

ŠARKA, SABALIAUSKAS, JANKAUSKAS

*Prepared by lawyer, patent attorney Vilija Viesunaite and
associate attorney Aurelija Rutkauskaite*

Bad faith case practice in the Republic of Lithuania

One can witness an increase in the volume and complexity of trademark cases in Lithuania during the past few years. Bad faith is one of the most interesting and, probably, the most complicated issue that Lithuanian courts as well as Lithuanian State Patent Bureau¹ have recently discussed in a number of their rulings. There is no clear definition neither in law, nor in case practice on what acts should be considered as made in bad faith, therefore, these cases always serve as a basis for extensive public discussions and form grounds for further disputes.

An increase in cases where the registration of the trademark is refused due to the fact of bad faith almost certainly is a result of the implementing of this concept in the new wording of the Law on Trademarks of the Republic of Lithuania. New wording of the TM Law introduced some changes to the list of absolute and relative grounds for trademark refusal. Since then an Article 7, Part 3 of the TM Law, stating that registration of the mark may be declared invalid where it becomes evident that the application for the registration of a mark was made in bad faith by the applicant, is widely used by the opponents in the oppositions as well as court cases.

However, it is important to note that one should not believe that legitimate trademark owners, when faced with the trademark applications filed under the old Law on Trademarks and Service Marks, are left without the any help. During the last few years, a number of court cases and decisions of the Section of Appeals of the Lithuanian State Patent Bureau have proved that there are effective methods for rightful trademark owners to protect their legal interests.

¹ National authority of the Republic of Lithuania, responsible for registering trademarks and governing the trademark registry.



Probably the first and the most important case on declaring invalid trademark registration on the ground of unfair competition is the case *Stada Arzneimittel AG v. Nestra Limited* where the company registered in Great Britain Nestra Limited filed for registration trademark PFEIL ZAHNSCHMERZ-TABLETTEN, which initially belong to Stada Arzneimittel AG. The Supreme Court stated that in thought the old Law on Trademarks and Service Marks does not provide for ground for recognition of registration of the trademark invalid as bad faith, the provisions of the Paris Convention on the Protection of Industrial Property shall be applied directly. The Court explained that the fact that the individual grounds for the invalidation of a trademark's registration on the basis of the unfair competition act (when the applicant has filed the application in bad faith) has been foreseen only in the TM Law of 2000 (Art. 7, part 3), and that the Law on Competition of the Republic of Lithuania in this case is not applicable (as a *lex generalis* in the field of trademark registrations), does not *ex officio* mean that it is permissible to refuse to defend the plaintiff's rights by applying the international document – Paris Convention (art 6 quinquies (B) part, point 3, art 10 bis) if the conditions for its application are established.”

Moreover, the Court explained that the principle “first in time, first in right” recognized in the law on trademarks is not absolute and might be denied, because in case the registration of the trademark would be recognized invalid on the ground of unfair competition, it is obvious that mentioned principle would not be applied for such trademark.

Following the Court decision, any activity that contradicts a fair commercial practice may be considered as unfair competition. In this particular case, the Court found that a situation where a person files an application for a trademark, with no *bona fide* intention to use it and the rights in a broad sense belong to another person may not be considered as fair commercial practice. On the other hand, the Court acknowledged that under Lithuanian trademark law, the use of a trademark is not a required condition for its registration and probably non-use would not on its own suffice be enough to find the existence of bad faith.

The new TM Law filled the gap of previous laws and provided that the registration of a trademark may be invalidated if it appears that it was filed in bad faith. As a result quite a few cases and decisions of the courts and Lithuanian State Patent Bureau based on this ground have started to appear. It is yet difficult to make any generalizations about the existing case law, but some principles on how the “bad faith” is interpreted and what acts are considered as “bad faith” by Lithuanian courts already have been seen.



It is generally agreed in most cases related to the recognition of the bad faith that, where the later applicant has actual knowledge of an earlier trademark, that knowledge is very important in determining bad faith. Although knowledge must in principle be proved, it may be considered to exist where the applicant is a former employee of the party alleging bad faith, as it was stated in the case *TECNOSERVIS SRL v. UAB "Neono linija"* heard by Supreme Court of the Republic of Lithuania, also where the applicant was a partner or distributor of the owner of legitimate trademark and/or the company having the same name as the discussed trademark, as it was recognized in the case *Ibero Yhtiöt Oy v. A. Rubiko firma "Modena"*, heard by the Section of Appeals of the Lithuanian State Patent Bureau.

Even where a determining of bad faith, as it was mentioned above, requires a proof of knowledge, this requirement is also presumed in the cases of an unauthorized filing of a famous mark. In the case *Montblanc-Simplo GMBH v. Zaklady Tytoniowe w Liubline SA* the Court of Appeal of the Republic of Lithuania stated that the application is usually considered to be filled in bad faith in case there exists two conditions: 1) the applicant knew or must have known about the existence of the earlier identical or similar trademark; 2) there exists a likelihood of bad faith intentions. Moreover, the Court indicated that the fairness of the respondent is doubted due to the fact that its trademark registered in the State Patent Bureau is identical or similar to the earlier Community trademark. In such case, when the *bona fide* trademark is well known, there is no difference whether Community trademarks at the time of filing an application were recognized in Lithuania or not. The trademark of the appellant was well known in many countries for a long period of time, was widely used and advertised and therefore recognized as well known in Lithuania. In such case an attempt to register identical or similar mark even for the goods and/or services that are not identical or similar shall be considered to be a bad faith. What is more, the similarity of goods in such case is not important because not similar goods might be wrongfully linked to the owner of the well known trademark.

In the case *UAB "Ekspres leidyba" v. UAB "Lietuvos Rytas"* Section of Appeals of the Lithuanian State Patent Bureau concluded that the fact that the earlier famous trademark used for the name of the one of the oldest Lithuanian magazines is intended to be registered as a new trademark in a combination with the other words does not provide for *bona fide* intentions of the applicant. It was stated that though the use of the other verbal elements in a mark enabled an applicant to gain the registration of the later trademark, the Section of Appeals of the Lithuanian State Patent Bureau found that the use of such



trademark would give an impression of the link with the earlier trademark, and therefore found that the mark had been applied for in bad faith.

In the case *Eurovet Animal Health B.V. v. R. Jonikaicio ir A. Montvilos tikroji ukine bendrija "Repulsus"* the applicant obtained the "EuroVet" trademark for veterinary goods. However, the same trademark had already been registered by Eurovet Animal Health B.V. in 11 other countries, the goods under this trademark have been sold in Lithuania since the year 2000. The Section of Appeals of the Lithuanian State Patent Bureau observed that the applicant was placed under the obligation of familiarizing himself with his competitors' trademarks. Even if the applicant filled in an application for registration of the trademark "EuroVet" in complete ignorance of the third parties' trademark, because the trademark of Eurovet Animal Health B.V. was not registered in Lithuania, its failure to acquaint itself with competitors' brands constituted an act of bad faith, which was sufficient to invalidate its trademark registration.

The conflict between the name of the legal entity and the trademark was discussed by the Supreme Court of the Republic of Lithuania in the cases *TECNOSERVIS SRL v. UAB "Neono linija"* and *Lego Juris A/S v. UAB "Legosta"*. The court explained that the purpose of the trademark and the name of legal entity is not the same. However, despite the fact that the purposes of these two objects differ from each other, their purposes have to coexist in harmony. In case this harmony is ruined, there exists a likelihood of confusion: some trademarks would be without any reason linked to some particular legal entities and *vice versa* – some legal entities might be linked to the trademarks that they do not own or have no connection with. This might, *inter alia*, lead to the dilution of the trademark, also so called "free riding" when good reputation of the person is used without any legitimate ground.

In case *TECNOSERVIS SRL v. UAB "Neono linija"* the court decided that an application for the registration of trademark "TecnoServis" was filled in bad faith as it was filled by the applicant that knew the existence of the same name of the legal entity (the applicant was a former employee of the distributor of TECNOSERVIS SRL, responsible for the realization of the production of TECNOSERVIS SRL). It was established that the name of the legal entity is protected event if it is not registered in Lithuania, provided the name is well known to the particular part of the public. On the other hand, in case *Lego Juris A/S v. UAB "Legosta"* the Court recognized the right of the owner of well known trademark "LEGO" to demand to change the name of the company registered in Lithuania



UAB “Legosta” as the name is similar to the earlier famous trademark and there exists a likelihood of confusion on the part of the public even though the claimant and respondent were not the competitors.

This brief analysis of case law on bad-faith applications as it stands now shows that the real trademark owners possess quite a good choice of possibilities to fight against bad-faith applicants and practice shows that they have a real chance in winning and protecting their rights. Of course, more clarification and more settled practice is always appreciated but even now the owners of legitimate trademarks should not be afraid in fighting back against those who attempt to benefit from their reputation and rights.



CONTACTS

VILNIUS OFFICE

Attorney-at-Law / Patent Attorney

VILIJA VIESUNAITE

L. Stuokos-Gucevičiaus 9, LT-01122 Vilnius

Telephone: +370 5 231 2211,

Fax: +370 5 231 2244;

E-mail: vilnius@ssj.lt