



18 Nov 2020 TARGET VENTURES case: Board of Appeal erred in finding that application was not filed in bad faith

European Union - [Herald](#)

- The EUIPO rejecting an application for a declaration of invalidity of TARGET VENTURES, as it was not proven that the owner had applied for the mark in bad faith
- The General Court disagreed, finding that the Board of Appeal had erred in interpreting Article 52(1)(b) of Regulation 207/2009
- The board should have taken into account the use of the mark outside of the European Union, as well as the chronology of events

On 28 October 2020 the General Court (Third Chamber) issued its decision in [Target Ventures Group Ltd v European Union Intellectual Property Office](#) (EUIPO) (Case T-273/19).

Background

The intervener, Target Partners GmbH (Germany), is a venture capital fund that has owned the domain name 'targetventures.com' since 2002 and the domain name 'targetventures.de' since 2009. However, the content of the websites registered under those domain names has only ever referred to Target Partners. Those sites were redirecting to the intervener's official site, www.targetpartners.de.

The applicant, Target Ventures Group Ltd (British Virgin Islands), claimed to have been a venture capital fund since 2012 in Russia and since 2013 on the EU market. Between December 2013 and December 2014, it provided financial and monetary services under that sign to five undertakings in the European Union and acquired holdings in those undertakings on behalf of its own investors.

On November 2014 two partners of the applicant or of a third party operating as Target Ventures, as well as a representative of the intervener, attended a conference in the investment sector in London. On 13 November 2014 a representative of a start-up looking for investors sent two emails to those three people jointly.

In January 2015 the intervener filed an application with the EUIPO for the word mark TARGET VENTURES ('the contested mark') for services in Classes 35 and 36; it was registered on 28 May 2015. In July 2015 the applicant sought a declaration of invalidity of the mark, which was rejected on 25 May 2017 by the Cancellation Division of the EUIPO. By decision of 4 February 2019, the Second Board of Appeal of the EUIPO dismissed the appeal since the applicant had not proved that the intervener was acting in bad faith when filing its application for registration. The Board of Appeal found that:

- it was not proved that the intervener knew of the services offered in the European Union by the applicant or a third party operating under the mark TARGET VENTURES;
- the applicant had not shown the intervener's presumed knowledge of its activities; and
- the use of the mark TARGET VENTURES in Europe by the applicant or a third party was not so extensive that the sign could be considered to be well known or recognised among the relevant public and competitors at the time when the contested mark was applied for.

In addition, due to the short duration of use of the sign TARGET VENTURES in Europe before January 2015, the applicant would have needed to have proved a high intensity of use. Consequently, the application for a declaration of invalidity had to be rejected. The Board of Appeal stated that the evidence submitted by the intervener showed that it had a legitimate business interest in having the mark registered. Consequently, it could not be excluded that the intervener had filed the mark either because it wanted to expand its use of the mark or to "protect its clients from possible confusion".

General Court decision

The appeal to the General Court was based mainly on Article 52(1)(b) of [Regulation 207/2009](#), which provides that an EU trademark is to be declared invalid where the applicant was acting in bad faith when it filed the application for the mark.

In everyday language, the concept of 'bad faith' presupposes the presence of a dishonest state of mind or intention, but the concept must also be understood in the context of trademark law, which is that of the course of trade. The rules are aimed at contributing to the system of undistorted competition in the European Union, in which each undertaking must, in order to attract and retain customers through the quality of its goods/services, be able to have registered as trademarks signs which enable the consumer, without any possibility of confusion, to distinguish those goods/services from those of others (see [Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO](#) (Case C-104/18 P) and [Sky](#) (Case C-371/18)).

The ground for invalidity applies where it is apparent that the proprietor of an EU trademark has applied for the mark with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark, in particular the essential function of indicating origin. Accordingly, it is not necessary for the proprietor of the contested mark to have had knowledge of a third party's use of the sign at issue.

Consequently, by finding that the lack of proof of actual or presumed knowledge of prior use of the sign at issue was sufficient to reject the application for invalidity, the Board of Appeal erred in law in interpreting Article 52(1)(b) of Regulation 207/2009. Knowledge on the part of the proprietor of the contested mark of a third party's prior use of that sign or the question of whether the proprietor ought to have had knowledge of such prior use of the sign by a third party was only one relevant factor among others to be taken into consideration.

The court pointed out that the various factors identified by the case law are only examples; therefore, the fact that any one of those factors is not present does not necessarily preclude a finding that the applicant acted in bad faith. This means that factors other than those listed in Paragraph 53 of [Lindt & Sprüngli](#) (Case C-529/07) can be taken into consideration.

A claim of bad faith must be the subject of an overall assessment, taking into account all the relevant factual circumstances. The registration of a trademark by an applicant without any intention of using it in connection with the goods/services covered by that registration may constitute bad faith, where there is no rationale for this application in the light of the aims referred to in Regulation 207/2009. Such bad faith may, however, be established only if there are objective, relevant and consistent indicia tending to show that, when the application for registration of the mark was filed, the applicant had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark.

Here, it was apparent that the intervener's intention when filing the application was not to put it to a use falling within the functions of a trademark. It could not be excluded that the intervener wanted to protect its clients from possible confusion between the marks TARGET PARTNERS and TARGET VENTURES. The fact that the intervener registered a mark in order to prevent a likelihood of confusion with another mark of which it was already the proprietor and/or to protect the element that is common to those marks, was extraneous to the functions of a trademark, in particular the essential function of indicating origin, and contributed more towards strengthening and protecting the intervener's first mark, which was, both before and after the application for registration of the contested mark was filed, the only sign under which it offered its services. This was confirmed by the fact that the websites at www.targetventures.de and www.targetventures.com only provided a means of redirection to the intervener's main website.

According to the intervener, by using a distinctive element - namely 'target' - in the domain names 'targetventures.com' and 'targetventures.de' with an element descriptive of venture capital services - namely 'ventures' - and by providing a redirection to its main website, on which it offers its services under the mark TARGET PARTNERS, it intended to show to the interested public that those services were also offered by Target Partners. It submitted that the reason for the registration of the contested mark was therefore to protect the mark TARGET used in the name of those websites.

Consequently, the intervener had filed that application not with the aim of engaging fairly in competition, but with the intention of obtaining, potentially without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark, in particular the essential function of indicating origin.

If the intention of the proprietor of the contested mark at the time of filing the application for registration was that of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark, an examination of whether that proprietor had prior knowledge of a third party's use of the sign at issue was not a *conditio sine qua non* in order for it to be possible to hold that that proprietor was acting in bad faith. This meant that an examination of the chronology of events was not needed. However, since the Board of Appeal took the view that proof of the intervener's actual or presumed knowledge of the applicant's use of the mark TARGET VENTURES was necessary, it should have taken into account all the factors relevant to the circumstances of the case, including the chronology of events.

The examination of whether the proprietor of the contested mark had prior knowledge of a third party's use of that sign must not be confined to the EU market and, by restricting its own examination in the context of its business activities within the European Union, the Board of Appeal applied that factor in an incomplete manner.

The board's decision was thus annulled.

Comment

One can infer from this decision that filing a mark as a defensive mark can lead to cancellation on the ground of bad faith.

Richard Milchior

Herald

TAGS

[Enforcement and Litigation](#), [Portfolio Management](#), [Banking/Finance](#), [Europe](#), [European Union](#)