

VINTAGE BRANDS AND THE BAD FAITH CONUNDRUM

GLOBAL DIGITAL ENCOUNTER 24,
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Panelists:

- **Prof. Dr. Annette KUR**, Affiliated Fellow at the Max-Planck-Institute and honorary professor at the University of Munich (LMU)
- **Dr. Verena VON BOMHARD**, Founding Partner at BomhardIP
- **Philipp VON KAPFF**, Member of EUIPO's Boards of Appeal (Any opinions expressed are private and may not bind the Office or the Boards of Appeal).
- **Dr. Anke MOERLAND**, Associate Professor of Intellectual Property Law in the European and International Law Department, Maastricht University.

OBJECTIVES

We all know the cases of brands that, after having experienced a time of great success, have been phased out but live on in consumer's memories. Time after, someone rescues them for a second successful life: vintage brands. Can a third party legitimately lay its hands on the vintage brand? Can the (former) owner of the mark as previously used and reputed do something about registration and use by the third party? In whose interest can the continuation of their protection be justified? Does this depend on the time that lapses between cessation of use and brand revival? Is bad faith the correct tool for dealing with brand revival? Does an assumption of bad faith clash with the necessity to use marks to maintain their protection? Does the reason for the original cessation of use (e.g. purely commercial / socio-economic / political / generational) have an impact on the assessment of bad faith? What can brand owners do to maintain the protection of previously well-known brands that are discontinued (aside from using - and genuinely so!)?

REPORT

INTRODUCTION

Prof. Laurent MANDERIEUX opens the 24th Encounter by emphasizing the fundamental questions that it will address: the complex relation between blossoming **Vintage Brands and the Bad Faith Conundrum**. What are the hurdles and limits in this respect? This is why - he acknowledged - clear definitions and border lines are needed /being developed and, in this context, it is important to have more clarity about these relationships. He then welcomed and presented the speakers and the moderator.

Prof. Javier FERNANDEZ-LASQUETTY welcomes and thanks the panel, emphasizing the thrilling importance of vintage brands for society and business.



QUESTION 1: WHAT IS THE LEGAL DEFINITION OF VINTAGE BRANDS AND WHAT'S THEIR LEGAL PROBLEM?

Dr. Verena von Bomhard starts by clarifying that 'vintage trade marks' means the second life of a trade mark, which is no longer used for whichever reason. Some vintage trade marks are registered, other may have expired and then someone else wants to use them again (the trade mark FIAT 500, for example, was not used for a very long time and was then revived by the same owner).

Vintage trade marks may still have some goodwill, this is why someone may be interested in using them. The original owner is left without any legal protection, because its right has already expired or is vulnerable to cancellation due to non-use. Here lies the legal problem: can the original owner or its successor defend himself against a third party that picks up the earlier mark?

Philipp von Kapff agrees on the fact that the word vintage has a positive connotation, but its meaning is unclear as it may include old second hand and new imitation of old. At EUIPO there are proceedings concerning vintage trade marks in cases of absolute grounds (distinctiveness of vintage design?), relative grounds and also revocation for non-use. In case of vintage spare parts (second hand spare parts), for example, it is crucial to understand whether the proprietor is using the trade mark as a reference to their commercial origin, when he/she or a third party is selling second hand products. In [Testarossa](#) [joined cases C-720/18 and C-721/18], the Court of Justice ruled that a trade mark proprietor can use its trade mark to resell own second-hand goods put on the market under that mark (example: a luxury second hand watch/car/computer/clothing is placed again by the same proprietor on the market, for example after revision, certification and further guarantee).

It is important to differentiate between the use made by the proprietor and the

use made by an unrelated third party. In the second scenario, a third party wants to start a new business with a trade mark that has disappeared from the market but which is still reputed for some consumers in order to build a story for its new product.

According to **Prof. Annette Kur** there are several reasons for the increasing importance of this topic. Today it is easier to study the market by analyzing the number of searches for vintage brands on the Internet or by screening social media for chat groups about old car enthusiasts. Maybe there is also a deeper reason that pushes people towards the past, when everything was safer and more secure, when using a certain product was glamorous, a sociological reason that may also impact the assessment of bad faith.



QUESTION 2: WHERE DOES THE LINE LIE, USE ONLY FOR THE SPARE PARTS AND NOT FOR THE COMPLEX PRODUCT WILL BE SUFFICIENT TO SHOW USE UNDER TRADE MARK LAW?

Philipp von Kapff recalls that in the **Minimax** case [[C-40/01](#)], the Minimax company did not produce fire extinguishers but spare parts. However, Minimax only had protection for fire extinguishers, and did not have trade mark protection for spare parts, when a German company with the same name started an action for revocation. The Court of Justice ruled that if the trade mark is used for spare parts it may be considered to be used for the product. How is this possible? How can the use for spare parts mean the use of the whole product? In the EUTM Regulation, the owner must use the trade mark for the goods for which it is registered.

The question was asked again in **Testarossa**. The Court of Justice ruled that it is not important whether the spare parts are also registered by the trade mark proprietor. According to von Kapff it is unclear what the Court of Justice exactly means by differentiating whether genuine use is alleged 'for component parts that are integral to the makeup or structure of such goods or for goods or services directly connected with the goods previously sold and intended to meet the needs of customers of these goods'.

Dr. von Bomhard agrees that the **Testarossa** judgment gives rise to a lot of discussion, but this is a very exceptional case and not the reflection of what's in the marketplace. Indeed, it is not common for trade mark owners to stop using the trade mark and then to use it for spare parts, this is very specific to the luxury car market.

Prof. Kur points out that pursuant to the Court of Justice, the decisive issue is whether the use made still serves the original or central function of the trade mark. She agrees that this is a very specific case but it may be true to say that these parts are delivered in order to keep the product on the market in accordance with the main function of the trade mark.

QUESTION 3: THERE ARE VINTAGE BRANDS THAT ARE NOT USED ANYMORE BUT STILL OWNERS REQUIRE PROTECTION, HOW CAN WE JUSTIFY THIS?

Prof. Kur explains that there are different interests that need to be calibrated, starting from the former trade mark owner, especially when the brand is the same as his family name. Moreover, from the consumers' side, there may be an interest in the authenticity of what is sold under that trade mark or even for the society in general, when a trade mark that is famous worldwide, becomes a sort of cultural icon. In addition to that, there is also the interest of the applicant who wants to satisfy a market demand by reviving an old brand. Given the complex scenario there is not a one size fits all solution but that there must be a case-by-case analysis that takes account of all these different interests.

Dr. von Bomhard points out that revivers might be interested in the reputation built by the former owner but there may be additional advantages. For example, the trade mark register has already been cleared and the new owner has to do less trade mark clearance. Another example is the fact that the trade mark has already been registered but nobody seems to be using it and probably no one is interested in using it in the future.

In any case, the revived trade mark doesn't need to have reputation, it can be a reputation that only the reviver perceives. In the **Nehera** case [[T-250/21](#)], for example, in the 2000s a Slovakian revived a Czechoslovakian fashion brand famous back in the 20s and 30s but not widely known anymore. In other words, there can be some

emotional attachment on the part of the reviver but no corresponding goodwill among the general public. Anyway, the typical case is that the new owner wishes to use the remaining goodwill as a jumping board for the launch of the new product.

Dr. Moerland: There is also the public domain argument, when you do not use it anymore you give up your right and everyone else should have the chance to use it.

QUESTION 4: WHAT IS THE CURRENT STATE OF ART REGARDING A SUCCESSFUL BAD FAITH AND INVALIDATION APPLICATION IN CASE WHERE THE REVIVOR TRIES TO REVIVE A VINTAGE MARK?

Philipp von Kapff: Bad faith is normally the last resort when you do not have any other rights. The two main cases in this area, the **Simca** case [[T-327/12](#)] and the **Nehera** case had two very different outcomes. With **Simca**, someone had registered the trade mark even though Renault still maintained the trade mark, however they did not use it. The first step is to determine if the person behaves as a pirate, for example where he or she seeks to get a ransom for the trade mark, which speaks to bad faith. Or it is honest behavior and there is commercial function to the use of the trade mark.

In the **Nehera** case there no longer was any reputation that could be demonstrated on the marketplace. The name was no longer remembered, and the original owner failed to demonstrate bad faith with the new owner, nor was there any free riding on the reputation of the original family.

Dr. Moerland: There needs to be a continued reputation otherwise bad faith application will not succeed.

Philipp von Kapff: Normally this is the principle. However, if someone has lost the good-will attached to the trade mark,

the new use by a third party cannot really be considered free-riding.

Dr. von Bomhard: I would challenge whether free riding per se is bad faith as this may go too far and is not necessarily a dishonest intention. Whilst this may seem as such from the case law, each case had its own unique situation.

QUESTION 5: ARE THERE ANY OTHER TOOLS THAT AN OWNER OF VINTAGE BRAND WHO DOES NOT USE IT ANYMORE AND SHOULD NOT HAVE THE REGISTRATION AND PROTECTION CONNECTED TO A TRADE MARK BUT STILL CAN CLAIM?

Prof. Kur: As a matter of principle, one might think of Article 7(1)(g) EUTMR, that is, vintage marks registered for a third party which is unconnected to the original owner might be liable to deceive the public. But on the other hand, many vintage brands nowadays have completely different owners than originally. It is generally accepted in those cases that there is no deception, as long as the new owner takes responsibility for the brand. It is a tenet of trade mark law that one mark can travel to another's hands.

Concerning bad faith, there is a certain automatism that has developed in EU trade mark law. If there is manifest intention to free ride, i.e., to participate in reputation, then this is considered as indicating bad faith. In other words, free riding is immediately considered as something bad. But the question which is decisive here, namely whether it amounts to an act of unfair competition if a new owner attempts to keep a mark alive for which there is certain a demand, should not be answered on the basis of such automatism.



Philipp von Kapff: Free riding is an important part of the consideration for the court but this must be balanced along with other principles such as public domain. Mediation and amicable solutions are alternatives to these bad faith applications, where both parties can achieve some benefit.

QUESTION 6: HOW LONG WOULD BE A GOOD PERIOD FOR NON-USE AS FIVE YEARS MAYBE TOO SHORT FOR SOME PRODUCTS SUCH AS CARS?

Dr. von Bomhard: There is no single answer to this as it depends on whether the reuse is genuine. It can be very short once it is a genuine use of the trade mark and not done solely to maintain the trade mark. The owner must be building or maintaining a market share.

Philipp von Kapff: It must be used as a trade mark and must show that the company selling it takes responsibility for the product.

Prof. Kur: There is a need for a clear-cut period of non-use. On the other hand, the way in which genuine use is assessed may be influenced by the type of product at issue. For long lived products the assessment may be different than for short lived products. This is illustrated by the cases reported by Philipp von Kapff (concerning fire-extinguishers and cars), where selling of used goods and spare parts was considered sufficient to establish genuine use, while the same may not be accepted for other types of products.

Dr. von Bomhard: There are always proper reasons for non-use such as the Covid-19 period where certain brands were not able to properly use their marks. The pharma industry in particular has to deal with this five-year issue and must consider it closely when they apply. This highlights that some industries are particularly affected by this issue. But we need a clear rule and there is no point in differentiating between one product or the other.

QUESTION 7: UNDER THE GERMAN TRADE MARK ACT, BAD FAITH IS AN ABSOLUTE GROUND FOR REFUSAL EXAMINED EX OFFICIO BY THE GERMAN PTO. IS THERE A PUBLIC ENFORCEMENT GAP AT THE EUIPO AND/OR OTHER IP OFFICES WHERE BAD FAITH IS EXAMINED ONLY ON THE REQUEST OF AN INTERESTED PARTY?

Philipp von Kapff: The directive foresaw the possibility for the Member States to have the option for bad faith to be an absolute ground of refusal or, as is done at the EUIPO, as a ground for invalidity. However, in countries such as Germany, which have bad faith as an absolute ground for refusal, this does not work as the national authorities hardly ever refuse any application on that basis.

Prof. Kur: The rule in Germany came in because of very specific cases where persons registered trade marks consisting of the names of famous people for financial gain. However, in the majority of cases ex officio examination of bad faith does not work very well. In the Max-Planck-Institute's report written in preparation of the trade mark law reform my colleagues and I considered that it does not make much sense to have bad faith as an ex officio ground of refusal because the office will usually lack the necessary background knowledge. A compromise proposal would be to admit bad faith as a relative ground for refusal on the basis of which an opposition can be filed, so that it can be argued before the registration is actually made. That way, one would not have to go for cancellation, but would stop the whole process.

Dr. von Bomhard: This ground for refusal has a limited room for application so it does not necessarily work badly. In this conversation there is a focus on whether the mark can be registered or not; however, focus needs to be given to the marketplace and one interesting point in the **Nehera** case is that there is an open boutique with the mark in Vienna and yet there was and is no case pending before the Austrian Courts. To normal people it is completely irrelevant what is on the trade mark register or not, the most important thing is what is on the marketplace. Therefore, you have an openly broad interpretation of bad faith when it comes to registration which is not matched by actual litigation tools to address the big dichotomy between registration and the marketplace.

QUESTION 8: WHEN THERE IS A FAMOUS VINTAGE MARK THAT IS BEING APPLIED FOR, SHOULD THE OFFICE LOOK AT IT FROM A MISLEADING AND A PUBLIC POLICY PERSPECTIVE?

Philipp von Kapff: The Court of Justice has ruled that trade marks can move ownership without a problem as seen in the case of **Elizabeth Emanuel** [[C-259/04](#)] and thus the fact that the proprietor is not the official successor or the first trade mark holder is not seen as deceptive in the sense of Article 7(1)(g) EUTMR. This may be different, if the use is deceptive, which could give rise to the revocation of the mark (Article 58(1)(c) EUTMR).

Prof. Kur: It could be an important testing point to consider whether use of the mark would be contrary to unfair competition rules and could be prohibited on that basis. If it is against unfair competition rules then this would signal bad faith, as the notion of bad faith is clearly connected with what is considered as unfair competition. The

problem under EU law is, however, that we do not have a uniform unfair competition law in the EU as there is no harmonization in the B2B relationship. At the national level, considering the legality of use under the aspect of unfair competition can literally translate into an obstacle to registration, as there is an optional ground for refusal under Article 4 (3) (a) of the directive that allows refusing registration of trade marks if their can be prohibited on other grounds than trade mark law. Concerning public policy, it is maybe a stretch to say that it more or less equates the notion of bad faith. . Public policy is concerned about the public interest whereas bad faith resides in the realm of competition between entrepreneurs (B2B) and thus so closer to trade mark law and private relationships than a public policy issue.

QUESTION 9: WOULD THE AVERAGE CONSUMER OR THE RELEVANT PUBLIC KNOW THAT THE VINTAGE BRANDS ARE NOT OWNED BY THE ORIGINAL OWNER?

Prof. Kur: Normally we do not say that there is any misconception in the mind of consumers if a brand has passed hands. We can see that from the Elizabeth Emanuel case to which Philipp von Kapff has already referred.

Dr. von Bomhard: Attention needs to be paid to preventing the incorporation of likelihood of confusion into bad faith issues. Several decisions have addressed this and ruled that likelihood of confusion is not a requirement for bad faith and these are two different concepts. The relevant consumer is important for the questions: what is the impact on the public; and when there are issues of unfair competition it may make parasitic behaviour more likely but not compulsory.



CONCLUSION

Prof. Desantes: The resurrection of vintage marks brings up many exciting topics and is the real world. This topic should be the entrance door to anyone who would like to know about the beauty of the trade mark system. We would like to thank the presenters, moderators, and attendees for participating in the encounters.

Report written by **Arielle Aberdeen** and **Dr. Maurizio Crupi**

[Fide](#) and TIPSAs (Transatlantic Intellectual Property Academy) join forces to organize a series of digital encounters to try and find out if Intellectual Property is equipped to face the ongoing changes that our world is experiencing.

All online encounters are opened to any interested person and speakers have been selected among the most relevant IP scholars and professionals all over the world.

The [Global Digital Encounters](#) form an integral part of the solidarity projects run by both organizations to support the international, European and national plans to overcome the sanitary and financial consequences of the COVID-19

