

## **Unique decision in bad faith case – trademark of the Lithuanian company registered in the name of its former business partner from Germany**

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The bad faith as the ground for the invalidation of trademark registration was incorporated into the Law on Trademarks of the Republic of Lithuania in year 2000. Since then there was a number of cases examined regarding situations when Lithuanian companies register trademarks of foreign companies under the conditions of bad faith or the interests of the foreign countries intersects here. Therefore the situation of Vilnius Regional Court of 7 June, 2010 in civil case No. 2-2173-450/2010 when the foreign company has been accused of registration of the trademark of Lithuanian company in bad faith was very new and extraordinary one.

The plaintiff in this case – UAB “Tegros investicija” (which is the successor of Intellectual property rights of UAB “Tegra”) sought to invalidate international trademark P+ registration No. 821713 registered in the name of the defendant – German company Kim Jarolim Im- und Export GmbH. Both parties confirmed, that the business relations between UAB “Tegra” and the defendant began in 1996, at that time UAB “Tegra” was the distributor of the products of Kim Jarolim Im- und Export GmbH in Lithuania, Latvia, Russia and other countries. However at the same time (in 1997) UAB “Tegra” has created the line of its own products which have been produced by Swiss company POLYPAG AG. Later the range of the products and the number of producers has expanded.

In 2001 the defendant began the production of poluretane mounting foam bearing trademark P+, the corresponding trademark has been registered in the name of the defendant in 2003. UAB “Tegra” became aware of this registration in 2008, when it has received the opposition against its own Lithuanian trademark registration for the same mark. The business relations between UAB “Tegra” and the defendant have been broken earlier in 2008.

In this case the court has applied the main rules formulated by the case law, namely:

- The principle of the trademark law “who is the first in time is the first in law” is one of the main, however not absolute, therefore can not be denied if it is acknowledged that the registration of the trademark is invalid because of bad faith<sup>1</sup>;
- One of the criteria material when dealing with the fact of bad faith, is the fact whether the defendant was or could have been aware (at the moment the application to register trademark in dispute was filed) on respective subjective right, in broad sense, of another person (i.e. person deemed the true source of respective sign, irrespectively of registration of the sign in his name<sup>2</sup>;
- The terms “subjective right in broad sense” and “true source” are used in reference to personal good faith, describing a person who developed certain trade mark and manufactures goods marked thereby or marks services provided<sup>3</sup>.

The court has decided that the fact, that the defendant has produced products under the trademark P+, did not mean that the subjective right to the mark belonged to the defendant. Contrary – namely

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<sup>1</sup> ruling of the Supreme Court of Lithuania in civil case No. 3K-3-482/2003

<sup>2</sup> ruling of the Supreme Court of Lithuania of May in civil case No. 3K-3-325/2006

<sup>3</sup> ruling of the Supreme Court of Lithuania in civil case No. 3K-3-250/2008

because it was the producer of such goods, it should have known that the subjective rights to the trademark as far as the packaging design belonged to UAB “Tegra”.

The court has also decided that the plaintiff has proved its subjective rights to the trademark P+ , because it have filed the copyright agreement signed between designer Mr. K.D. and the president of UAB “Tegra” – Mr. R.G. as far as the subsequent copyrights agreement between Mr. R.G. and UAB “Tegra” following which the copyright to artwork of the packaging including trademark P+ have been assigned to UAB “Tegra”. These circumstances have been also confirmed by the interview of witnesses – Mr. R.G. and designer Mr. K.D. The defendant did not file any convincing evidences to prove the opposite and did not contest the validity of the aforementioned copyright agreements.

By evaluating the unfair intentions of the defendant the court has noted that it was very important that on the date of filing of the application for the contested trademark UAB “Tegra” and the defendant were business partners and the defendant concealed the fact of filing of application. The court has noted that the plaintiff was right to choose the time for filing his own mark for registration, therefore the fact that the defendant has filed the application first, could not deny the intention of bad faith.

Therefore it has been concluded that the plaintiff was the true owner of the trademark, he distributed the goods bearing this trademark also in other countries, and that the plaintiff owned the copyright to he mark. The defendant as the producer of goods following to the order of UAB “Tegra”, nor UAB “Tegra”, neither the plaintiff have assigned the copyright to the trademark in the favour of the defendant. The fact that the defendant has filed the application and has registered the contested trademark meant that he has gloomed the plaintiff’s trademark, infringed the subjective rights to the sign of this person and did not follow the customs of honest industry and business practices.

The court also agreed that bad faith of the defendant was partly confirmed by his behaviour by registering other trademarks, related to the rights of the plaintiff. As the parties have indicated in the procedural documents, disputes between them have been taken regarding other trademarks also: Penoplast, which the defendant has registered in his own name, even though the goods with this sign even as from 2006 were produced by Swiss company Polypag AG following to the order the plaintiff; there was also a dispute between parties concerning trademark FOMEPRO also.

In conclusion it should be noted that this court decision has once again affirmed the case law formulated in bad faith cases which is quite consistent. That fact, that the decision has not been appealed also confirmed the very rare fact that bad faith can be faced against national company, not only with regards to the reputable trademarks of the worldwide known companies.