Nicoleta Tarchila

Romanian case studies: Trademark squatting

Nicoleta Tarchila, Cabinet Enpora, depicts the importance of obtaining special protection of foreign trademarks, specifically looking into some current infringement cases of trademark squatting

There has been a lot of debate lately about trademark squatting in China. We have noticed however that the phenomenon is also a real problem in the EU member states, and does not always target trademarks with a reputation. There are companies that omit protecting their trademarks in neighbor countries in spite of a growing interest for these markets, and third parties willing to play the territoriality card and take advantage of the first to file system.

The EU Trademark Directive provides an effective tool against trademark squatting by including, as a relative ground for refusal, that a trademark is not to be registered or, if registered, is liable to be declared invalid where the trademark is liable to be confused with an earlier trademark protected abroad. This is, of course, provided that at the date of the application the applicant was acting in bad faith. This ground of refusal is however listed as optional for the member states leading to an uneven protection against trademark squatting in the EU.

Romania is one of the EU member states that has opted to include the specific protection of foreign marks and incorporated Article 4(4)(g) (EC) 2008/95 now Article 5(4)(c) (EU) 2015/2436 in the national trademark legislation. The provision was transposed into the Romanian trademark law as Article 6(4)(g), according to which a trademark shall be refused registration or if registered, shall be declared invalid where there is likelihood of confusion between the trademark and a trademark which was in use abroad and continues to be used there, where the application was made with bad faith by the applicant. The national legislation adds an additional condition namely the use must be ongoing at the date of filing of the new application.

The challenge when invoking article 6(4)(g) is to prove the bad faith of the applicant or subsequent owner. The concept of "bad faith" is not defined by the Romanian trademark law thus the jurisprudence and the considerations of the doctrine are used to support bad faith allegations.

In light of the interpretation of the CJEU in the C-320/12 Malaysia Dairy case the concept of bad faith within Article 4(4)(g) now Article 5(4)(c) of the Directive is an autonomous concept of EU law that must be given uniform interpretation in the European Union. Moreover it has been confirmed that in order to establish bad faith, it is necessary to take into account all relevant factors at the time of filing the application. In the C 529/07 Lindt chocolate bunny case CJEU has outlined the general criteria relevant to determining whether an applicant is acting in bad faith: the applicant's knowledge or presumed knowledge that a third party is using an identical or confusingly similar sign for identical or similar goods/services, 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 Romanian High Court of Cassation and Justice has ruled that the bad faith concept comprises two elements: an objective element consisting of knowledge in the fact that there are legitimate rights upon the trademark, and a subjective element, consisting in the intention to prejudice the person that justifies such legitimate rights and interests.

Proving the two aspects are of bad faith is not an easy task, especially when we are not dealing with marks that enjoy a reputation, and when no relationship could be established between the prior foreign mark owners and the new applicants or owners. The aspects we could avail in the cases we came across were:

1) the identity of the signs, particularly in terms of their graphic,
2) the identity of the goods,
3) use on the Romanian territory for a long period of time;
4) owners are known companies in a neighbor country;
5) applicants originate from parts of the country where they could get in contact with the marks;
6) the applicants had no intention to use the marks;
7) the owners were served cease and desist letters

Recent cases based on the provisions of article 6(4)(g) pending before the Romanian authorities:

The TIBI chocolate case study

Bonbonetti Choco Édesipari Kft. is a Hungarian company with more than 150 years of activity in producing chocolate goods. One of its main brands is TIBI present on the Hungarian market for more than 70 years to identify chocolate tablets.

TIBI chocolate is not sold on a large scale in Romania and protection was obtained only for a word mark "Tibi Choco Bonbon". Bonbonetti owns a Hungarian registration for the mark 'TIBI'. Recently the company noticed a new application filed in Romania for a combined mark consisting of the word "TIBI" and the design of a chocolate tablet as shown below:

TIBI chocolate assortment Romanian trademark application

The applicant is, not surprisingly, a Romanian company originating from Covasna County which has a population of 75 % Hungarians. Bad faith was invoked in an opposition before the Romanian Trademark Office, based on the fact that the new application copied the registered foreign mark using the same graphics, the new application reproduces an identical packaging of one of the TIBI chocolate assortments existing on the market. Moreover, the applicant is not active in producing chocolate goods, the applicant is originating from a region of Romania where it may be reasonably presumed that goods from Hungary are sold. The applicant's knowledge of the opponent's prior mark could be reasonably presumed because of the identity of the signs and goods, topped by the fact that the new application consists in the packaging of the foreign mark's goods. The intention to prejudice could also be presumed based on the same facts. Use of same graphical elements is making the burden of proof even easier. The opposition is pending before the Romanian Trademark Office.

Hajdu Finom case study

Hajdú Gabona Zrt. is one of the largest producers of flour assortments in Hungary. The company was founded in 1962 and is since then present on the Hungarian market and in the neighbor countries, Romania included. Hungary is a significant grain producer in Europe and its products are highly appreciated as top quality goods. In 2000 the company has developed a new visual identity for its goods and in 2002 they have obtained protection in Hungary for a combined mark no. 176859 "HAJDÚ FINOM LISZT" for flour goods in class 30, which they used ever since :

The components of the mark were created to praise the protected products. The horseman, "csikós", embodies the legendary herdsman of Hungary closely associated with the Hungarian puszta and the Hortobágy National Park located in the county of Hajdú-Bihar, Hungary. The bottom part of the ensemble is the representation of the Nine Holed Bridge one of the most significant landmarks from this region. The wording part is also representative: Hajdú is the name of the county where the company is located and part of the company name, Finom is used in connection to flours to identify a certain type of very fine flour meant for baking and Liszt is the Hungarian word for flour. Altogether a strong representative ensemble in use nowadays for almost 15 years. That did not stop a Romanian company to register in 2013 the exact ensemble in Romania obtaining protection for classes 30, 31, 35 and 39 as depicted below:

Bad faith allegations were brought in an invalidation action before the Bucharest Court of Law. No connection could be established between the companies. However, the resemblance between the signs is clear, which leads to the conclusion that the new owner must have known about the existence of the prior mark on the market for the mere fact that two complex ensembles like the ones in question could not be created independently. The intention of the new owner to hinder the activity of the previous owner could also be proved because cease and desist letters did not fail to be sent. Other circumstances that support the bad faith are the fact that the Romanian company had no activity in the flour production industry, the two associates are originating from the county of Bihor which is bordering the county of Hajdú-Bihar, Hungary thus they could reasonably have knowledge about the activity of the Hungarian company. In this case also bad faith may be alleged from the identity of the signs and the protected goods. Currently the case is pending before the Bucharest Court of Law.

We may conclude by encouraging trademark owners to carefully take into consideration emerging and neighbor countries and not fail to protect their marks there to avoid becoming victims of trademark squatting.

Résumé

Nicoleta Tarchila, Managing Partner, Cabinet Enpora IP

Nicoleta is the coordinator of the litigation department with a background of 10 years experience in IP prosecution, litigation and portfolio management. As part of the Cabinet Enpora IP team Nicoleta advises clients from various activity fields. Her expertise is focused on filing invalidation and revocation actions before the Bucharest Court of Law but also includes filing oppositions and appeals before the Romanian Patent and Trademark Office.