

In Europe, There is No “Free Parking” for Re-Filers

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In the much-anticipated *Hasbro Inc. v. EUIPO* ([T-663/19](#)) decision, the General Court of the European Union announced a new approach to evaluating bad faith in trademark filings and signaled a more aggressive stance toward the practice of “evergreening.”

The dispute centered on Hasbro’s registered EU trademark (“EUTM”) for the word mark MONOPOLY. Hasbro registered this mark in 2011 in classes 9, 16, 28, and 41, while at the same time owning three existing EUTMs filed in 1998, 2009, and 2010 for the MONOPOLY mark in classes 9, 16, 25, 28, and 41. Because the 2011 registration listed additional goods and services falling within the same classes as the existing registrations, Hasbro was able to extend its existing protections while avoiding the cost and administrative burden of showing genuine use outside the initial five-year grace period available for all EUTMs as protection against non-use cancellation actions. This re-filing strategy, known as “evergreening,” has long been controversial.

While the court in *Hasbro* did not make an outright determination on the permissibility of evergreening, it fired a warning shot that should cause trademark owners to re-evaluate their filing strategy, lest they end up in Hasbro’s position with an invalidated mark after costly litigation. The Court found Hasbro’s use of evergreening for the sake of administrative convenience to be evidence of a bad faith subversion of the principle of undistorted competition at the heart of the EUTM system.

In addressing Hasbro’s evergreening of the MONOPOLY mark, the Court looked to EU Regulations governing the EUTM regime, which treats registrations filed in bad faith as invalid. Recent EU case law has provided greater clarity on the meaning and required proof of bad faith in the EUTM context, but the *Hasbro* decision breaks new ground of its own.

First, the Court in *Hasbro* found that the factors cited in the earlier Court of Justice decision *Chocoladefabriken Lindt & Sprüngli (C-529/07)* were neither exhaustive nor necessary evidence of bad faith. Instead, it reasoned that the *Chocoladefabriken* factors were merely exemplary and that the determination of bad faith rests on objective record evidence of the subjective motivations of the trademark applicant and a departure from accepted principles of honest commercial practices. In *Hasbro* this standard was met because a Hasbro employee gave testimony that a partial motivation for the company's filing strategy was to mitigate the administrative burden of showing genuine use of the prior marks. The Court found that this was evidence of intent to undermine the EUTM regime's objective of ensuring undistorted competition and that it was sufficient to establish Hasbro's bad faith in filing for the 2011 mark. The definition of bad faith in this decision makes evergreening a riskier strategy for EU trademark filers by expanding its scope and creating greater uncertainty.

Second, the *Hasbro* decision also shakes up the role of bad faith for EU trademark applicants by appearing to lower the burden of rebutting a presumption of good faith. While the Court is careful to reaffirm the general presumption that applications for trademark registration are filed in good faith, its finding of bad faith on the apparently sole basis of testimony from a single employee that administrative ease was a motivating factor in filing suggests that the evidentiary requirements to rebut the good faith presumption may be lower than previously suggested by the case law. Indeed, future filers should take steps to prepare affirmative evidence of good faith, including evidence establishing genuine use of existing registrations and a clear scope of goods and services covered in new applications.

Hasbro does not prohibit repeat filing of a mark, but it does make the practice of evergreening trademarks riskier, as it significantly increases the possibility that a re-filer may face a bad faith challenge, resulting in the inability to re-file or renew the proposed mark. What still remains unclear, however, is just how much the successful bad faith challenge to the MONOPOLY mark in *Hasbro* was dependent on case-specific facts. Whether an applicant pursuing invalidation can prevail on a claim of bad faith in the absence of direct testimony from a company officer conceding that it was intentionally pursuing a re-filing strategy for improper reasons is an open question. As this area of the law develops, EU trademark owners should consider revising their filing strategy to guard against bad faith challenges or take on other owners who may be acting in bad faith.