Bearings were marketed throughout the world under the collective trademarks URB held by CIROA (industrial plant for bearings and industrial fasteners), which was the department of the Ministry for Industry responsible for coordinating Romanian bearings producers. Once the process of privatisation was under way, CIROA's assets were transferred to SC URB, a private company which was the proprietor of the earlier trademarks. Several companies, including Urb and SC RULMENTI SA Barlad, were authorised to use the earlier collective trademarks.

Further, the court rejected the argument that no third party had the right to register any of those URB marks, as Urb had failed to provide any information which would support that allegation.

Among other things, Urb sustained that Adiguzel was in fact trying to exclude it from the market. In this respect, the ECJ has held that 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. This is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a CTM without intending to use it, its sole objective being to prevent a third party from entering the market (see *Lindt*).

In the present case, it was not disputed that Adiguzel had marketed goods under the trademark URB in several member states after the date of registration at issue. Moreover, Urb had not established that it was Adiguzel's intention to exclude it from the market.

Urb further argued that it is not logical to conclude a licensing agreement with a third party regarding a trademark whose use has been authorised for several years already, unless the intention is, in bad faith, to damage the interest of other companies authorised to use that trademark. According to the court, that argument had no bearing on the question of whether Adiguzel had acted in bad faith when filing the application for the CTM.

Urb also submitted that Adiguzel had acted in bad faith given that he knew that SC RULMENTI Barlad was one of the companies authorised to use the earlier collective trademarks.

In that regard, the court noted that the ECJ had held that the fact that an applicant knows or should 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.

The action was thus dismissed in its entirety.

This decision is interesting in that it clarifies which parties may file an action for invalidity of a CTM, as well as which factors are relevant when determining whether an applicant was acting in bad faith.

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